

FLAGSTAR BANCORP INC
Form 10-Q
May 10, 2012
Table of Contents

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

Commission File Number: 001-16577

FLAGSTAR BANCORP, INC.
(Exact name of registrant as specified in its charter).

Michigan 38-3150651
(State or other jurisdiction of (I.R.S. Employer
Incorporation or organization) Identification No.)

5151 Corporate Drive, Troy, Michigan 48098-2639
(Address of principal executive offices) (Zip code)
(248) 312-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety days.

Yes No

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

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

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

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

As of May 9, 2012, 557,313,489 shares of the registrant's common stock, \$0.01 par value, were issued and outstanding.

Table of Contents

FORWARD – LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements, by their nature, involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in a forward-looking statement. Examples of forward-looking statements include statements regarding our expectations, beliefs, plans, goals, objectives and future financial or other performance. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and variations of such words and similar expressions are intended to identify such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. Except to fulfill our obligations under the U.S. securities laws, we undertake no obligation to update any such statement to reflect events or circumstances after the date on which it is made.

There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors that might cause such a difference include:

Volatile interest rates that impact, amongst other things, (i) the mortgage banking business, (ii) our ability to (1) originate loans and sell assets at a profit, (iii) prepayment speeds and (iv) our cost of funds, could adversely affect earnings, growth opportunities and our ability to pay dividends to stockholders;

(2) Competitive factors for loans could negatively impact gain on loan sale margins;

(3) Competition from banking and non-banking companies for deposits and loans can affect our growth opportunities, earnings, gain on sale margins, market share and ability to transform business model;

(4) Changes in the regulation of financial services companies and government-sponsored housing enterprises, and in particular, declines in the liquidity of the residential mortgage loan secondary market, could adversely affect our business;

(5) Changes in regulatory capital requirements or an inability to achieve or maintain desired capital ratios could adversely affect our growth and earnings opportunities and our ability to originate certain types of loans, as well as our ability to sell certain types of assets for fair market value or to transform business model;

(6) General business and economic conditions, including unemployment rates, movements in interest rates, the slope of the yield curve, any increase in fraud and other related criminal activity and the further decline of asset values in certain geographic markets, may significantly affect our business activities, loan losses, reserves, earnings and business prospects;

(7) Factors concerning the implementation of proposed refinements and transformation of our business model could result in slower implementation times than we anticipate and negate any competitive advantage that we may enjoy;

(8) Actions of mortgage loan purchasers, guarantors and insurers regarding repurchases and indemnity demands and uncertainty related to foreclosure procedures could adversely affect our business activities and earnings;

(9) The Dodd-Frank Wall Street Reform and Consumer Protection Act has resulted in the elimination of the Office of Thrift Supervision (the “OTS”), tightening of capital standards, and the creation of a new Consumer Financial Protection Bureau and has resulted, or will result, in new laws, regulations and regulatory supervisors that are expected to increase our costs of operations. In addition, the change to the Office of the Comptroller of the Currency as our primary federal regulator may result in interpretations affecting our operations different than those of the OTS;

(10) Both the volume and the nature of consumer actions and other forms of litigation against financial institutions have increased and to the extent that such actions are brought against us or threatened, the cost of defending such suits as well as potential exposure could increase our costs of operations;

(11) Our compliance with the terms and conditions of the agreement with the U.S. Department of Justice, the impact of performance and enforcement of commitments under, and provisions contained in the agreement, and our accuracy and ability to estimate the financial impact of that agreement, including the fair value of the future payments required, could accelerate our litigation settlement expenses relating thereto;

(12) The recent downgrade by Standards & Poor's of the long-term credit rating of the U.S. could materially affect global and domestic financial markets and economic conditions, which may affect our business activities, financial condition, and liquidity; and

Table of Contents

(13) If we do not regain compliance with the New York Stock Exchange (“NYSE”) continued listing requirements, our common stock may be delisted from the NYSE.

All of the above factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all such factors or to assess the effect of each such factor on our business.

Please also refer to Item 1A to Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and Item 1A to Part II of this Quarterly Report on Form 10-Q, which are incorporated by reference herein, for further information on these and other factors affecting us.

Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore any of these statements included herein may prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

Table of Contents

FLAGSTAR BANCORP, INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2012
TABLE OF CONTENTS

<u>PART I. – FINANCIAL INFORMATION</u>	<u>4</u>
Item 1. <u>Financial Statements</u>	<u>4</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>56</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>101</u>
Item 4. <u>Controls and Procedures</u>	<u>102</u>
<u>PART II. – OTHER INFORMATION</u>	<u>103</u>
Item 1. <u>Legal Proceedings</u>	<u>103</u>
Item 1A. <u>Risk Factors</u>	<u>103</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>103</u>
Item 3. <u>Defaults upon Senior Securities</u>	<u>103</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>103</u>
Item 5. <u>Other Information</u>	<u>103</u>
Item 6. <u>Exhibits</u>	<u>104</u>
<u>SIGNATURES</u>	<u>105</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated financial statements of the Company are as follows:

Consolidated Statements of Financial Condition – March 31, 2012 (unaudited) and December 31, 2011

Consolidated Statements of Operations – For the three months ended March 31, 2012 and 2011 (unaudited)

Consolidated Statements of Comprehensive Income (Loss)– For the three months ended

March 31, 2012 and 2011(unaudited)

Consolidated Statements of Stockholders' Equity – For the three months ended March 31, 2012 and 2011 (unaudited)

Consolidated Statements of Cash Flows – For the three months ended March 31, 2012 and 2011 (unaudited)

Notes to the Consolidated Financial Statements (unaudited)

Table of Contents

Flagstar Bancorp, Inc.

Consolidated Statements of Financial Condition

(In thousands, except share data)

	March 31, 2012 (Unaudited)	December 31, 2011
Assets		
Cash and cash items	\$46,946	\$49,715
Interest-earning deposits	711,002	681,343
Cash and cash equivalents	757,948	731,058
Securities classified as trading	307,355	313,383
Securities classified as available-for-sale	448,147	481,352
Loans held-for-sale (\$2,132,842 and \$1,629,618 at fair value at March 31, 2012 and December 31, 2011, respectively)	2,492,855	1,800,885
Loans repurchased with government guarantees	2,002,999	1,899,267
Loans held-for-investment (\$20,365 and \$22,651 at fair value at March 31, 2012 and December 31, 2011, respectively)	6,659,538	7,038,587
Less: allowance for loan losses	(281,000	) (318,000
Loans held-for-investment, net	6,378,538	6,720,587
Total interest-earning assets	12,340,896	11,896,817
Accrued interest receivable	108,143	105,200
Repossessed assets, net	108,686	114,715
Federal Home Loan Bank stock	301,737	301,737
Premises and equipment, net	206,573	203,578
Mortgage servicing rights at fair value	596,830	510,475
Other assets	332,538	455,236
Total assets	\$14,042,349	\$13,637,473
Liabilities and Stockholders' Equity		
Deposits	\$8,599,153	\$7,689,988
Federal Home Loan Bank advances	3,591,000	3,953,000
Long-term debt	248,585	248,585
Total interest-bearing liabilities	12,438,738	11,891,573
Accrued interest payable	10,124	8,723
Representation and warranty reserve	142,000	120,000
Other liabilities (\$19,100 and \$18,300 at fair value at March 31, 2012 and December 31, 2011, respectively)	364,066	537,461
Total liabilities	12,954,928	12,557,757
Commitments and contingencies – Note 20	—	—
Stockholders' Equity		
Preferred stock \$0.01 par value, liquidation value \$1,000 per share, 25,000,000 shares authorized; 266,657 issued and outstanding at March 31, 2012 and December 31, 2011, respectively	256,139	254,732
Common stock \$0.01 par value, 700,000,000 shares authorized; 557,132,814 and 555,775,639 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	5,571	5,558
Additional paid in capital	1,467,476	1,466,461
Accumulated other comprehensive income (loss)	6,167	(7,819
Accumulated deficit	(647,932) (639,216

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Total stockholders' equity	1,087,421	1,079,716
Total liabilities and stockholders' equity	\$ 14,042,349	\$ 13,637,473

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

Flagstar Bancorp, Inc.

Consolidated Statements of Operations

(In thousands, except per share data)

	For the Three Months Ended	
	March 31,	2011
	2012	(Unaudited)
Interest Income		
Loans	\$ 113,908	\$ 102,115
Securities classified as available-for-sale or trading	8,571	8,097
Interest-earning deposits and other	412	968
Total interest income	122,891	111,180
Interest Expense		
Deposits	18,986	27,022
FHLB advances	27,394	29,979
Other	1,778	1,606
Total interest expense	48,158	58,607
Net interest income	74,733	52,573
Provision for loan losses	114,673	28,309
Net interest (expense) income after provision for loan losses	(39,940	) 24,264
Non-Interest Income		
Loan fees and charges	29,973	16,138
Deposit fees and charges	4,923	7,500
Loan administration	38,885	39,336
Loss on trading securities	(5,971	) (74
Loss on transferors' interest	(409	) (2,381
Net gain on loan sales	204,853	50,184
Net loss on sales of mortgage servicing rights	(2,317	) (112
Net gain on securities available-for-sale	310	—
Net gain (loss) on sale of assets	27	(1,036
Total other-than-temporary impairment gain	3,872	—
Loss recognized in other comprehensive income before taxes	(5,047) —
Net impairment losses recognized in earnings	(1,175) —
Representation and warranty reserve – change in estimate	(60,538	) (20,427
Other fees and charges, net	12,816	7,138
Total non-interest income	221,377	96,266
Non-Interest Expense		
Compensation, commissions and benefits	81,455	63,308
Occupancy and equipment	16,950	16,618
Asset resolution	36,770	38,109
Federal insurance premiums	12,324	8,725
Other taxes	946	866
Warrant income (expense)	2,549	(827
General and administrative	37,752	20,431
Total non-interest expense	188,746	147,230
Loss before federal income taxes	(7,309	) (26,700
Provision for federal income taxes	—	264
Net Loss	(7,309	) (26,964
Preferred stock dividend/accretion (1)	(1,407	) (4,710

Table of Contents

Flagstar Bancorp, Inc.
 Consolidated Statements of Operations, Continued
 (In thousands, except per share data)

	For the Three Months Ended March 31,	
	2012	2011
	(Unaudited)	
Loss per share		
Basic	\$ (0.02)	\$ (0.06)
Diluted	\$ (0.02)	\$ (0.06)

(1) The preferred stock dividend/accretion at March 31, 2012 represents only the accretion. As of December 31, 2011, the Company elected the deferral of dividend and interest payments on preferred stock.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

Flagstar Bancorp, Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	For the Three Months Ended March 31,	
	2012	2011
Net loss	\$(7,309	) \$(26,964
Other comprehensive income (loss), before tax:		
Securities available-for-sale:		
Change in net unrealized loss on sale of securities available-for-sale	13,121	6,405
Reclassification of gain on sale of securities available-for-sale	(310) —
Reclassification of loss on securities available-for-sale due to other-than-temporary impairment	1,175	—
Total securities available-for-sale	13,986	6,405
Other comprehensive income, before tax	13,986	6,405
Deferred tax expense (benefit) related to other comprehensive income	—	—
Other comprehensive income, net of tax	13,986	6,405
Comprehensive income (loss)	\$6,677	\$(20,559

Table of Contents

Flagstar Bancorp, Inc.
 Consolidated Statements of Stockholders' Equity
 (In thousands)

	Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2010 (Unaudited)	\$249,196	\$5,533	\$1,461,373	\$ (16,165)	\$(440,274)	\$1,259,663
Net loss	—	—	—	—	(26,964)	(26,964)
Total other comprehensive income	—	—	—	6,405	—	6,405
Restricted stock issued	—	2	(2)	—	—	—
Dividends on preferred stock	—	—	—	—	(3,333)	(3,333)
Accretion of preferred stock	1,376	—	—	—	(1,376)	—
Stock-based compensation	—	2	1,249	—	—	1,251
Balance at March 31, 2011	\$250,572	\$5,537	\$1,462,620	\$ (9,760)	\$(471,947)	\$1,237,022
Balance at December 31, 2011 (Unaudited)	\$254,732	\$5,558	\$1,466,461	\$ (7,819)	\$(639,216)	\$1,079,716
Net loss	—	—	—	—	(7,309)	(7,309)
Total other comprehensive income	—	—	—	13,986	—	13,986
Restricted stock issued	—	6	(6)	—	—	—
Accretion of preferred stock (1)	1,407	—	—	—	(1,407)	—
Stock-based compensation	—	7	1,021	—	—	1,028
Balance at March 31, 2012	\$256,139	\$5,571	\$1,467,476	\$ 6,167	\$(647,932)	\$1,087,421

The preferred stock dividend/accretion during the three months ended March 31, 2012 represents only the (1)accretion. As of December 31, 2011, the Company elected the deferral of dividend and interest payments on preferred stock.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

Flagstar Bancorp, Inc.

Consolidated Statements of Cash Flows

(In thousands)

	For the Three Months Ended	
	March 31,	
	2012	2011
	(Unaudited)	
Operating Activities		
Net loss	\$(7,309	) \$(26,964
Adjustments to net loss to net cash used in operating activities		
Provision for loan losses	114,673	28,309
Depreciation and amortization	4,469	3,642
Loss (gain) on fair value of residential first mortgage servicing rights	6,927	(4,123
Stock-based compensation expense	1,028	1,251
Net loss on the sale of assets	670	1,158
Net gain on loan sales	(204,853	) (50,184
Net loss on sales of mortgage servicing rights	2,317	112
Net gain on securities classified as available-for-sale	(310) —
Other than temporary impairment losses on securities classified as available-for-sale	1,175	—
Net loss on trading securities	5,971	74
Net loss on transferor interest	409	2,381
Proceeds from sales of loans held-for-sale	11,474,194	5,914,461
Origination and repurchase of mortgage loans held-for-sale, net of principal repayments	(11,886,555	) (4,949,989
Increase in repurchase of mortgage loans with government guarantees, net of claims received	(103,732	) (81,782
Increase in accrued interest receivable	(2,943	) (2,969
Decrease (increase) in other assets	122,214	(12,300
Increase (decrease) in accrued interest payable	1,401	(2,841
(Decrease) increase liability for checks issued	(988	) 3,830
Decrease in payable for mortgage repurchase option	(30,683	) (19,743
Increase in representation and warranty reserve	22,000	—
Decrease in other liabilities	(20,073	) (8,533
Net cash (used) provided in operating activities	(499,998	) 795,790
Investing Activities		
Proceeds from the sale of investment securities available-for-sale	20,665	—
Net repayment of investment securities available-for-sale	25,405	29,299
Net proceeds from sales of loans held-for-investment	(187,768	) 6,736
Origination of portfolio loans, net of principal repayments	208,523	476,784
Proceeds from the disposition of repossessed assets	25,035	37,572
Acquisitions of premises and equipment, net of proceeds	(7,150	) (5,046
Proceeds from the sale of mortgage servicing rights	16,394	—
Net cash provided by investing activities	101,104	545,345
Financing Activities		
Net increase (decrease) in deposit accounts	909,165	(249,189
Net decrease in Federal Home Loan Bank advances	(362,000	) (325,083
Net disbursement of payments of loans serviced for others	(126,288	) (9,023
Net receipt of escrow payments	4,907	6,978
Dividends paid to preferred stockholders	—	(3,333

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Net cash provided by (used) in financing activities	425,784	(579,650)
Net increase in cash and cash equivalents	26,890	761,485

10

Table of Contents

Flagstar Bancorp, Inc.
 Consolidated Statements of Cash Flows
 (In thousands)

	For the Three Months Ended	
	March 31,	2011
	2012	
	(Unaudited)	
Beginning cash and cash equivalents	731,058	953,534
Ending cash and cash equivalents	\$757,948	\$1,715,019
Loans held-for-investment transferred to repossessed assets	\$171,375	\$64,290
Total interest payments made on deposits and other borrowings	\$46,756	\$61,448
Federal income taxes paid	\$225	\$—
Reclassification of mortgage loans originated for portfolio to mortgage loans held-for-sale	\$200,908	\$383
Reclassification of mortgage loans originated held-for-sale then transferred to portfolio loans	\$13,140	\$7,119
Mortgage servicing rights resulting from sale or securitization of loans	\$111,484	\$50,700

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

Flagstar Bancorp, Inc.

Notes to the Consolidated Financial Statements (Unaudited)

Note 1 – Nature of Business

Flagstar Bancorp, Inc. (“Flagstar” or the “Company”), is the holding company for Flagstar Bank, FSB (the “Bank”), a federally chartered stock savings bank founded in 1987. With \$14.0 billion in total assets at March 31, 2012, the Company is the largest insured depository institution headquartered in Michigan and is the largest publicly held savings bank headquartered in the Midwest.

The Company is a full-service financial services company, offering a range of products and services to consumers, businesses, and homeowners. As of March 31, 2012, the Company operated 113 banking centers in Michigan, 28 home loan centers in 13 states, and a total of four commercial banking offices in Massachusetts, Connecticut, and Rhode Island. In April 2012, two banking centers in Michigan were closed to better align the branch structure with the Company's focus on key market areas and to improve banking center efficiencies. The Company originates loans nationwide and is one of the leading originators of residential first mortgage loans. The Company also offers consumer products including deposit accounts, standard and jumbo home loans, home equity lines of credit, and personal loans, including auto and boat loans. The Company also offers commercial loans and treasury management services throughout Michigan and through its four commercial banking offices in Massachusetts, Rhode Island and Connecticut. Commercial products include deposit and sweep accounts, telephone banking, term loans and lines of credit, lease financing, government banking products and treasury management services such as remote deposit and merchant services.

The Company sells or securitizes most of the mortgage loans that it originates and generally retains the right to service the mortgage loans that it sells. These mortgage-servicing rights (“MSRs”) are occasionally sold by the Company in transactions separate from the sale of the underlying mortgages. The Company may also invest in its loan originations to refine the Company's leverage ability and to receive the interest spread between earning assets and paying liabilities.

The Bank is subject to regulation, examination and supervision by the Office of the Comptroller of the Currency (“OCC”) of the United States Department of the Treasury (“U.S. Treasury”). The Bank is also subject to regulation, examination and supervision by the Federal Deposit Insurance Corporation (“FDIC”) and the Consumer Financial Protection Bureau (the “CFPB”). The Bank's deposits are insured by the FDIC through the Deposit Insurance Fund (“DIF”). The Company is subject to regulation, examination and supervision by the Board of Governors of the Federal Reserve (“Federal Reserve”). The Bank is also a member of the Federal Home Loan Bank (“FHLB”) of Indianapolis.

Branch Sales

During the fourth quarter 2011, the Bank completed the previously announced sale of 27 banking centers in Georgia and 22 banking centers in Indiana to PNC Bank, N.A., part of The PNC Financial Services Group, Inc. (“PNC”) and First Financial Bank, N.A. (“First Financial”), respectively. Management believes that the Company's presence in the Georgia and Indiana markets lacked market density and sufficient scale, and believes that these transactions are consistent with the strategic focus on core Midwest banking markets and on deployment of capital towards continuing growth in commercial and consumer banking in those markets, as well as the emerging Northeast market.

In the Georgia sale, PNC purchased the facilities or assumed the leases associated with the banking centers and purchased associated business and retail deposits in the amount of \$211.3 million. PNC paid the net carrying value of the acquired real estate and fixed and other personal assets associated with the banking centers.

In the Indiana sale, First Financial paid a consideration of a seven percent premium on the consumer and commercial deposits in the Indiana banking centers. The total amount of such consumer and commercial deposits was \$462.0 million for a gain of \$22.1 million. First Financial paid net carrying value on real estate and personal assets of the banking centers and assumed the existing leases on 14 of the banking centers.

The Company predominantly originated residential mortgage loans for sale in the secondary market in both the Georgia and Indiana markets. Accordingly, the amount of loans on the balance sheet was immaterial and no loans were transferred in either transaction.

Supervisory Agreements

On January 27, 2010, the Company and the Bank entered into supervisory agreements (collectively, the “Supervisory Agreements”) with their then primary regulator the Office of Thrift Supervision ("OTS"). The Supervisory Agreements will remain in effect until terminated, modified, or suspended in writing by the Company's and the Bank's current primary regulators, the

Table of Contents

Federal Reserve and the OCC, respectively, and the failure to comply with the Supervisory Agreements could result in the initiation of further enforcement action by the Federal Reserve or the OCC, including the imposition of further operating restrictions and result in additional enforcement actions against the Company and the Bank.

Note 2 – Basis of Presentation and Accounting Policies

The unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements. The accompanying interim financial statements are unaudited; however, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the three month period ended March 31, 2012, are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. In addition, certain prior period amounts have been reclassified to conform to the current period presentation. For further information, reference should be made to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011, which are available on the Company’s Investor Relations web page, at www.flagstar.com, and on the SEC website, at www.sec.gov.

Recently Adopted Accounting Standards

On January 1, 2012, the Company adopted the update to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 220, “Comprehensive Income” and applied the provisions retrospectively. Under the amended guidance, an entity had the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income (“OCI”) either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, the entity is required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. The adoption of the guidance did not have a material effect on the Company's Consolidated Financial Statements or the Notes thereto. For further information concerning comprehensive income, refer to Consolidated Statements of Comprehensive Income and Note 15 - Stockholders' Equity.

On January 1, 2012, the Company prospectively adopted the update to FASB ASC Topic 820, “Fair Value Measurement.” The amended guidance did not modify the requirements for when fair value measurements apply, rather it generally represents clarifications on how to measure and disclose fair value under Topic 820, Fair Value Measurement. The guidance is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards (“IFRS”), by ensuring that fair value has the same meaning in U.S. GAAP and IFRS and respective disclosure requirements are the same except for inconsequential differences in wording and style. The adoption of the guidance did not have a material effect on the Company's Consolidated Financial Statements or the Notes thereto. For further information concerning fair value, refer to Note 3 - Fair Value Accounting.

On January 1, 2012, the Company adopted FASB ASC Topic 860, “Transfers and Servicing (Topic 860) - Reconsideration of Effective Control for Repurchase Agreements.” Under the amended guidance, a transferor maintains effective control over transferred financial assets if there is an agreement that both entitles and obligates the transferor to repurchase the financial assets before maturity. In addition, the following requirements must be met: (i) the financial asset to be repurchased or redeemed are the same or substantially the same as those transferred, (ii) the

agreement is to repurchase or redeem the transferred financial asset before maturity at a fixed or determinable price, and (iii) the agreement is entered into contemporaneously with, or in contemplation of the transfer. The adoption of the guidance did not have a material effect on the Company's Consolidated Financial Statements or the Notes thereto.

On July 1, 2011, the Company adopted the update to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 310, "Receivables - A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring" and applied the provisions retrospectively to January 1, 2011. The troubled debt restructuring ("TDR") guidance clarifies whether loan modifications constitute TDRs, include factors and examples for creditors to consider in evaluating whether a restructuring results in a delay in payment that is insignificant, prohibit creditors from using the borrower's effective rate test to evaluate whether the restructuring constitutes as a TDR and a concession has been granted to the borrower, and clarifies the guidance for creditors to use in determining whether a borrower is experiencing financial difficulties. The adoption of the guidance did not have a material effect on the Company's Consolidated Financial Statements or the Notes thereto. For further information concerning TDRs, refer to Note 7 - Loans Held-for-Investment.

Table of Contents

Recent Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-10, "Property, Plant, and Equipment (Topic 360): Derecognition of in Substance Real Estate - a Scope Clarification." The guidance represents the consensus reached in EITF Issue No. 10-E, "Derecognition of in Substance Real Estate" and applies to a parent that ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt. ASU 2011-10 provides that when a parent (reporting entity) ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt. ASU 2011-10 should be applied on a prospective basis to deconsolidation events occurring after the effective date; with prior periods not adjusted even if the reporting entity has continuing involvement with previously derecognized in substance real estate entities. This guidance is effective prospective for annual and interim periods beginning on or after June 15, 2012. Early adoption is permitted. The adoption of the guidance is not expected to have a material impact on the Company's Consolidated Financial Statements or the Notes thereto.

In December 2011, the FASB issued ASU No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position. The FASB issued common disclosure requirements related to offsetting arrangements to allow investors to better compare financial statements prepared in accordance with IFRS or U.S. GAAP. The objective of this guidance is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. This guidance is effective retrospectively for annual and interim periods beginning on or after January 1, 2013. The adoption of the guidance is not expected to have a material impact on the Company's Consolidated Financial Statements or the Notes thereto.

Note 3 – Fair Value Accounting

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in either case through an orderly transaction between market participants at the measurement date. The Company utilizes fair value measurements to record certain assets and liabilities at fair value and to determine fair value disclosures. The determination of fair values of financial instruments often requires the use of estimates. In cases where quoted market values in an active market are not available, the Company uses present value techniques and other valuation methods to estimate the fair values of its financial instruments. These valuation models rely on market-based parameters when available, such as interest rate yield curves, credit spreads or unobservable inputs. Unobservable inputs may be based on management's judgment, assumptions and estimates related to credit quality, asset growth, the Company's future earnings, interest rates and other relevant inputs. These valuation methods require considerable judgment and the resulting estimates of fair value can be significantly affected by the assumptions made and methods used.

Valuation Hierarchy

U.S. GAAP establishes a three level valuation hierarchy for disclosure of fair value measurements that is based on the transparency of the inputs used in the valuation process. The three levels of the hierarchy, highest ranking to lowest, are as follow:

Level 1 -Quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Company can participate as of the measurement date.

Level 2 -Quoted prices for similar instruments in active markets, and other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 -Unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing and asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input within the valuation hierarchy that is significant to the overall fair value measurement. Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period.

The following is a description of the valuation methodologies used by the Company for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Table of Contents

Assets

Securities classified as trading. These securities are comprised of U.S. government sponsored agency mortgage backed securities, U.S. Treasury bonds and non investment grade residual securities that arose from private label securitizations of the Company. The U.S. government sponsored agency mortgage backed securities and U.S. Treasury bonds trade in an active, open market with readily observable prices and are therefore classified within the Level 1 valuation hierarchy. The non investment grade residual securities do not trade in an active, open market with readily observable prices and are therefore classified within the Level 3 valuation hierarchy. Under Level 3, the fair value of residual securities is determined by discounting estimated net future cash flows using expected prepayment rates and discount rates that approximate current market rates. Estimated net future cash flows include assumptions related to expected credit losses on these securities. The Company maintains a model that evaluates the default rate and severity of loss on the residual securities collateral, considering such factors as loss experience, delinquencies, loan to value ratios, borrower credit scores and property type. At March 31, 2012 and December 31, 2011, the Company had no Level 3 securities classified as trading. See Note 9 - Private-label Securitization Activity, for the key assumptions used in the residual interest valuation process.

Securities classified as available-for-sale. These securities are comprised of U.S. government sponsored agency mortgage backed securities and CMOs. Where quoted prices for securities are available in an active market, those securities are classified within Level 1 of the valuation hierarchy. Where quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and those securities are classified within Level 2 of the valuation hierarchy. Where markets are illiquid and fair values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement, those securities are classified within Level 3 of the valuation hierarchy. Due to illiquidity in the markets, the Company determined the fair value of the FSTAR 2006-1 securitization trust using a discounted estimated net future cash flow model and therefore classified it within the Level 3 valuation hierarchy as the model utilizes significant inputs which are unobservable.

Loans held-for-sale. The Company generally estimates the fair value of mortgage loans held-for-sale based on quoted market prices for securities backed by similar types of loans. Where quoted market prices were available, such market prices were utilized as estimates for fair values. Otherwise, the fair values of loans was computed by discounting cash flows using observable inputs inclusive of interest rates, prepayment speeds and loss assumptions for similar collateral. These measurements are classified as Level 2.

Loans held-for-investment. Loans held-for-investment are generally recorded at amortized cost. The Company does not record these loans at fair value on a recurring basis. However, from time to time a loan is considered impaired when it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. Once a loan is identified as impaired, the fair value of the impaired loan is estimated using one of several methods, including collateral value, market value of similar debt, or discounted cash flows. The fair value of the underlying collateral is determined, where possible, using market prices derived from appraisals or broker price opinions which are considered to be Level 3. Fair value may also be measured using the present value of expected cash flows discounted at the loan's effective interest rate. The Company records the impaired loan as a non-recurring Level 3 valuation.

Loans held-for-investment on a recurring basis are loans that were previously recorded as loans held-for-sale but subsequently transferred to the held-for-investment category. As the Company selected the fair value option for the held-for-sale loans, they continue to be reported at fair value and measured consistent with the Level 2 methodology for loans held-for-sale.

Repossessed assets. Loans on which the underlying collateral has been repossessed are adjusted to fair value less costs to sell upon transfer to repossessed assets. Subsequently, repossessed assets are carried at the lower of carrying value or fair value, less anticipated marketing and selling costs. Fair value is generally based upon third-party appraisals or internal estimates and considered a Level 3 classification.

Residential MSRs. The current market for residential MSRs is not sufficiently liquid to provide participants with quoted market prices. Therefore, the Company uses an option adjusted spread valuation approach to determine the fair value of residential MSRs. This approach consists of projecting servicing cash flows under multiple interest rate scenarios and discounting these cash flows using risk adjusted discount rates. The key assumptions used in the valuation of residential MSRs include mortgage prepayment speeds and discount rates. Management obtains third party valuations of the residential MSR portfolio on a quarterly basis from independent valuation experts to assess the reasonableness of the fair value calculated by its internal valuation model. Due to the nature of the valuation inputs, residential MSRs are classified within Level 3 of the valuation hierarchy. See Note 10 - Mortgage Servicing Rights, for the key assumptions used in the residential MSR valuation process.

Table of Contents

Derivative financial instruments. Certain classes of derivative contracts are listed on an exchange and are actively traded, and they are therefore classified within Level 1 of the valuation hierarchy. These include U.S. Treasury futures and U.S. Treasury options. The Company's forward loan sale commitments and interest rate swaps are valued based on quoted prices for similar assets in an active market with inputs that are observable and are classified within Level 2 of the valuation hierarchy. Rate lock commitments are valued using internal models with significant unobservable market parameters and therefore are classified within Level 3 of the valuation hierarchy. The Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. The derivatives are reported in either "other assets" or "other liabilities" on the Consolidated Statements of Financial Condition.

Equity-linked transaction and option commitment. The equity-linked transaction and option commitment serves as a hedge (off-set) to the market risk incurred with the Company's participation of equity-linked certificates of deposit. The option represents the premium over the total notional amount of the hedge. The valuations are based on counterparty risk systems measuring the present value of each instrument and its future payments. The risk systems takes into consideration economic terms of the trade and current market levels including spot rates, and underlying volatility and correlation among other factors.

Liabilities

Warrants. Warrant liabilities are valued using a binomial lattice model and are classified within Level 2 of the valuation hierarchy. Significant observable inputs include expected volatility, a risk free rate and an expected life. Warrant liabilities are reported in "other liabilities" on the Consolidated Statements of Financial Condition.

Litigation settlement. On February 24, 2012, the Company announced that the Bank had entered into an agreement (the "DOJ Agreement") with the U.S. Department of Justice ("DOJ") relating to certain underwriting practices associated with loans insured by the Federal Housing Administration ("FHA") of the Department of Housing and Urban Development ("HUD"). The Bank and the DOJ entered into the DOJ Agreement pursuant to which the Bank agreed to comply with all applicable HUD and FHA rules related to the continued participation in the direct endorsement lender program, make an initial payment of \$15.0 million within 30 business days of the effective date of the DOJ Agreement (which was paid on April 3, 2012), only upon the occurrence of certain future events (as further described below), is obligated to make payments of approximately \$118.0 million (the "Additional Payments"), and complete a monitoring period by an independent third party chosen by the Bank and approved by HUD.

Based on analysis of the DOJ agreement, the Company recorded a liability of \$33.3 million at December 31, 2011. During the three months ended March 31, 2012 the Company recorded an increase to the liability of \$0.8 million, principally representing the recognition of the periodic effect of discounting, and the total liability was \$34.1 million at March 31, 2012, which includes \$19.1 million representing the estimated fair value of the \$118.0 million Additional Payments. Future changes in the fair value of the Additional Payments will affect earnings each quarter.

The Company has elected the fair value option to account for the liability representing the obligation to make Additional Payments under the DOJ Agreement. The signed settlement contract with the DOJ establishes a legally enforceable contract with a stipulated payment plan that meets the definition of a financial liability. The Company made the fair value election as of December 31, 2011, the date the Company first recognized the financial instrument in its financial statements.

The specific terms of the payment structure are as follow:

¶The Company generates positive income for a sustained period, such that part or all of the Deferred Tax Asset ("DTA"), which has been offset by a valuation allowance ("DTA Valuation Allowance"), is likely to be realized, as

evidenced by the reversal of the DTA Valuation Allowance in accordance with U.S. GAAP;

The Company is able to include capital derived from the reversal of the DTA Valuation Allowance in the Bank's Tier 1 capital, which is the lesser of 10 percent of Tier 1 capital or the amount of the DTA that the Company expects to recover within one year based on financial projections;

The Company's obligation to repay the \$266.7 million in preferred stock held by the U.S. Treasury under the TARP Capital Purchase Program has been either extinguished or excluded from Tier 1 capital for purposes of calculating the Tier 1 capital ratio as described in the paragraph below;

Upon the occurrence of each of the future events described above, and provided doing so would not violate any banking regulatory requirement or the OCC does not otherwise object, the Company will begin making Additional Payments provided that (i) each annual payment would be equal to the lesser of \$25 million or the portion of the Additional Payments that remains outstanding after deducting prior payments; and (ii) no obligation arises until the Company's call report as filed with the OCC, including any amendments thereto, for the period ending at least six months prior to the making of

Table of Contents

such Additional Payments, reflects a minimum Tier 1 capital ratio of 11 percent (or higher if required by regulators), after excluding any unextinguished portion of the preferred stock held by U.S. Treasury under the TARP Capital Purchase Program; and

In no event will the Company be required to make an Additional Payment if doing so would violate any material banking regulatory requirement or the OCC (or any successor regulator under the safety and soundness program) objects in writing to the making of an Additional Payment.

The fair value of the DOJ Agreement is based on a discounted cash flow valuation model that incorporates the Company's current estimate of the most likely timing and amount of the cash flows necessary to satisfy the obligation. These cash flow estimates are reflective of the Company's detailed financial and operating projections for the next three years, as well as more general growth earnings and capital assumptions for subsequent periods.

The timing of each of the metrics is dependent on the preceding metric being achieved and actual Bank operating results and forecasted assumptions could materially change the value of the liability. As the Bank's profitability increases, the value of the deferred liability would also increase.

The cash flows are discounted using a 17.1 percent discount rate that is inclusive of the risk free rate based on the expected duration of the liability and an adjustment for nonperformance risk that represents the Company's credit risk. The model assumes 12 quarters of profitability prior to reversing the valuation allowance associated with the deferred tax asset.

The liability is classified within Level 3 of the valuation hierarchy given the projections of earnings and growth rate assumptions are unobservable inputs. The litigation settlement is included in "other liabilities" on the Consolidated Financial Statements and changes in the fair value of the litigation settlement will be recorded each quarter in general and administrative expense within non-interest expense on the Consolidated Statements of Operations.

Table of Contents

Assets and liabilities measured at fair value on a recurring basis

The following tables present the financial instruments carried at fair value as of March 31, 2012 and December 31, 2011, by caption on the Consolidated Statement of Financial Condition and by the valuation hierarchy (as described above).

	Level 1	Level 2	Level 3	Total Carrying Value
March 31, 2012	(Dollars in thousands)			
Securities classified as trading:				
U.S. Treasury bonds	\$307,355	\$—	\$—	\$307,355
Securities classified as available-for-sale:				
Non-agency collateralized mortgage obligations	—	235,136	105,034	340,170
U.S. government sponsored agencies	107,977	—	—	107,977
Loans held-for-sale:				
Residential first mortgage loans	—	2,132,842	—	2,132,842
Loans held-for-investment:				
Residential first mortgage loans	—	20,365	—	20,365
Residential mortgage servicing rights	—	—	596,830	596,830
Equity-linked CD purchase option	241	—	—	241
Derivative assets:				
Forward agency and loan sales	—	832	—	832
Rate lock commitments	—	—	68,265	68,265
Interest rate swaps	—	2,852	—	2,852
Total derivative assets	—	3,684	68,265	71,949
Total assets at fair value	\$415,573	\$2,392,027	\$770,129	\$3,577,729
Derivative liabilities:				
Agency forwards	\$—	\$(2,141)	\$—	\$(2,141)
U.S. Treasury futures	(6,181)	—	—	(6,181)
Interest rate swaps	—	(2,852)	—	(2,852)
Total derivative liabilities	(6,181)	(4,993)	—	(11,174)
Warrant liabilities	—	(4,960)	—	(4,960)
Equity-linked CD written option	(241)	—	—	(241)
Litigation settlement (1)	—	—	(19,100)	(19,100)
Total liabilities at fair value	\$(6,422)	\$(9,953)	\$(19,100)	\$(35,475)

Table of Contents

	Level 1	Level 2	Level 3	Total Carrying Value
December 31, 2011	(Dollars in thousands)			
Securities classified as trading:				
U.S. Treasury bonds	\$313,383	\$—	\$—	\$313,383
Securities classified as available-for-sale:				
Non-agency collateralized mortgage obligations	—	—	365,256	365,256
U.S. government sponsored agencies	116,096	—	—	116,096
Loans held-for-sale:				
Residential first mortgage loans	—	1,629,618	—	1,629,618
Loans held-for-investment:				
Residential first mortgage loans	—	22,651	—	22,651
Residential mortgage servicing rights	—	—	510,475	510,475
Derivative assets:				
U.S. Treasury futures	3,316	—	—	3,316
Rate lock commitments	—	—	70,965	70,965
Agency forwards	9,362	—	—	9,362
Interest rate swaps	—	3,296	—	3,296
Total derivative assets	12,678	3,296	70,965	86,939
Total assets at fair value	\$442,157	\$1,655,565	\$946,696	\$3,044,418
Derivative liabilities:				
Forward agency and loan sales	\$—	\$(42,978)	\$—	\$(42,978)
Interest rate swaps	—	(3,296)	—	(3,296)
Total derivative liabilities	—	(46,274)	—	(46,274)
Warrant liabilities	—	(2,411)	—	(2,411)
Litigation settlement (1)	—	—	(18,300)	(18,300)
Total liabilities at fair value	\$—	\$(48,685)	\$(18,300)	\$(66,985)

(1) Does not include the \$15.0 million payment required to be paid within 30 business days after the effective date of the DOJ Agreement, which was paid on April 3, 2012.

Table of Contents

A determination to classify a financial instrument within Level 3 of the valuation hierarchy is based upon the significance of the unobservable factors to the overall fair value measurement. However, Level 3 financial instruments typically include, in addition to the unobservable or Level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources). Also, the Company manages the risk associated with the observable components of Level 3 financial instruments using securities and derivative positions that are classified within Level 1 or Level 2 of the valuation hierarchy; these Level 1 and Level 2 risk management instruments are not included below, and therefore the gains and losses in the tables do not reflect the effect of the Company's risk management activities related to such Level 3 instruments. If the market for an instrument becomes more liquid or active and pricing models become available which allow for readily observable inputs, the Company will transfer the instruments from a Level 3 to a Level 2 valuation hierarchy.

The Company transferred \$235.1 million in non-agency collateralized mortgage obligations recorded at fair value on a recurring basis out of Level 3 fair value measurement into a Level 2 asset during the three months ended March 31, 2012, compared to no transfers for three months ended March 31, 2011. There were no transfers of liabilities recorded at fair value on a recurring basis into or out of Level 3 fair value measurements during the three months ended March 31, 2012 and 2011. The Company reclassified the 2010 and 2011 nonrecurring hierarchy disclosures for impaired loans and repossessed assets from Level 2 to Level 3 to reflect that the appraised values, broker price opinions or internal estimates contain unobservable inputs. The impact was limited to disclosure.

Interest rate swap derivatives were transferred from a Level 1 to a Level 2 during the fourth quarter 2011 because the derivatives are not actively being traded on a listed exchange. The interest rate swap derivatives are valued based on quoted prices for similar assets in an active market with inputs that are observable and are now classified within Level 2 of the valuation hierarchy.

Non-agency collateralized mortgage obligations were transferred from a Level 3 to a Level 2 during the three months ended March 31, 2012 because of increased market liquidity as well as an increase in the number of available pricing models. The non-agency collateralized mortgage obligations are valued based on pricing provided by external pricing services.

Table of Contents

Fair value measurements using significant unobservable inputs

The tables below include a roll forward of the Consolidated Statement of Financial Condition amounts for the three months ended March 31, 2012 and 2011 (including the change in fair value) for financial instruments classified by the Company within Level 3 of the valuation hierarchy.

For the Three Months Ended March 31, 2012	Balance at Beginning of Period	Recorded in Earnings		Recorded in OCI		Issuances	Purchases	Sales	Settlements	Transfers In (Out)	Balance at End of Period	Change In Unrealized Held a of Peri
		Total Unrealized Gains / (Losses)	Total Realized Gains / (Losses)	Total Unrealized Gains / (Losses)	Total Unrealized Gains / (Losses)							
Assets												
(Dollars in thousands)												
Securities classified as available-for-sale												
(1)(2)(3)												
Non-agency collateralized mortgage obligations	\$365,256	\$—	\$—	\$685	\$—	\$—	\$—	\$(5,979)	\$—	\$(254,928)	\$105,034	\$685
Residential mortgage servicing rights	510,475	(6,927)	—	—	—	—	—	111,484	(18,202)	—	596,830	—
Derivative financial instruments:												
Rate lock commitments	70,965	48,338	—	—	—	—	—	171,149	(159,168)	(63,036)	68,248	—
Totals	\$946,696	\$41,411	\$—	\$685	\$—	\$—	\$—	282,633	\$(183,349)	\$(63,036)	\$770,112	\$685
Liabilities												
Litigation settlement	\$18,300	\$—	\$(800)	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$19,100	\$—
For the Three Months Ended March 31, 2011												
Securities classified as available-for-sale:												
(1)(2)(3)												
Non-agency collateralized mortgage obligations	\$467,488	\$—	\$—	\$7,722	\$—	\$—	\$—	\$(30,253)	\$—	\$—	\$444,957	\$7,722
Residential mortgage servicing rights	580,299	4,123	—	—	—	—	—	50,700	—	—	635,122	—

Derivative
financial
instruments:

Rate lock
commitments
Totals

14,396	(6,201)	—	—	—48,844	(32,952)	(10,307)	—	13,780	—
\$1,062,183	\$(2,078)	\$—	\$7,722	\$-99,544	\$(63,205)	\$(10,307)	\$—	\$1,093,859	\$7,722

(1) Realized gains (losses), including unrealized losses deemed other than temporary and related to credit issues, are reported in non interest income.

(2) U.S. government agency securities classified as available-for-sale are valued predominantly using quoted broker/dealer prices with adjustments to reflect for any assumptions a willing market participant would include in its valuation. Non agency securities classified as available-for-sale are valued using internal valuation models and pricing information from third parties.

(3) Management had anticipated that the non agency securities would be classified under Level 2 of the valuation hierarchy. However, due to illiquidity in the markets, the fair value of these securities has been determined using internal models and therefore is classified within Level 3 of the valuation hierarchy and pricing information from third parties.

(4) Changes in the unrealized gains (losses) related to financial instruments held at the end of the year.

Table of Contents

The following tables present the quantitative information about recurring Level 3 fair value financial instruments and the fair value measurements as of March 31, 2012 and December 31, 2011.

	Fair Value	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
March 31, 2012	(Dollars in thousands)			
Assets				
FSTAR 2006-1	\$105,034	Discounted cash flows	Discount rate Prepay rate - 12 month historical average CDR rate - 12 month historical average Loss severity	7.2% - 10.8% (9.0%) 7.6% - 11.4% (9.5%) 5.2% - 7.9% (6.5%) 80.0% - 120.0% (100.0%)
Residential mortgage servicing rights	\$596,830	Discounted cash flows	Option adjusted spread Constant prepayment rate Weighted average cost to service per loan	4.6% - 6.9% (5.8%) 14.3% - 21.8% (18.1%) 57.8% - 86.7% (72.2%)
Rate lock commitments	\$68,265	Mark-to-Market	Origination pull-through rate	60.3% - 90.4% (75.3%)
Liabilities				
Litigation settlement	\$19,100	Discounted cash flows	Asset growth rate MSR growth Rate Return on assets (ROA) improvement	4.4% - 6.6% (5.5%) 1.4% - 0.9% (1.2%) 0.02% - 0.04% (0.03%)

The significant unobservable inputs used in the fair value measurement of the FSTAR 2006-1 securitization trust are discount rates, prepayment rates and default rates. While loss severity (in the event of default) is an unobservable input, the sensitivity of the fair value to this input is zero because of the insurer coverage on the deal. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. Increases in both prepay rates and default rates in isolation result in a higher fair value; however, generally a change in the assumption used for the probability of default is accompanied by a directionally opposite change in the assumption used for prepayment rates, which would offset a portion of the fair value change.

The significant unobservable inputs used in the fair value measurement of the MSRs are option adjusted spreads, prepayment rates, and cost to service. Significant increases (decreases) in all three assumptions in isolation would result in a significantly lower (higher) fair value measurement.

The significant unobservable input used in the fair value measurement of the rate lock commitments is the pull through rate. The pull through rate is a statistical analysis of the Company's actual rate lock fallout history to determine the sensitivity of the residential mortgage loan pipeline compared to interest rate changes and other deterministic values. New market prices are applied based on updated loan characteristics and new fall out ratios (i.e., the inverse of the pull through rate) are applied accordingly. Significant increases (decreases) in the pull through rate in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the assumption utilized for the probability of default is accompanied by a directionally similar change in the assumption utilized for the loss severity and a directionally opposite change in assumption utilized for prepayment rates.

The significant unobservable inputs used in the fair value measurement of the DOJ Agreement are future balance sheet and growth rate assumptions for overall asset growth, MSR growth, and return on assets improvement. The current assumptions are based on management's strategic performance targets beyond the current strategic modeling horizon (2015). The Bank's target asset growth rate post 2015 is based off of growth in the balance sheet post TARP preferred stock repayment. Significant increases (decreases) in the bank's asset growth rate in isolation would result in

a significantly lower (higher) fair value measurement. Significant increases (decreases) in the bank's MSR growth rate in isolation would result in a marginally lower (higher) fair value measurement. Significant increases (decreases) in the bank's return on assets improvement in isolation would result in a marginally higher (lower) fair value measurement.

The Company also has assets that under certain conditions are subject to measurement at fair value on a non-recurring basis. These assets are measured at the lower of cost or market and had a fair value below cost at the end of the period as summarized below.

Table of Contents

The Company also has assets that under certain conditions are subject to measurement at fair value on a non-recurring basis. These assets are measured at the lower of cost or market and had a fair value below cost at the end of the period as summarized below.

Assets Measured at Fair Value on a Non-recurring Basis

	Total	Level 3
	(Dollars in thousands)	
March 31, 2012		
Impaired loans held-for-investment: (1)		
Residential first mortgage loans	\$133,179	\$133,179
Commercial real estate loans	134,072	134,072
Repossessed assets (2)	108,686	108,686
Totals	\$375,937	\$375,937
December 31, 2011		
Impaired loans held-for-investment: (1)		
Residential first mortgage loans	\$210,040	\$210,040
Commercial real estate loans	180,306	180,306
Repossessed assets (2)	114,715	114,715
Totals	\$505,061	\$505,061

(1) As of December 31, 2011 the Company reclassified impaired loans and repossessed assets from Level 2 to Level 3 to reflect that many of the appraised values, price opinions or internal estimates contain unobservable inputs.

The Company recorded \$47.8 million and \$14.6 million in fair value losses on impaired loans (include in provision (2) for loan losses on the Consolidated Statements of Operations) during the three months ended March 31, 2012 and 2011, respectively.

The Company recorded \$8.0 million and \$13.2 million in losses related to write-downs of repossessed assets based (3) on the estimated fair value of the specific assets, and recognized net loss of \$0.7 million and a net loss of \$0.1 million on sales of repossessed assets during the three months ended March 31, 2012 and 2011, respectively.

The following tables present the quantitative information about non-recurring Level 3 fair value financial instruments and the fair value measurements as of March 31, 2012 and December 31, 2011.

	Fair Value	Valuation Technique(s)
	(Dollars in thousands)	
March 31, 2012		
Impaired loans held-for-investment:		
Residential mortgage loans	\$133,179	Appraisal value
Commercial real estate loans	\$134,072	Appraisal value
Repossessed assets	\$108,686	Appraisal value

The Company has certain impaired residential and commercial real estate loans that are measured at fair value on a nonrecurring basis. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. Appraisals or other third party price opinions are generally obtained to support the fair value of the collateral and incorporate measures such as recent sales prices for comparable properties. In cases where the carrying value exceeds the fair value of the collateral less cost to sell, an impairment charge is recognized. At March 31, 2012, the Company identified \$133.2 million and \$134.1 million in residential and commercial real estate loans, respectively, carried at fair value on a non-recurring basis. For the three month period ended March 31, 2012, non-recurring fair value impairment of \$47.8 million was recorded within the provision for credit losses.

Repossessed assets are measured and reported at fair value through a charge-off to the allowance for loan losses based upon the fair value of the repossessed asset. The fair value of repossessed assets, upon initial recognition, are

estimated using Level 3 inputs based on customized discounting criteria. The significant unobservable inputs used in the Level 3 fair value measurements of the Company's impaired loans and repossessed assets included in the table above primarily relate to internal valuations or analysis.

Table of Contents

Fair Value of Financial Instruments

The accounting guidance for financial instruments requires disclosures of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair values. Certain financial instruments and all non-financial instruments are excluded from the scope of this guidance. Accordingly, the fair value disclosures required by this guidance are only indicative of the value of individual financial instruments as of the dates indicated and should not be considered an indication of the fair value of the Company.

The following table presents the carrying amount and estimated fair value of certain financial instruments not recorded at fair value in entirety on a recurring basis.

	March 31, 2012				
	Carrying Value	Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Financial Instruments					
Assets:					
Cash and cash equivalents	\$757,948	\$757,948	\$757,948	\$—	\$—
Securities classified as trading	307,355	307,355	307,355	—	—
Securities classified as available-for-sale	448,147	448,147	107,977	235,136	105,034
Loans held-for-sale	2,492,855	2,488,869	—	2,488,869	—
Loans repurchased with government guarantees	2,002,999	2,002,999	—	2,002,999	—
Loans held-for-investment, net	6,378,538	6,420,211	—	—	6,420,211
Accrued interest receivable	108,143	108,143	—	108,143	—
Repossessed assets	108,686	108,686	—	—	108,686
FHLB stock	301,737	301,737	301,737	—	—
Mortgage servicing rights	596,830	596,830	—	—	596,830
Customer initiated derivative interest-rate swaps	2,852	2,852	—	2,852	—
Liabilities:					
Retail deposits:					
Demand deposits and savings accounts	(2,873,274)	(2,794,436)	—	(2,794,436)	—
Certificates of deposit	(3,119,581)	(3,145,829)	—	(3,145,829)	—
Government accounts	(780,404)	(775,340)	—	(775,340)	—
National certificates of deposit	(345,901)	(353,760)	—	(353,760)	—
Company controlled deposits	(1,479,993)	(1,475,575)	—	(1,475,575)	—
FHLB advances	(3,591,000)	(3,850,921)	(3,850,921)	—	—
Long-term debt	(248,585)	(85,109)	—	(85,109)	—
Accrued interest payable	(10,124)	(10,124)	—	(10,124)	—
Warrant liabilities	(4,960)	(4,960)	—	(4,960)	—
Litigation settlement	(19,100)	(19,100)	—	—	(19,100)
Customer initiated derivative interest-rate swaps	(2,852)	(2,852)	—	(2,852)	—
Derivative Financial Instruments:					
Forward delivery contracts	832	832	—	832	—
Commitments to extend credit	68,265	68,265	—	68,265	—
U.S. Treasury and agency futures/forwards	(8,321)	(8,321)	(8,321)	—	—

Table of Contents

	December 31, 2011				
	Carrying Value	Estimated Fair Value			
	Total	Level 1	Level 2	Level 3	
	(Dollars in thousands)				
Financial Instruments					
Assets:					
Cash and cash equivalents	\$731,058	\$731,058	\$731,058	\$—	\$—
Securities classified as trading	313,383	313,383	313,383	—	—
Securities classified as available-for-sale	481,352	481,352	116,096	—	365,256
Loans held-for-sale	1,800,885	1,823,421	—	1,823,421	—
Loans repurchased with government guarantees	1,899,267	1,899,267	—	1,899,267	—
Loans held-for-investment, net	6,720,587	6,748,914	—	—	6,748,914
Accrued interest receivable	105,200	105,200	—	105,200	—
Repossessed assets	114,715	114,715	—	—	114,715
FHLB stock	301,737	301,737	301,737	—	—
Mortgage servicing rights	510,475	510,475	—	—	510,475
Customer initiated derivative interest-rate swaps	3,296	3,296	—	3,296	—
Liabilities:					
Retail deposits:					
Demand deposits and savings accounts	(2,520,710)	(2,440,208)	—	(2,440,208)	—
Certificates of deposit	(2,972,258)	(3,001,645)	—	(3,001,645)	—
Government accounts	(711,097)	(705,991)	—	—	—
		Average	Contractual	Aggregate	
	Shares	Exercise	Term (in	Intrinsic	
		Price	years)	Value	
Stock Options					
Outstanding at January 1, 2009	87	\$	13.42		
Granted	630	\$	13.57		
Exercised	(44)	\$	9.92		
Forfeited or expired	(7)	\$	13.53		
Outstanding and exercisable at December 31, 2009	666	\$	13.79	7.26	\$ 12,037

No stock options were awarded by the Company during the years 2008 and 2007. The total intrinsic value of options exercised during the years ended December 31, 2009 and 2008 was \$728 and \$495 respectively.

21. Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. The operating segments are reviewed separately because each operating segment represents a strategic business unit that generally

offers different products and serves different markets.

The Company's chief operating decision maker evaluates the operating results of the Company's reportable segments based upon revenues and adjusted net income, which is defined by the Company as net income adjusted for fair value changes of derivative instruments, the amortization of purchased intangibles, the net impact of tax rate changes on the Company's deferred tax asset and related changes in the tax-receivable agreement, non-cash asset impairment charges and the gains on the extinguishment of a portion of the tax receivable agreement. These adjustments are reflected net of the tax impact.

The Company operates in two reportable segments, Fleet and MasterCard. The Fleet segment provides customers with payment and transaction processing services specifically designed for the needs of vehicle fleet customers. This segment also provides information management services to these fleet customers. The MasterCard segment provides customers with a payment processing solution for their corporate purchasing and transaction monitoring needs. Revenue in this segment is derived from two product lines—corporate charge cards and single use accounts. The MasterCard products are used by businesses to facilitate purchases of products and utilize the Company's information management capabilities.

The accounting policies of the reportable segments are generally the same as those described in the summary of significant accounting policies.

Table of Contents

WRIGHT EXPRESS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(in thousands, except per share data)

Financing interest expense and net realized and unrealized losses on derivative instruments are not allocated to the MasterCard segment in the computation of segment results for internal evaluation purposes. Total assets are not allocated to the segments.

The following table presents the Company's reportable segment results for the years ended December 31, 2009, 2008 and 2007:

	Total	Operating	Depreciation	Provision	Adjusted
	Revenues	Interest	and	Provision	Net
		Expense	Amortization	for	Income
				Income	
				Taxes	
Year ended December 31, 2009					
Fleet	\$ 281,017	\$ 11,723	\$ 16,655	\$ 47,615	\$ 77,194
MasterCard	37,207	1,551	210	5,149	8,422
Total	\$ 318,224	\$ 13,274	\$ 16,865	\$ 52,764	\$ 85,616
Year ended December 31, 2008					
Fleet	\$ 366,610	\$ 32,148	\$ 19,483	\$ 34,900	\$ 69,993
MasterCard	26,972	2,845	640	2,217	4,155
Total	\$ 393,582	\$ 34,993	\$ 20,123	\$ 37,117	\$ 74,148
Year ended December 31, 2007					
Fleet	\$ 313,618	\$ 31,490	\$ 14,299	\$ 123,240	\$ 72,357
MasterCard	22,510	2,596	719	2,050	3,653
Total	\$ 336,128	\$ 34,086	\$ 15,018	\$ 125,290	\$ 76,010

The following table reconciles adjusted net income to net income:

	Year ended December 31,		
	2009	2008	2007

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Adjusted net income	\$ 85,616	\$ 74,148	\$ 76,010
Unrealized gains (losses) on derivative instruments	(43,142)	90,892	(37,074)
Amortization of acquired intangible assets	(5,066)	(4,854)	(1,089)
Asset impairment charge	(814)	(1,538)	
Non-cash adjustments related to tax receivable agreement	(599)		
Gain on extinguishment of liability	136,485		
Tax impact	(32,821)	(31,008)	13,730
Net income	\$ 139,659	\$ 127,640	\$ 51,577

The tax impact of the foregoing adjustments is the difference between the Company's GAAP tax provision and a pro forma tax provision based upon the Company's adjusted net income before taxes. The methodology utilized for calculating the Company's adjusted net income tax provision is the same methodology utilized in calculating the Company's GAAP tax provision.

Table of Contents

WRIGHT EXPRESS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (concluded)
(in thousands, except per share data)

Geographic Data

	Year ended December 31,		
	2009	2008	2007
Total revenues:			
United States	\$ 314,808	\$ 393,137	\$ 336,123
International	3,416	445	5
 Total revenues	 \$ 318,224	 \$ 393,582	 \$ 336,128

22. Subsequent Event

On February 22, 2010, we purchased put option contracts and sold call option contracts, designed to be a costless collar, on the price of gasoline and diesel fuel (collectively the Options). The Options have an aggregate notional amount of approximately 9,657 gallons of gasoline and diesel fuel and will expire on a monthly basis during the first, second and third quarters of 2011. The settlement of the Options is based upon the U.S. Department of Energy's weekly retail on-highway national US average diesel price and the New York Mercantile Exchange nearby unleaded gasoline contracts for the month. The Options lock in a weighted average floor price of approximately \$2.86 per gallon and a weighted average ceiling price of approximately \$2.92 per gallon.

23. Quarterly Financial Results (Unaudited)

Summarized quarterly results for the two years ended December 31, 2009 and 2008, are as follows:

	Three months ended			
	March 31	June 30	September 30	December 31
2009				
Total revenues	\$ 69,176	\$ 78,626	\$ 86,642	\$ 83,780
Operating income	\$ 19,324	\$ 32,372	\$ 36,346	\$ 30,108
Net income (loss)	\$ 10,977	\$ 93,190	\$ 23,363	\$ 12,129
Earnings (loss) per share:				
Basic	\$ 0.29	\$ 2.43	\$ 0.61	\$ 0.32
Diluted	\$ 0.28	\$ 2.36	\$ 0.60	\$ 0.31
 2008				
Total revenues	\$ 92,946	\$ 111,238	\$ 108,531	\$ 80,867
Operating income	\$ 37,068	\$ 50,948	\$ 54,402	\$ 19,014
Net income	\$ 14,528	\$ (24,383)	\$ 72,344	\$ 65,151
Earnings per share:				
Basic	\$ 0.37	\$ (0.63)	\$ 1.86	\$ 1.69
Diluted	\$ 0.36	\$ (0.63)	\$ 1.82	\$ 1.66

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The principal executive officer and principal financial officer of Wright Express Corporation evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report.

Disclosure controls and procedures are controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms, is recorded, processed, summarized and reported, and is accumulated and communicated to the company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation, the principal executive officer and principal financial officer of Wright Express Corporation concluded that the Company's disclosure controls and procedures were effective as of December 31, 2009.

Management's Annual Report on Internal Control Over Financial Reporting

Wright Express management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Under the supervision and with the participation of management, including the principal executive officer and principal financial officer, an evaluation was conducted of the effectiveness of the internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control - Integrated Framework, management concluded that Wright Express internal control over financial reporting was effective as of December 31, 2009.

The effectiveness of our internal control over financial reporting as of December 31, 2009, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2009, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See the information in the Company's proxy statement for the 2010 Annual Meeting of Stockholders captioned Members of the Board of Directors, Non-Director Members of the Executive Management Team, Section 16(a) Beneficial Ownership Reporting Compliance, Director Nominations, Communications with the Board of Directors, Board and Committee Meetings and Corporate Governance Information, which information is incorporated herein by reference.

Website Availability of Corporate Governance and Other Documents

The following documents are available on the Corporate Governance page of the investor relations section of the Company's website, www.wrightexpress.com: (1) the Code of Business Conduct and Ethics for Directors, (2) the Code of Ethics for Chief Executive and Senior Financial Officers, (3) the Company's Corporate Governance Guidelines and (4) key Board Committee charters, including charters for the Audit, Corporate Governance and Compensation Committees. Stockholders also may obtain printed copies of these documents by submitting a written request to Investor Relations, Wright Express, 97 Darling Avenue, South Portland, Maine 04106. The Company intends to post on its website, www.wrightexpress.com, all disclosures that are required by law or New York Stock Exchange listing standards concerning any amendments to, or waivers from, the provisions of the documents referenced in (1) and (2) above.

ITEM 11. EXECUTIVE COMPENSATION

See the information in the Company's proxy statement for the 2010 Annual Meeting of Stockholders captioned Executive Compensation and the related subsections, Director Compensation and Compensation Committee Interlocks and Insider Participation, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See the information in the Company's proxy statement for the 2010 Annual Meeting of Stockholders captioned Securities Authorized for Issuance Under Equity Compensation Plans and Principal Stockholders and the related subsections, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See the information in the Company's proxy statement for the 2010 Annual Meeting of Stockholders captioned Director Independence and Certain Relationships and Related Transactions, which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See the section of the Company's proxy statement for the 2010 Annual Meeting of Stockholders captioned Auditor Selection and Fees, which information is incorporated herein by reference.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

1. Financial Statements (see Index to Financial Statements on page 39).

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit No. 3.1 to our Current Report on Form 8-K filed with the SEC on March 1, 2005, File No. 001-32426).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit No. 3.1 to our Current Report on Form 8-K filed with the SEC on November 20, 2008, File No. 001-32426).
4.1	Rights Agreement dated as of February 16, 2005, by and between Wright Express Corporation and Wachovia Bank, National Association (incorporated by reference to Exhibit No. 4.1 to our Current Report on Form 8-K filed with the SEC on March 1, 2005, File No. 001-32426).
10.1	Form of director indemnification agreement (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on June 8, 2009, File No. 001-32426).
10.2	Tax Receivable Agreement, dated as of February 22, 2005, by and between Cendant Corporation and Wright Express Corporation (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K filed with the SEC on March 1, 2005, File No. 001-32426).
10.3	Tax Receivable Prepayment Agreement dated June 26, 2009 by and between Wright Express Corporation and Realogy Corporation (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on July 7, 2009, File No. 001-32426).
10.4	Ratification Agreement dated June 26, 2009 by and among Wright Express Corporation, Realogy Corporation, Wyndham Worldwide Corporation and Avis Budget Group, Inc. (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on July 7, 2009, File No. 001-32426).
10.5	Guarantee, dated as of June 26, 2009, by Apollo Investment Fund VI, L.P., Apollo Overseas Partners VI, L.P., Apollo Overseas Partners (Delaware) VI, L.P., Apollo Overseas Partners (Delaware892) VI, L.P. and Apollo Overseas Partners (Germany) VI, L.P. in favor of Wright Express Corporation (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 7, 2009, File No. 001-324426) (incorporated by reference to Exhibit No. 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on July 30, 2009, File No. 001-324426).
10.6	Credit Agreement, dated as of May 22, 2007, among Wright Express Corporation, as borrower, Bank of America, N.A., as administrative agent, swing line lender and L/C issuer, Banc of America Securities LLC and SunTrust Robinson Humphrey, a division of SunTrust Capital Markets, Inc., as joint lead arrangers and joint book managers, SunTrust Bank, Inc., as syndication agent, BMO Capital Markets, KeyBank National Association, and TD

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Banknorth, N.A., as co-documentation agents, and the other lenders party thereto (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on May 29, 2007, File No. 001-32426).

- 10.7 Guaranty, dated as of May 22, 2007, by and among Wright Express Corporation, the subsidiary guarantors party thereto, and Bank of America, N.A., as administrative agent for the lenders party to the Credit Agreement (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on May 29, 2007, File No. 001-32426).
- 10.8 Incremental Amendment Agreement among Wright Express Corporation, as borrower; Bank of America, N.A., as administrative agent, swing line lender and L/C issuer; Banc of America Securities LLC; SunTrust Robinson Humphrey, a division of SunTrust Capital Markets, Inc., as joint lead arrangers and joint book managers; SunTrust Bank, Inc., as syndication agent; and with other lenders (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on June 3, 2008, File No. 001-32426).
- 10.9 Amendment to Credit Agreement, dated as of June 26, 2009, among Wright Express Corporation, as borrower, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit No. 10.4 to our Quarterly Report on Form 10-Q filed with the SEC on July 30, 2009, File No. 001-324426).
- 10.10 Amended and Restated Wright Express Corporation 2005 Equity and Incentive Plan (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.11 Wright Express Corporation Employee Stock Purchase Plan (incorporated by reference to Exhibit No. 10.7 to our Registration Statement on Form S-1 filed with the SEC on February 10, 2005, File No. 333-120679).

Table of Contents

- 10.12 Wright Express Corporation Amended and Restated Non-Employee Directors Deferred Compensation Plan (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.13 Amended and Restated Wright Express Corporation Executive Deferred Compensation Plan (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.14 Amended and Restated Wright Express Corporation Short Term Incentive Program (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 7, 2009, File No. 001-324426).**
- 10.15 Wright Express Corporation Long Term Incentive Program (incorporated by reference to Exhibit No. 10.5 to our Quarterly Report on Form 10-Q filed with the SEC on May 7, 2009, File No. 001-32426).**
- 10.16 Amended and Restated Wright Express Corporation Severance Pay Plan for Officers (incorporated by reference to Exhibit No. 10.4 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.17 Employment Agreement with Michael E. Dubyak (incorporated by reference to Exhibit No. 10.5 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.18 Form of Employment Agreement for David Maxsimic and Melissa Smith (incorporated by reference to Exhibit No. 10.6 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.19 Form of Employment Agreement for Robert Cornett, Hilary Rapkin and Jamie Morin (incorporated by reference to Exhibit No. 10.7 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- * 10.20 Form of Employment Agreement for George Hogan and Richard Steckclair.
- 10.21 Form of Long Term Incentive Program Award Agreement (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on April 6, 2006, File No. 001-32426).
- 10.22 Form of Non-Employee Director Long Term Incentive Program Award Agreement (for grants received prior to December 31, 2006) (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 5, 2008, File No. 001-32426).
- 10.23 Form of Non-Employee Director Long Term Incentive Program Award Agreement (for grants received subsequent to December 31, 2006) (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 5, 2008, File No. 001-32426).
- 10.24

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ISDA Master Agreement and Schedule between CITIBANK, National Association and Wright Express Corporation, dated as of April 20, 2005 (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).

- 10.25 Confirmation of transaction between CITIBANK, National Association and Wright Express Corporation, dated April 21, 2005 (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.26 ISDA Master Agreement between Fleet National Bank and Wright Express Corporation, dated as of April 20, 2005 (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.27 ISDA Schedule to the Master Agreement between Fleet National Bank and Wright Express Corporation, dated as of April 20, 2005 (incorporated by reference to Exhibit No. 10.4 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.28 Confirmation of transaction between Fleet National Bank and Wright Express Corporation, dated April 21, 2005 (incorporated by reference to Exhibit No. 10.5 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.29 Form of confirmation evidencing purchases of Nymex Unleaded Regular Gasoline put options and call options by Wright Express Corporation from J. Aron & Company (incorporated by reference to Exhibit 10.18 to our Quarterly Report on Form 10-Q filed with the SEC on October 28, 2005, File No. 001-32426).
- 10.30 Form of confirmation evidencing purchases of Nymex Diesel put options and call options by Wright Express Corporation from J. Aron & Company (incorporated by reference to Exhibit 10.19 to our Quarterly Report on Form 10-Q filed with the SEC on October 28, 2005, File No. 001-32426).
- 10.31 ISDA Credit Support Annex to the Schedule Master Agreement between Bank of America, N.A. (successor to Fleet National Bank) and Wright Express Corporation, dated as of August 28, 2006 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on November 20, 2006, File No. 001-32426).

Table of Contents

- 10.32 Amendment to the ISDA Master Agreement between Bank of America, N.A. (successor to Fleet National Bank) and Wright Express Corporation, dated as of August 28, 2006 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on November 20, 2006, File No. 001-32426).
- 10.33 Form of confirmation evidencing purchases and sales of Diesel put options and call options by Wright Express Corporation from Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 7, 2007, File No. 001-32426).
- 10.34 Form of confirmation evidencing purchases and sales of Nymex Unleaded Regular Gasoline put options and call options by Wright Express Corporation from Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 7, 2007, File No. 001-32426).
- * 10.35 Novation Agreement and New ISDA Agreement, dated as of October 23, 2009, among Wright Express Corporation, Bank of America, N.A., and Merrill Lynch Commodities, Inc.
- 10.36 ISDA Master Agreement and Schedule between Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch and Wright Express Corporation, dated as of June 14, 2007 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.37 Confirmation of transaction between Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch and Wright Express Corporation, dated as of July 18, 2007 (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.38 ISDA Master Agreement and Schedule between SunTrust Bank and Wright Express Corporation, dated as of April 5, 2005 (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.39 Confirmation of transaction between SunTrust Bank and Wright Express Corporation, dated as of July 18, 2007 (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.40 Confirmation of transaction between SunTrust Bank and Wright Express Corporation, dated as of July 22, 2009 (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on July 24, 2009, File No. 001-32426).
- 10.41 ISDA Master Agreement and Schedule between KeyBank National Association and Wright Express Corporation, dated as of June 15, 2007 (incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.42 Confirmation of transaction between KeyBank National Association and Wright Express Corporation, dated as of August 22, 2007 (incorporated by reference to Exhibit 10.8 to our

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Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).

10.43 ISDA Master Agreement and Schedule between Wachovia Bank, National Association and Wright Express Corporation, dated as of July 18, 2007 (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 8, 2008, File No. 001-32426).

10.44 Form of confirmation evidencing purchases of Nymex Unleaded Regular Gasoline put options and call options by Wright Express Corporation from Wachovia Bank, National Association (incorporated by reference to Exhibit No. 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on May 8, 2008, File No. 001-32426).

* 21.1 Subsidiaries of the registrant.

* 23.1 Consent of Independent Registered Accounting Firm Deloitte & Touche LLP.

* 31.1 Certification of Chief Executive Officer of Wright Express Corporation pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.

* 31.2 Certification of Chief Financial Officer of Wright Express Corporation pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.

* 32.1 Certification of Chief Executive Officer of Wright Express Corporation pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.

* 32.2 Certification of Chief Financial Officer of Wright Express Corporation pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.

* Filed with this report.

** Portions of exhibit have been omitted pursuant to a request for confidential treatment, which has been granted.

Denotes a management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of this Form 10-K.

Table of Contents

SIGNATURES

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

WRIGHT EXPRESS CORPORATION

February 25, 2010

By: /s/ Melissa D. Smith
Melissa D. Smith
*CFO and Executive Vice President,
Finance and
Operations
(principal financial and accounting
officer)*

81

Jack A. VanWoerkom

Director

82

Table of Contents**EXHIBIT INDEX**

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit No. 3.1 to our Current Report on Form 8-K filed with the SEC on March 1, 2005, File No. 001-32426).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit No. 3.1 to our Current Report on Form 8-K filed with the SEC on November 20, 2008, File No. 001-32426).
4.1	Rights Agreement dated as of February 16, 2005, by and between Wright Express Corporation and Wachovia Bank, National Association (incorporated by reference to Exhibit No. 4.1 to our Current Report on Form 8-K filed with the SEC on March 1, 2005, File No. 001-32426).
10.1	Form of director indemnification agreement (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on June 8, 2009, File No. 001-32426).
10.2	Tax Receivable Agreement, dated as of February 22, 2005, by and between Cendant Corporation and Wright Express Corporation (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K filed with the SEC on March 1, 2005, File No. 001-32426).
10.3	Tax Receivable Prepayment Agreement dated June 26, 2009 by and between Wright Express Corporation and Realogy Corporation (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on July 7, 2009, File No. 001-32426).
10.4	Ratification Agreement dated June 26, 2009 by and among Wright Express Corporation, Realogy Corporation, Wyndham Worldwide Corporation and Avis Budget Group, Inc. (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on July 7, 2009, File No. 001-32426).
10.5	Guarantee, dated as of June 26, 2009, by Apollo Investment Fund VI, L.P., Apollo Overseas Partners VI, L.P., Apollo Overseas Partners (Delaware) VI, L.P., Apollo Overseas Partners (Delaware892) VI, L.P. and Apollo Overseas Partners (Germany) VI, L.P. in favor of Wright Express Corporation (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 7, 2009, File No. 001-324426) (incorporated by reference to Exhibit No. 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on July 30, 2009, File No. 001-324426).
10.6	Credit Agreement, dated as of May 22, 2007, among Wright Express Corporation, as borrower, Bank of America, N.A., as administrative agent, swing line lender and L/C issuer, Banc of America Securities LLC and SunTrust Robinson Humphrey, a division of SunTrust Capital Markets, Inc., as joint lead arrangers and joint book managers, SunTrust Bank, Inc., as syndication agent, BMO Capital Markets, KeyBank National Association, and TD Banknorth, N.A., as co-documentation agents, and the other lenders party thereto (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with

the SEC on May 29, 2007, File No. 001-32426).

- 10.7 Guaranty, dated as of May 22, 2007, by and among Wright Express Corporation, the subsidiary guarantors party thereto, and Bank of America, N.A., as administrative agent for the lenders party to the Credit Agreement (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on May 29, 2007, File No. 001-32426).
- 10.8 Incremental Amendment Agreement among Wright Express Corporation, as borrower; Bank of America, N.A., as administrative agent, swing line lender and L/C issuer; Banc of America Securities LLC; SunTrust Robinson Humphrey, a division of SunTrust Capital Markets, Inc., as joint lead arrangers and joint book managers; SunTrust Bank, Inc., as syndication agent; and with other lenders (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on June 3, 2008, File No. 001-32426).
- 10.9 Amendment to Credit Agreement, dated as of June 26, 2009, among Wright Express Corporation, as borrower, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit No. 10.4 to our Quarterly Report on Form 10-Q filed with the SEC on July 30, 2009, File No. 001-324426).
- 10.10 Amended and Restated Wright Express Corporation 2005 Equity and Incentive Plan (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.11 Wright Express Corporation Employee Stock Purchase Plan (incorporated by reference to Exhibit No. 10.7 to our Registration Statement on Form S-1 filed with the SEC on February 10, 2005, File No. 333-120679).
- 10.12 Wright Express Corporation Amended and Restated Non-Employee Directors Deferred Compensation Plan (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.13 Amended and Restated Wright Express Corporation Executive Deferred Compensation Plan (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).

Table of Contents

- 10.14 Amended and Restated Wright Express Corporation Short Term Incentive Program (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 7, 2009, File No. 001-324426).**
- 10.15 Wright Express Corporation Long Term Incentive Program (incorporated by reference to Exhibit No. 10.5 to our Quarterly Report on Form 10-Q filed with the SEC on May 7, 2009, File No. 001-32426).**
- 10.16 Amended and Restated Wright Express Corporation Severance Pay Plan for Officers (incorporated by reference to Exhibit No. 10.4 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.17 Employment Agreement with Michael E. Dubyak (incorporated by reference to Exhibit No. 10.5 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.18 Form of Employment Agreement for David Maximic and Melissa Smith (incorporated by reference to Exhibit No. 10.6 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- 10.19 Form of Employment Agreement for Robert Cornett, Hilary Rapkin and Jamie Morin (incorporated by reference to Exhibit No. 10.7 to our Current Report on Form 8-K filed with the SEC on January 7, 2009, File No. 001-32426).
- * 10.20 Form of Employment Agreement for George Hogan and Richard Stecklair.
- 10.21 Form of Long Term Incentive Program Award Agreement (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on April 6, 2006, File No. 001-32426).
- 10.22 Form of Non-Employee Director Long Term Incentive Program Award Agreement (for grants received prior to December 31, 2006) (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 5, 2008, File No. 001-32426).
- 10.23 Form of Non-Employee Director Long Term Incentive Program Award Agreement (for grants received subsequent to December 31, 2006) (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 5, 2008, File No. 001-32426).
- 10.24 ISDA Master Agreement and Schedule between CITIBANK, National Association and Wright Express Corporation, dated as of April 20, 2005 (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.25 Confirmation of transaction between CITIBANK, National Association and Wright Express Corporation, dated April 21, 2005 (incorporated by reference to Exhibit No. 10.2 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).

- 10.26 ISDA Master Agreement between Fleet National Bank and Wright Express Corporation, dated as of April 20, 2005 (incorporated by reference to Exhibit No. 10.3 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.27 ISDA Schedule to the Master Agreement between Fleet National Bank and Wright Express Corporation, dated as of April 20, 2005 (incorporated by reference to Exhibit No. 10.4 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.28 Confirmation of transaction between Fleet National Bank and Wright Express Corporation, dated April 21, 2005 (incorporated by reference to Exhibit No. 10.5 to our Current Report on Form 8-K filed with the SEC on April 27, 2005, File No. 001-32426).
- 10.29 Form of confirmation evidencing purchases of Nymex Unleaded Regular Gasoline put options and call options by Wright Express Corporation from J. Aron & Company (incorporated by reference to Exhibit 10.18 to our Quarterly Report on Form 10-Q filed with the SEC on October 28, 2005, File No. 001-32426).
- 10.30 Form of confirmation evidencing purchases of Nymex Diesel put options and call options by Wright Express Corporation from J. Aron & Company (incorporated by reference to Exhibit 10.19 to our Quarterly Report on Form 10-Q filed with the SEC on October 28, 2005, File No. 001-32426).
- 10.31 ISDA Credit Support Annex to the Schedule Master Agreement between Bank of America, N.A. (successor to Fleet National Bank) and Wright Express Corporation, dated as of August 28, 2006 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on November 20, 2006, File No. 001-32426).
- 10.32 Amendment to the ISDA Master Agreement between Bank of America, N.A. (successor to Fleet National Bank) and Wright Express Corporation, dated as of August 28, 2006 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on November 20, 2006, File No. 001-32426).
- 10.33 Form of confirmation evidencing purchases and sales of Diesel put options and call options by Wright Express Corporation from Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 7, 2007, File No. 001-32426).

Table of Contents

- 10.34 Form of confirmation evidencing purchases and sales of Nymex Unleaded Regular Gasoline put options and call options by Wright Express Corporation from Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 7, 2007, File No. 001-32426).
- * 10.35 Novation Agreement and New ISDA Agreement, dated as of October 23, 2009, among Wright Express Corporation, Bank of America, N.A., and Merrill Lynch Commodities, Inc.
- 10.36 ISDA Master Agreement and Schedule between Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch and Wright Express Corporation, dated as of June 14, 2007 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.37 Confirmation of transaction between Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch and Wright Express Corporation, dated as of July 18, 2007 (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.38 ISDA Master Agreement and Schedule between SunTrust Bank and Wright Express Corporation, dated as of April 5, 2005 (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.39 Confirmation of transaction between SunTrust Bank and Wright Express Corporation, dated as of July 18, 2007 (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.40 Confirmation of transaction between SunTrust Bank and Wright Express Corporation, dated as of July 22, 2009 (incorporated by reference to Exhibit No. 10.1 to our Current Report on Form 8-K filed with the SEC on July 24, 2009, File No. 001-32426).
- 10.41 ISDA Master Agreement and Schedule between KeyBank National Association and Wright Express Corporation, dated as of June 15, 2007 (incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.42 Confirmation of transaction between KeyBank National Association and Wright Express Corporation, dated as of August 22, 2007 (incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q filed with the SEC on November 7, 2007, File No. 001-32426).
- 10.43 ISDA Master Agreement and Schedule between Wachovia Bank, National Association and Wright Express Corporation, dated as of July 18, 2007 (incorporated by reference to Exhibit No. 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 8, 2008, File No. 001-32426).
- 10.44 Form of confirmation evidencing purchases of Nymex Unleaded Regular Gasoline put options and call options by Wright Express Corporation from Wachovia Bank, National

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Association (incorporated by reference to Exhibit No. 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on May 8, 2008, File No. 001-32426).

- * 21.1 Subsidiaries of the registrant.
- * 23.1 Consent of Independent Registered Accounting Firm Deloitte & Touche LLP.
- * 31.1 Certification of Chief Executive Officer of Wright Express Corporation pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
- * 31.2 Certification of Chief Financial Officer of Wright Express Corporation pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
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- * Filed with this report.

- ** Portions of exhibit have been omitted pursuant to a request for confidential treatment, which has been granted.

Denotes a management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of this Form 10-K.