

EVERTEC, Inc.  
Form DEF 14A  
June 17, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**EVERTEC, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**Not Applicable**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11  
(set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.  
.. Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11 and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Notice of Annual Meeting  
of Stockholders and  
2016 Proxy Statement

June 17, 2016

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**Evertec, Inc.**

**Road 176, Km. 1.3**

**San Juan, Puerto Rico 00926**

June 17, 2016

Dear Stockholder:

On behalf of the Board of Directors (the *Board*) of Evertec, Inc. (the *Company*), we are pleased to invite you to attend the Company's 2016 Annual Meeting of Stockholders (the *Annual Meeting*) to be held at The Ritz-Carlton Hotel, Ritz-Carlton Ballroom IV, 6961 Gobernadores Avenue, Carolina, Puerto Rico 00979, on Thursday, July 28, 2016 at 9:00 a.m. Puerto Rico Time.

The accompanying notice of the Annual Meeting and Proxy Statement describe the matters to be acted upon at the Annual Meeting.

Your vote is very important to us. Whether or not you expect to attend the Annual Meeting in person, please submit your proxy or voting instructions over the telephone, the Internet or by mail as soon as possible to ensure that your shares are represented at the Annual Meeting and your vote is properly recorded.

We look forward to seeing you at the Annual Meeting and appreciate your continued support.

Sincerely,

Frank G. D Angelo

*Chairman of the Board of Directors*

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**Evertec, Inc.**

**Road 176, Km. 1.3**

**San Juan, Puerto Rico 00926**

**NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS**

**TIME AND DATE** Thursday, July 28, 2016 at 9:00 a.m. Puerto Rico Time

**PLACE** The Ritz-Carlton Hotel

Ritz-Carlton Ballroom IV

6961 Gobernadores Avenue

Carolina, Puerto Rico 00979

**ITEMS OF BUSINESS** To address the following proposals:

1. Election of the Directors named in the Proxy Statement for the coming year;
2. Ratification of the Appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm;
3. Advisory Vote on Executive Compensation;

and to transact such other business as may be properly brought before the Annual Meeting or any adjournments or postponements thereof.

**RECORD DATE** Owners of record at the close of business on June 3, 2016 (the Record Date ), are entitled to notice of and to vote at the Annual Meeting or at any adjournments or postponements thereof.

*Your vote is important to us. Please exercise your stockholder right to vote.*

**Important Notice Regarding the Availability of Proxy Materials**

**for the 2016 Annual Meeting of Stockholders to be Held on July 28, 2016:**

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The Company's Proxy Statement and Annual Report are available at:

[www.proxyvote.com](http://www.proxyvote.com)

By Order of the Board of Directors,

**Arturo Díaz-Abramo**

Secretary

June 17, 2016

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**Proxy Summary**

**Introduction**

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should carefully read the entire Company's Form 10-K, this Proxy Statement and our Annual Report before voting.

**2016 Annual Meeting of Stockholders**

**Date:**

Thursday, July 28, 2016

**Time:**

9:00 a.m. Puerto Rico Time

**Location:**

The Ritz-Carlton Hotel

Ritz-Carlton Ballroom IV

6961 Gobernadores Avenue

Carolina, Puerto Rico 00979

**Record Date:**

June 3, 2016

**Voting:**

Stockholders as of the record date may cast their vote in the following ways:

<b>Internet</b>	<b>Phone</b>	<b>Mail</b>	<b>In Person</b>
Visit <a href="http://www.proxyvote.com">www.proxyvote.com</a> . You will need the 12-digit	Call 1-800-690-6903.	Send your completed	If you plan to vote in person,

number included in your proxy card or notice.

You will need the 12-digit number included in your proxy card or notice.

and signed proxy card to the address on your proxy card.

you will need to bring a photo ID and proof of your ownership of Evertec, Inc. stock as of the record date.

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<b>2015 Performance Highlights</b>		

In 2015, the Company grew Adjusted Net Income per diluted share to \$1.69, an increase of 3% compared with 2014. We generated growth in all three business segments with Merchant Acquiring revenue increasing 8%, Payment Processing revenue up 3%, and Business Solutions revenue increasing 1%. For the year ended December 31, 2015, Adjusted EBITDA was \$186.2 million, an increase of 2% compared with \$182.5 million in the prior year. Highlights for 2015 include:

The Board approved regular quarterly dividends of \$0.10 per common share in February, May, August and November of 2015.

In August 2015, the Board approved an increase and extension of the Company's current stock repurchase program. The program was originally adopted in September 2014 for \$75 million and was due to expire on September 30, 2015. The Board increased the repurchase authorization to \$100 million and extended the expiration to September 30, 2016. In February 2016, the Board approved another increase and extension to the share repurchase plan. As of March 31, 2016, the Company had approximately \$117.5 million available for repurchase and the program will expire on December 31, 2017.

In February 2016, the Company received regulatory approval to proceed with the purchase of 65% of the share capital of Procesa, SAS, a Colombian payment processing company that is based in Bogotá, and during the first quarter of 2016, the Company completed the purchase.

Merchant Acquiring revenue increased \$6.3 million or 8% compared with 2014. The revenue growth was primarily related to an increase in sales volumes for existing merchants coupled with the addition of the FirstBank of Puerto Rico ( FirstBank ) merchant portfolio and an overall improvement in spread.

Payment Processing revenue increased by \$3.6 million or 3% compared with 2014. Revenue growth was driven mainly by an increase in ATH and POS network and processing transactions, partially offset by reduced revenues from contracts with the Puerto Rico government.

Business Solutions revenue increased \$1.9 million or 1% compared with 2014. Revenue growth was driven mainly by an increase in ATH and POS network and processing transactions, partially offset by reduced revenues from contracts with the Puerto Rico government.

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**PROXY SUMMARY**

Operating costs and expenses increased by \$5.4 million or 2% to \$270.2 million for the year ended December 31, 2015. The increase was primarily driven by a \$10.4 million increase in cost of revenues, partially offset by a decrease of \$4.0 million and \$1.0 million in selling, general and administrative expenses and depreciation and amortization, respectively.

Cost of revenues increased 7% when compared with 2014. The increase was mainly driven by a \$7.4 million increase in salaries and other benefits as a result of severance payments primarily related to the voluntary termination offers extended to certain employees during 2015, coupled with an increase in share based compensation. Other operating expenses increased by \$2.3 million primarily driven by an increase in bad debt expense and operational losses in addition to expenses recorded as a result of the revenue sharing agreement entered into with FirstBank in connection with the purchase of the merchant portfolio during the fourth quarter of 2015. Additionally, professional fees increased by \$1.2 million as a result of an increase in project development costs related to a card issuing platform initiative.

Selling, general and administrative expenses decreased 10% when compared with 2014. The decrease was primarily driven by non-recurring expenses recorded in 2014 amounting to \$7.9 million associated to the CEO succession and acceleration of vesting of certain stock options, and a \$1.1 million decrease in professional expenses related to the debt offering that was withdrawn. This decrease was partially offset by an increase in salaries related to higher share based compensation and the impact of severance payments made related to the aforementioned voluntary termination offers.

Depreciation and amortization expense decreased by 2% compared with 2014. The decrease resulted from lower amortization of software packages.

Income from operations increased \$6.4 million or 7% compared with 2014.

Detailed financial information for the Company and its subsidiaries for the fiscal year ended December 31, 2015 is included in the Annual Report that is being provided to the Company's stockholders together with this Proxy Statement. The Annual Report and this Proxy Statement are also available at [www.proxyvote.com](http://www.proxyvote.com).

**Leadership Transition**

Throughout 2015, the Company has undergone significant changes within its leadership composition. We have combined new leadership, bringing many years of industry experience, with long-standing leadership at the operating business level.

The Nominating and Corporate Governance Committee coordinates with a professional search firm to successfully identify candidates with the qualifications and characteristics suitable to fill vacancies on our Board, focusing on director candidates with expertise in the payments industry and Latin America markets. Highlights of these changes

for 2015 include the following:

In February 2015, Brian J. Smith joined our Board. Mr. Smith resides in Mexico and has substantial managerial experience in Latin America.

Jorge Junquera, a member of our Board since April 2012, retired from Popular, Inc. at the end of February 2015, and has since then continued to provide the Board with valuable insight and experience as an independent director. In addition to the changes to the composition of our Board of Directors, we strengthened our management team with several organization changes and additions to the team. The following changes occurred within the Company's senior management:

Frank G. D'Angelo, Chairman of the Board since February 2014, and a director since September 2013, was appointed the Company's Interim Chief Executive Officer from January 1, 2015 to March 31, 2015.

During Mr. D'Angelo's tenure as Interim Chief Executive Officer, the Board appointed Alan H. Schumacher, a member of the Board since April 2013, as Interim Lead Independent Director to preside over executive sessions of our independent directors.

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**PROXY SUMMARY**

In April 2015, Morgan M. Schuessler, Jr., former President of International for Global Payments Inc., joined our management team as President and Chief Executive Officer, and currently serves as the Company's Management Director on our Board.

In May 2015, Mariana Goldvarg joined the Company as President for our Latin America operations. Prior to joining the Company, she served as President of Equifax Latin America.

In June 2015, Luis Rodríguez joined the Company as Senior Vice President of Corporate Development and Strategy. Prior to joining the Company, he served as Executive Director at J.P. Morgan's Emerging Markets Credit Desk in New York.

Effective August 31, 2015, Juan J. Román ceased his employment as Executive Vice President, Chief Financial Officer and Treasurer of the Company and Evertec Group, LLC ( Evertec Group ).

Also effective August 31, 2015, Eduardo Franco de Camargo ceased his employment as Executive Vice President and Chief Information Officer of the Company. In alignment with the Company's new structure, we centralized Mr. Camargo's former duties and oversight for critical technology and compliance areas under Phil E. Steurer, our Executive Vice President and Chief Operating Officer.

In September 2015, Peter J.S. Smith, former Chief Accounting Officer of Fidelity National Information Services, Inc., joined our management team as Executive Vice President, Chief Financial Officer and Treasurer of the Company and Evertec Group.

Effective March 31, 2016, Alan Cohen ceased his employment as Executive Vice President of Marketing and Communications of the Company

In April 2016, Guillermo Rospigliosi joined the Company as Executive Vice President of Product, Marketing and Innovation. Prior to joining the Company, he served as Chief Risk Officer for Visa in Latin America and before that as Managing Director for Latin America at CyberSource, a Visa® subsidiary.

During 2016, the Company also created the position of Chief Information Officer for Latin America as well as the position of Head of Account Management.

Although changes in any company's leadership often present challenges and uncertainties, both management and the Board agree that its current leadership structure is optimal because it provides the Company with strong and consistent



leadership, and the experience and industry knowledge necessary to continue meeting its business objectives.

### **Executive Compensation**

In 2015, Evertec's Compensation Committee, in consultation with the independent compensation consulting firm Frederic W. Cook & Co., Inc. ( F.W. Cook ), reviewed the Company's entire executive compensation program to ensure the program was still appropriate in comparison with programs found at other publicly traded peers. The philosophy embedded in our compensation program is to:

Support an environment that rewards performance against established goals;

Provide fair base compensation and benefits for management stability and incentive compensation to support our short- and long-term success;

Align the interests of executives with the long-term interests of stockholders through equity-based awards that may result in stock ownership; and

Develop incentives to achieve high levels of performance while not encouraging excessive risk taking.

In December 2015, F.W. Cook performed a study to assess the competitive position and design of our non-employee director compensation program, as well as an assessment of the competitiveness of compensation levels for our executive officers. As a result of these assessments, certain adjustments were made to the Director Compensation Policy, and some modifications were implemented to our long-term incentive plan, as further discussed in this Proxy Statement.

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**PROXY SUMMARY**

Working with the independent compensation consultant, the Compensation Committee:

Determined that the peer companies chosen previously, as further discussed on this Proxy Statement, were still appropriate;

Determined that our current executive compensation package continues to be competitive and successful at attracting and retaining top executive talent; and

Adopted a change to one of the metrics used in the long-term incentive plan, specifically, the measurement of Compound Annual Growth Rate in Fully Diluted Earnings per Share, which is to be calculated annually instead of cumulatively over three years for the awards granted during 2016.

Through the adoption and implementation of these changes, the Compensation Committee believes that the Company's executive compensation program fully supports the Company's business plan for the future.

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**Evertec, Inc.**

**Road 176, Km. 1.3**

**San Juan, Puerto Rico 00926**

**Proxy Statement for the 2016**

**Annual Meeting of Stockholders**

**General**

The enclosed Proxy Statement, which was first mailed to stockholders on or about June 17, 2016, is solicited on behalf of the Board of Directors (the Board or Board of Directors ) of Evertec, Inc., a Commonwealth of Puerto Rico corporation ( we, us, our, Evertec and the Company ), for use at the 2016 Annual Meeting of Stockholders to be held on July 28, 2016 (the Annual Meeting ), and any adjournments or postponements thereof. The Annual Meeting will be held at 9:00 a.m. Puerto Rico Time, at The Ritz-Carlton Hotel, Ritz-Carlton Ballroom IV, located at 6961 Gobernadores Avenue, Carolina, Puerto Rico 00979.

**Record Date and Shares Outstanding**

The close of business on June 3, 2016 has been fixed as the record date (the Record Date ) for determining the stockholders of record entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, there were outstanding and entitled to vote 74,988,210 shares of our common stock, \$0.01 par value per share (the Common Stock ).

**Quorum**

In order for the Company to conduct the Annual Meeting, the holders of a majority of the outstanding shares of Common Stock eligible to vote at the meeting must be represented in person or by proxy at the Annual Meeting. This is referred to as a quorum. Votes cast in person or by proxy at the Annual Meeting will be received and tabulated by a representative of The Carideo Group, the Inspector of Elections appointed for the Annual Meeting. The Inspector of Elections will determine whether or not a quorum is present. Abstentions and broker non-votes will be counted for purposes of establishing a quorum. A broker non-vote occurs when a brokerage firm returns a signed proxy card but does not vote shares on a particular proposal because the proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares. For further discussion of broker non-votes, see Required Votes / Effect of Abstentions and Broker Non-Votes.

### **Voting of Proxies**

If any stockholder is unable to attend the Annual Meeting, such stockholder may vote by proxy. Shares of Common Stock represented by properly executed proxies, duly returned and not revoked, will be voted in accordance with the instructions contained therein. Except as discussed below with regard to shares held in street name by a bank or broker, if no instruction is indicated on the proxy, the shares of Common Stock represented thereby will be voted as follows:

1. **FOR** the director nominees for election of directors of the Company listed herein (Proposal 1);

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**PROXY STATEMENT FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS**

2. **FOR** the ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for 2016 (Proposal 2);
3. **FOR** the approval through an advisory vote of the compensation paid to the Company's named executive officers (Proposal 3); and
4. At the discretion of the person or persons voting the proxy, with respect to any other matter that may properly be brought before the Annual Meeting.

The execution of a proxy will in no way affect a stockholder's right to attend the Annual Meeting and vote in person.

**Voting of Shares**

Each share of Common Stock entitles the holder thereof to one vote upon any proposal submitted for a vote at the Annual Meeting. All shares entitled to vote and represented in person or by valid proxies received by telephone, Internet or mail will be voted at the Annual Meeting in accordance with the instructions indicated in those proxies.

**Required Votes / Effect of Abstentions and Broker Non-Votes**

The vote required for approval of each matter to be voted on is as set forth in the table below. Also, under certain circumstances, banks, brokers or other nominees are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions to the bank, broker or other nominee (a broker non-vote). In these cases, and in cases where the stockholder abstains from voting on a matter, those shares will be counted for the purpose of determining if a quorum is present, but will not be included as votes cast with respect to those matters. Whether a bank, broker or other nominee has authority to vote its shares on uninstructed matters is determined by the New York Stock Exchange ( NYSE ) rules. The following sets forth the effect of abstentions and broker non-votes on each matter to be voted on:

<b>Proposal</b>	<b>Vote Required</b>	<b>Voting Options</b>	<b>Effect of Abstentions</b>	<b>Broker Discretionary Voting Allowed?</b>	<b>Effect of Broker Non-Votes</b>
Election of Directors	Plurality of votes cast	FOR or WITHHOLD for any or all nominees	No effect	No	No effect
Ratification of Appointment of Independent Registered Accounting Firm	Majority of shares present in person or represented by proxy and entitled to vote	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable
Advisory Vote on Executive Compensation Matters (Say on Pay)	Majority of shares present in person or represented by proxy and entitled to vote	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	No	No effect

## How You Can Vote

### *Vote in Person*

If you hold shares in your own name, you may vote by proxy or in person at the Annual Meeting. If you wish to vote your shares in person at our Annual Meeting, you may either bring your proxy card or Notice of Internet Availability to the meeting or request a ballot at the meeting.

If your shares of Common Stock are held in the name of a bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee that you must follow in order for your shares to be voted.

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**PROXY STATEMENT FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS**

Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the Annual Meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares evidencing that you were a holder of shares as of the Record Date and present that proxy and proof of identification at the Annual Meeting. To vote by proxy, you may select one of the following options:

***Vote by Internet***

You can vote your shares on the Internet until 11:59 p.m. (EST) on **July 27, 2016**. The website for Internet voting ([www.proxyvote.com](http://www.proxyvote.com)) is shown on your proxy card or Notice of Internet Availability, as applicable. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been properly recorded. If you vote on the Internet, you do NOT need to return your proxy card if you received one. You can also vote your shares on the Internet by scanning the QR code shown on your proxy card or Notice of Internet Availability, as applicable, with your mobile device.

***Vote by Telephone***

You can vote your shares by telephone until 11:59 p.m. (EST) on **July 27, 2016** by calling the toll-free telephone number (at no cost to you) shown on your proxy card or Notice of Internet Availability, as applicable. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the stockholders by using individual control numbers. If you vote by telephone, you do NOT need to return your proxy card if you received one.

***Vote by Mail***

If you received your proxy materials by mail, simply mark your proxy card, date and sign it, and return it using the postage-paid envelope provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. In order for your votes to be included in the final tallies, your proxy card must be received by the date and time of the Annual Meeting.

## Revocation of Proxies

If a proxy is properly executed and returned to the Company in time to be voted at the Annual Meeting, it will be voted as specified in the proxy, unless it is properly revoked prior thereto. If you hold shares of Common Stock in your own name and vote by proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by: (1) signing another proxy card with a later date or a notice of revocation and returning it to us prior to the Annual Meeting (please deliver to the Corporate Secretary of the Company, located at Road 176, Km. 1.3, San Juan, Puerto Rico 00926); (2) voting again by telephone or on the Internet before 11:59 p.m. (EST) on **July 27, 2016**; or (3) attending the Annual Meeting in person and casting a ballot.

If a bank, broker or other nominee holds your shares of Common Stock, you must follow the instructions provided by the bank, broker or other nominee if you wish to change your vote.

## Voting Results

The preliminary voting results will be announced at the Annual Meeting and published within four business days after they are known in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC").



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**PROXY STATEMENT FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS**

**Solicitation**

The Company will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement and the Company's Annual Report for the fiscal year ended December 31, 2015 (the Annual Report), and any additional solicitation materials furnished to the stockholders. The original solicitation of proxies may be supplemented by a solicitation by mail, in person, by telephone, or by other electronic means by a proxy solicitor contracted by the Company, whose fees will be paid for by the Company, and directors, officers or employees of the Company, who will not receive any additional compensation for such services.

**Householding of Proxy Materials**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, provides extra convenience for stockholders and cost savings for us. The Company and some brokers household proxy materials, delivering a single Notice of Internet Availability of Proxy Materials or Proxy Statement and Annual Report to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or the Company if you hold Common Stock directly. Requests in writing should be addressed to: Evertec, Inc., Road 176, Km. 1.3, San Juan, Puerto Rico 00926, Attention: Corporate Secretary. Requests may also be made by calling the Corporate Secretary at (787) 759-9999 ext. 4706.

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