UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended November 30, 2002

OR

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

For the transition period from ____________ to _____________ .

Commission file number 001-16111

GLOBAL PAYMENTS INC.

(Exact name of registrant as specified in charter)

Georgia **(State or other jurisdiction of incorporation or organization)**	**58-2567903** **(I.R.S. Employer Identification No.)**
Four Corporate Square, Atlanta, Georgia **(Address of principal executive offices)**	**30329-2009** **(Zip Code)**

Registrant's telephone number, including area code: 404-728-2719

NONE

(Former name, former address and former fiscal year, if changed since last report)

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 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes ☒ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common Stock, No Par Value—36,991,120 shares

Outstanding as of January 7, 2003

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended November 30, 2002

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Part I—Financial Information

ITEM 1—FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
GLOBAL PAYMENTS INC.

(In thousands, except per share data)

	Three Months Ended November 30,	
	2002	**2001**
Revenues	$ 129,461	$ 115,617
Operating expenses:		
Cost of service	64,395	60,718
Sales, general and administrative	41,311	34,117
	105,706	94,835
Operating income	23,755	20,782
Other income (expense):		
Interest and other income	243	310
Interest and other expense	(1,199)	(1,152)
Minority interest in earnings	(1,101)	(1,101)
	(2,057)	(1,943)
Income before income taxes	21,698	18,839
Provision for income taxes	8,116	7,196
Net income	$ 13,582	$ 11,643
Basic earnings per share	$ 0.37	$ 0.32
Diluted earnings per share	$ 0.36	$ 0.31

See Notes to Unaudited Consolidated Financial Statements.

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
GLOBAL PAYMENTS INC.

(In thousands, except per share data)

	Six Months Ended November 30, 2002	Six Months Ended November 30, 2001
Revenues	$257,189	$226,572
Operating expenses:		
Cost of service	131,281	122,211
Sales, general and administrative	76,836	60,892
	208,117	183,103
Operating income	49,072	43,469
Other income (expense):		
Interest and other income	513	776
Interest and other expense	(2,207)	(2,238)
Minority interest in earnings	(2,337)	(2,337)
	(4,031)	(3,799)
Income before income taxes and cumulative effect of a change in accounting principle	45,041	39,670
Provision for income taxes	16,846	15,153
Income before cumulative effect of a change in accounting principle	28,195	24,517
Cumulative effect of a change in accounting principle, net of $8,614 income tax benefit	—	(15,999)
Net income	$ 28,195	$ 8,518
Basic earnings per share:		
Income before cumulative effect of a change in accounting principle	$ 0.76	$ 0.67
Cumulative effect of a change in accounting principle	—	(0.44)
Net income	$ 0.76	$ 0.23
Diluted earnings per share:		
Income before cumulative effect of a change in accounting principle	$ 0.75	$ 0.65
Cumulative effect of a change in accounting principle	—	(0.42)
Net income	$ 0.75	$ 0.23

See Notes to Unaudited Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS
GLOBAL PAYMENTS INC.

(In thousands, except share data)

	November 30, 2002	May 31, 2002
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,980	$ 19,194
Accounts receivable, net of allowance for doubtful accounts of $678 and $963, respectively	41,665	43,576
Claims receivable, net of allowance for losses of $3,565 and $3,233, respectively	748	739
Income tax receivable	—	3,756
Inventory	2,298	2,611
Deferred income taxes	6,289	6,289
Prepaid expenses and other current assets	5,134	3,292
Total current assets	91,114	79,457
Property and equipment, net	53,023	53,643
Goodwill, net	152,511	151,712
Other intangible assets, net	135,711	141,308
Other	5,399	5,298
Total assets	$ 437,758	$ 431,418
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Line of credit	$ —	$ 22,000
Net merchant processing payable	787	9,244
Obligations under capital leases	2,181	2,599
Accounts payable and accrued liabilities	70,639	63,162
Income taxes payable	3,327	—
Total current liabilities	76,934	97,005
Obligations under capital leases, net of current portion	3,803	4,711
Deferred income taxes	1,788	1,788
Other long-term liabilities	6,676	6,385
Total liabilities	89,201	109,889
Commitments and contingencies		
Minority interest in equity of subsidiaries	24,202	25,241
Shareholders' equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 200,000,000 shares authorized; 36,933,258 and 36,787,255 shares issued and outstanding at November 30, 2002 and May 31, 2002, respectively	—	—
Paid-in capital	282,768	280,000
Retained earnings	45,443	20,200
Deferred compensation	(1,319)	(1,438)
Accumulated other comprehensive loss	(2,537)	(2,474)
Total shareholders' equity	324,355	296,288
Total liabilities and shareholders' equity	$ 437,758	$ 431,418

See Notes to Unaudited Consolidated Financial Statements.

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
GLOBAL PAYMENTS INC.

(In thousands)

	Six Months Ended November 30, 2002	Six Months Ended November 30, 2001
Cash flows from operating activities:		
Net income	$ 28,195	$ 8,518
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of a change in accounting principle, pre-tax	—	24,613
Depreciation and amortization	10,106	8,532
Amortization of acquired intangibles	5,766	5,340
Provision for operating losses and bad debts	4,849	4,022
Deferred income taxes	—	(9,352)
Minority interest in earnings	2,337	2,337
Other, net	893	(1,265)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable, net	1,375	(7,946)
Merchant processing, net	(12,779)	38,287
Inventory	313	362
Prepaid expenses and other assets	(1,943)	2,506
Accounts payable and accrued liabilities	7,772	2,079
Income taxes payable	7,083	4,591
Net cash provided by operating activities	53,967	82,624
Cash flows from investing activities:		
Capital expenditures	(9,809)	(12,803)
Business development, net of acquired cash	(968)	(60,990)
Net cash used in investing activities	(10,777)	(73,793)
Cash flows from financing activities:		
Net (payments) borrowings on line of credit	(22,000)	16,000
Principal payments under capital lease arrangements	(1,326)	(421)
Stock issued under employee stock plans	2,250	2,309
Dividends paid	(2,952)	(2,921)
Distributions to minority interests	(3,376)	(3,033)
Net cash (used in) provided by financing activities	(27,404)	11,934
Increase in cash and cash equivalents	15,786	20,765
Cash and cash equivalents, beginning of period	19,194	6,103
Cash and cash equivalents, end of period	$ 34,980	$ 26,868

See Notes to Unaudited Consolidated Financial Statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS NOVEMBER 30, 2002

NOTE 1—SPIN-OFF AND BASIS OF PRESENTATION

Global Payments Inc. ("Global Payments" or the "Company") is an integrated provider of high volume electronic transaction processing and value-added end-to-end information services and systems to merchants, multinational corporations, financial institutions, and government agencies. These services are marketed to customers within the merchant services and the funds transfer businesses through various sales channels.

In December 1999, National Data Corporation, now known as NDCHealth Corporation ("NDC"), announced its intent to spin-off its NDC eCommerce business segment into a separate publicly traded company with its own management and Board of Directors (the "Distribution"). This Distribution occurred on January 31, 2001 (the "Distribution Date") and was accomplished by forming Global Payments on September 1, 2000, transferring the stock of the companies which comprised the NDC eCommerce business segment to the Company and then distributing all of the shares of common stock of Global Payments to NDC's stockholders. NDC stockholders received 0.8 share of Global Payments for each NDC share held as of the Distribution Date. After the Distribution, Global Payments and NDC became two separate public companies.

The unaudited consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States, and present the Company's financial position, results of operations, and cash flows. Intercompany transactions have been eliminated in consolidation.

The unaudited consolidated financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate and the information presented is not misleading. It is suggested that these financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the fiscal year ended May 31, 2002. In the opinion of management, the information furnished reflects all adjustments necessary to present fairly the financial position, results of operations, and cash flows for such interim periods.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue—Card information, electronic payments, funds transfer and transaction processing services revenues are based on a percentage of processed dollar volume or a specified amount per transaction, and are recognized as such services are performed. Revenues for processing services provided directly to merchants are recorded net of interchange fees charged and controlled by credit card associations.

Check guarantee services include electronic verification of the check being presented to the Company's merchant customer through an extensive series of databases and a guarantee of the face value of the verified check to the merchant customer. If a verified and guaranteed check is dishonored, the Company reimburses the merchant for the check's guaranteed value and pursues collection from the delinquent checkwriter. The Company has the right to collect the full amount of the check from the checkwriter but has historically recovered approximately 50% to 55% of the guaranteed, dishonored checks. The Company establishes a claims receivable from the delinquent checkwriter for the full amount of the guaranteed check and a valuation allowance for this activity based on historical and projected loss experience. See "*Reserve for Operating Losses*" below.

Revenue for the check guarantee offering is primarily derived from a percentage of the face value of each guaranteed check. The Company recognizes revenue upon satisfaction of its guarantee obligation to the merchant customer. This occurs when the merchant is paid either by the Company or the bank. The check guarantee offering also earns revenue based on fees collected from delinquent checkwriters which is recognized when collected, as collectibility is not reasonably assured until that point.

Check verification services are similar to the services provided in the check guarantee offering, except the Company does not guarantee the verified checks. Revenue for this offering is primarily derived from fees collected from delinquent checkwriters and is recognized when collected, as collectibility is not reasonably assured until that point. This offering earns revenue based on a fixed amount each merchant pays for each check that is verified. This revenue is recognized when the transaction is processed, since the Company has no further obligations associated with the transaction.

Terminal management products and services consist of electronic transaction processing terminal sales and rentals, terminal set-up, telephone training and technical support. Revenue associated with the terminal sale, set-up and telephone training is considered a single earnings process and is recognized when the set-up and telephone training is completed, and the merchant customer can begin processing transactions. Terminal rental revenues are recognized when the service is provided. Revenue associated with technical support is considered an independent earnings process and is recognized based on either a maintenance agreement, which is recognized on a straight-line basis over the maintenance contract term, or based on time and materials when the support is completed.

Reserve for operating losses—The Company processes credit card transactions for direct merchants. The Company's merchant customers have the liability for any charges properly reversed by the cardholder. In the event, however, that the Company is not able to collect such amount from the merchants, due to merchant fraud, insolvency, bankruptcy or another reason, the Company may be liable for any such reversed charges. The Company requires cash deposits, guarantees, letters of credit or other types of collateral by certain merchants to minimize any such contingent liability. The Company also utilizes a number of systems and procedures to manage merchant risk.

Despite these efforts, the Company experiences losses due to merchant defaults. As a result, the Company establishes valuation allowances for operational losses based primarily on historical experience and other relevant factors such as economic downturns or increases in merchant fraud. As of November 30, 2002 and May 31, 2002, $2.3 million and $2.1 million, respectively, have been reserved for losses associated with merchant card processing and are reflected in the net merchant processing payable. The expense associated with the valuation allowance is included in cost of service in the accompanying consolidated statements of income.

The Company also has a check guarantee business. Similar to the credit card business, the Company charges its merchants a percentage of the gross amount of the check and guarantees payment of the check to the merchant in the event the check is not honored by the checkwriter's bank. The Company has the right to collect the full amount of the check from the checkwriter but has not historically recovered 100% of the guaranteed checks. The Company establishes a valuation allowance for this activity based on historical and projected loss experiences. As of November 30, 2002 and May 31, 2002, the Company had a check guarantee reserve of $3.6 million and $3.2 million, respectively. The estimated check returns and recovery amounts are subject to the risk that actual amounts returned and recovered in the future may differ significantly from estimates used in calculating the valuation allowance.

Net merchant processing payable—The net merchant processing payable primarily results from timing differences in the Company's settlement process with merchants and card sales processed. These timing differences are primarily due to the fluctuations in volume and timing of credit and debit card sales volume funded to merchants and the settlement received from the card associations and debit networks.

Goodwill and Other intangible assets—On July 20, 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, "*Business Combinations*" ("SFAS No. 141") and No. 142, *"Goodwill and Other Intangible Assets"* ("SFAS No. 142"). SFAS No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method. SFAS No. 142 eliminates the amortization of goodwill and certain other intangible assets and requires that goodwill be evaluated for impairment by applying a fair value-based test. Global Payments adopted SFAS No. 142 in the first quarter of fiscal 2002. In accordance with this new standard, the Company discontinued the amortization of goodwill and certain intangible assets that were determined to have an indefinite life.

Global Payments completed the annual testing for impairment of goodwill during the first quarter ending August 31, 2002 using a discounted cash flow and market approach. The Company determined that the fair value of the reporting units exceeds the carrying amount of the net assets, including goodwill of the respective reporting units. Therefore, no impairment charge to goodwill is required. No other changes in amortization periods were required for other intangible assets.

Other intangible assets primarily represent customer lists and merchant contracts associated with acquisitions. Customer lists and merchant contracts are amortized using the straight-line method over their estimated useful lives of 5 to 30 years. The useful lives for customer lists/merchant contracts are determined based primarily on information concerning start/stop dates and yearly attrition.

The Company had one indefinite life intangible asset, a trademark with a carrying value at June 1, 2001 of $24.6 million. The trademark was acquired on April 1, 1996 with the purchase of 92.5% ownership interest in MasterCard International's Merchant Automated Point-of-Sale Program, or MAPP. The value of the trademark related to the use of the MAPP name and logo. In connection with the spin-off from NDC, the Company launched a rebranding effort under the Global Payments Inc. name and logo. In addition, effective June 1, 2001, the Company purchased MasterCard's remaining minority interest, ending all existing marketing alliances with MasterCard under the MAPP brand and began conducting a study related to the future use of the trademark.

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In fiscal 2002, the Company obtained an appraisal from an independent valuation firm of the fair value of the trademark as of June 1, 2001, the implementation date of SFAS No. 142. Based on the lack of continuing use of the MAPP trademark as of June 1, 2001, the fair value of the trademark was determined to be zero. In accordance with SFAS No. 142, the $24.6 million ($16.0 million, net of tax) was written off as of June 1, 2001 and was recorded as a cumulative effect of a change in accounting principle.

Segment disclosure—The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosure About Segments of an Enterprise and Related Information." The Company's chief operating decision making group currently operates one reportable segment—electronic transaction processing—therefore the majority of the disclosures required by SFAS No. 131 do not apply to the Company. The Company's measure of segment profit is operating income. The Company's results of operations and its financial condition are not significantly reliant upon any single customer. Revenues from external customers from the Company's service offerings are as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2002	2001	2002	2001
	(in thousands)			
Merchant services	$ 126,466	$ 112,079	$ 251,068	$ 219,369
Funds transfer	2,995	3,538	6,121	7,203
	$ 129,461	$ 115,617	$ 257,189	$ 226,572

NOTE 3—EARNINGS PER SHARE

Basic earnings per share is computed by dividing reported earnings available to common shareholders by weighted average shares outstanding during the period. Earnings available to common shareholders are the same as reported net income for all periods presented.

Diluted earnings per share is computed by dividing reported earnings available to common shareholders by weighted average shares outstanding during the period and the impact of securities that, if exercised, would have a dilutive effect on earnings per share. All options with an exercise price less than the average market share price for the period generally are assumed to have a dilutive effect on earning per share. The dilutive effect of stock options was 0.7 million shares and 1.3 million shares for the three months ended November 30, 2002 and 2001, respectively. For the six months ended November 30, 2002 and 2001, the dilutive effect of stock options was 0.8 million shares and 1.4 million shares, respectively. The diluted share base for the three and six months ended November 30, 2002 excludes incremental shares of 0.9 million and 0.8 million, respectively, related to employee stock options. These shares were excluded due to their anti-dilutive effect as a result of their option exercise prices being greater than the market price of the common shares. No additional securities were outstanding that could potentially dilute basic earnings per share that were not included in the computation of diluted earnings per share.

The following tables set forth the computation of basic and diluted earnings per share for the three and six months ended November 30, 2002 and 2001:

	Three Months Ended November 30,					
	2002			2001		
	Income	Shares	Per Share	Income	Shares	Per Share
	(in thousands, except per share data)					
Basic EPS:						
Net income available to common shareholders	$13,582	36,912	$0.37	$11,643	36,458	$0.32
Diluted EPS:						
Net income available to common shareholders	$13,582	37,639	$0.36	$11,643	37,797	$0.31

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	Six Months Ended November 30,					
	2002			2001		
	Income	Shares	Per Share	Income	Shares	Per Share
	(in thousands, except per share data)					
Basic EPS:						
Income before cumulative effect of a change in accounting principle	$28,195	36,875	$0.76	$ 24,517	36,467	$ 0.67
Cumulative effect of a change in accounting principle	—		—	(15,999)	36,467	(0.44)
Net income available to common shareholders	$28,195	36,875	$0.76	$ 8,518	36,467	$ 0.23
Diluted EPS:						
Income before cumulative effect of a change in accounting principle	$28,195	37,707	$0.75	$ 24,517	37,822	$ 0.65
Cumulative effect of a change in accounting principle	—		—	(15,999)	37,822	(0.42)
Net income available to common shareholders	$28,195	37,707	$0.75	$ 8,518	37,822	$ 0.23

NOTE 4—COMPREHENSIVE INCOME

The components of comprehensive income for the three and six months ended November 30, 2002 and 2001 are as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2002	2001	2002	2001
	(in thousands)			
Net income	$ 13,582	$ 11,643	$28,195	$ 8,518
Foreign currency translation	57	(777)	(39)	(1,111)
Total comprehensive income	$ 13,639	$ 10,866	$28,156	$ 7,407

NOTE 5—RESTRUCTURING AND OTHER

The Company recorded restructuring and other charges in the two fiscal years ended May 31, 2002 and 2001. During the fourth quarter of fiscal 2002, the Company completed plans for the closing of four locations including associated management and staff reductions of 150 personnel. Total charges of $11.0 million for the year ended May 31, 2002 were categorized as follows:

	Total	Cash	Non-cash
	(In thousands)		
Closed or planned closings of facilities	$ 1,512	$ 910	$ 602
Severance and related costs	6,715	5,884	831
Other costs	2,766	—	2,766
Totals	$ 10,993	$ 6,794	$ 4,199

During the fourth quarter of fiscal 2001, the Company completed plans for the closing of six locations including associated management and staff reductions. Total charges of $4.9 million for the year ended May 31, 2001 were categorized as follows:

	Total	Cash	Non-cash
	(In thousands)		
Closed facilities	$ 1,416	$ 1,075	$ 341
Severance and related costs	3,466	1,610	1,856
Totals	$ 4,882	$ 2,685	$ 2,197

The charges relating to facilities represent locations that are either already closed or have management approved plans to be closed within twelve months of incurring the charges. These charges included future minimum lease and operating payments for all non-cancelable leases commencing on the planned exit date, and lasting for the remaining terms of the lease, net of current and estimated future sublease income. The charges also include facility exit costs incurred when the facilities are vacated. Normal lease payments, operating costs and depreciation will continue to be charged to operating expenses prior to actually vacating the specific facilities.

The severance and related costs arise from the Company’s actions to reduce personnel in areas of redundant operations and activities. These operations relate to the facility consolidation, recent acquisitions and integration of acquisition functions. The charges reflect specifically identified employees whose employment will be terminated and were informed by the time the charges were incurred. The non-cash costs associated with the severance and related costs reflect compensation expense due to the acceleration of the vesting of certain stock options for those employees that were terminated and had options outstanding.

The other costs incurred in the year ended May 31, 2002 relate to the book value of certain current assets that were deemed to be unrecoverable after the purchase of MasterCard's remaining minority interest in Global Payment Systems, LLC in June 2001.

The cash items were accrued at the time the charges were incurred. As of November 30, 2002, $3.4 million of the cash portion of the restructuring charges from fiscal 2002 and 2001 remains accrued as a current liability in the accrued liabilities section of the balance sheets as follows:

	2002 Charge			2001 Charge		
	Original Total	Payments to Date	Remaining Liability	Original Total	Payments to Date	Remaining Liability
			(n thousands)			
Closed or planned closings of facilities	$ 910	$ 616	$ 294	$ 1,075	$ 799	$ 276
Severance and related costs	5,884	3,329	2,555	1,610	1,340	270
Totals	$ 6,794	$ 3,945	$ 2,849	$ 2,685	$ 2,139	$ 546

NOTE 6—SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures for the six months ended November 30, 2002 and 2001 are as follows:

	Six Months Ended November 30,	
	2002	2001
	(in thousands)	
Supplemental cash flow information:		
Income taxes paid, net of refunds	$9,643	$ 11,074
Interest paid	1,175	2,120

ITEM 2

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For an understanding of the significant factors that influenced our results, the following discussion should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this report. We also suggest that this management’s discussion and analysis be read in conjunction with the management’s discussion and analysis and consolidated financial statements included in our Form 10-K for the fiscal year ended May 31, 2002.

General

We are a leading merchant acquirer in North America, concentrated in the middle to small merchants in the United States and large to mid-market merchants in Canada. We provide a broad range of end-to-end electronic transaction processing solutions to merchants, corporations, financial institutions and government agencies. Our portfolio of merchants is well diversified and includes general retail, restaurants, professional services, utilities, specialty retail and others. Our products and services are marketed through a variety of distinct sales channels that include a large, dedicated direct sales force, independent sales organizations, independent sales representatives, an internal telesales group, trade associations, alliance bank relationships and financial institutions.

We operate in one business segment, electronic transaction processing, and provide products and services through our merchant services and funds transfer offerings. Approximately 98% of our current revenue base is from merchant services offerings. The remaining 2% of our total revenue is from our funds transfer service offerings.

Merchant services include credit and debit card transaction processing, business-to-business purchase card transaction processing, check guarantee, check verification and recovery, and terminal management services. We have two basic business models. In one model, which we refer to as “direct” merchant services, we have a salaried and commissioned sales force and independent sales organizations, or ISOs, that sell our end-to-end services directly to merchants. In the other model, which we refer to as “indirect” merchant services, we provide unbundled products and services primarily to financial institutions that in turn resell to their merchants. Our indirect merchant services revenue is currently declining as forecasted and represents mid to high teens as a percentage of total merchant services revenue.

Components of Income Statement

We derive our revenues from two primary sources: (1) approximately half of our revenues are derived from charges based on a percentage of processed dollar volume and (2) the remaining charges are based on transaction quantity, equipment sales, leases, merchant fees, statement fees, as well as all other fees that do not relate to processed dollar volume. Revenues generated by these areas depend upon a number of factors, such as demand for and price of our services, the technological competitiveness of our product offerings, our reputation for providing timely and reliable service, competition within our industry, and general economic conditions.

Cost of service consists primarily of: the cost of network telecommunications capability; transaction processing systems; personnel who develop and maintain applications, operate computer networks and provide customer support; depreciation and occupancy costs associated with the facilities performing these functions; and provisions for operating losses.

Sales, general and administrative expenses consist primarily of salaries, wages and related expenses paid to sales personnel; non-revenue producing customer support functions and administrative employees and management; commissions to independent contractors and ISOs; advertising costs; other selling expenses; employee training costs; and occupancy of leased space directly related to these functions.

Other income and expense primarily consists of: minority interest in earnings, interest income and expense and other miscellaneous items of income and expense.

Results of Operations

In the second quarter ending November 30, 2002, revenue increased $13.9 million or 12% to $129.5 million from $115.6 million in the prior year’s comparable period. In the six months ending November 30, 2002, revenue increased $30.6 million or 14% to $257.2 million from $226.6 million in the prior year’s comparable period. The increase in revenue was partially due to the inclusion of a full quarter of results from our National Bank of Canada, or National Bank, merchant portfolio acquisition. Organic revenue growth for the three and six months ending November 30, 2002 was approximately 9% and 8%, respectively, and was driven by low teen revenue growth in our direct business including a favorable year-over-year impact relating to last year's September 11th events. This growth was partially offset by forecasted declines in our indirect and funds transfer businesses. Organic revenue growth is calculated by excluding revenue growth associated with acquisitions that have not annualized during the period of measurement. Revenue from the funds transfer business declined 15% to $3.0 million in the three months ending November 30, 2002, primarily due to the consolidation of our UK operations and discontinuance of new business development activities through our UK operations which was announced during our fiscal 2002 fourth quarter. We also eliminated non-recurring product revenue from our funds transfer business.

Cost of service increased by $3.7 million or 6% from $60.7 million in the three months ending November 30, 2001 to $64.4 million in the three months ending November 30, 2002. As a percentage of revenue, cost of service decreased to 50% in the three months ending November 30, 2002 from 53% in the prior year's comparable period.

Cost of service increased by $9.1 million or 7% from $122.2 million in the six months ending November 30, 2001 to $131.3 million in the six months ending November 30, 2002. As a percentage of revenue, cost of service decreased to 51% in the six months ending November 30, 2002 from 54% in the prior year's comparable period.

The increase in cost of service expenses was primarily due to variable direct costs associated with the organic revenue increase, acquisitions that have not annualized, and non-recurring conversion costs, such as duplicate labor, relating to the National Bank back-end conversion which was completed in early October 2002. These expense increases were partially offset by our ongoing implementation of cost reduction and acquisition integration initiatives. The decrease in cost of service as a percentage of revenue was due to benefits of consolidation and acquisition integration activities.

Sales, general and administrative expenses increased $7.2 million or 21% to $41.3 million in the three months ending November 30, 2002 from $34.1 million in the prior year's comparable period. As a percentage of revenue, these expenses increased to 32% for the three months ending November 30, 2002 compared to 30% for the three months ending November 30, 2001.

Sales, general and administrative expenses increased $15.9 million or 26% to $76.8 million in the six months ending November 30, 2002 from $60.9 million in the prior year's comparable period. As a percentage of revenue, these expenses increased to 30% for the six months ending November 30, 2002 compared to 27% for the six months ending November 30, 2001.

The increase in sales, general and administrative expenses was due to the higher level of sales infrastructure, personnel and related costs to grow revenue, the inclusion of acquired merchant portfolios and growth in commission payments to ISOs. The increase in sales, general and administrative expenses as a percentage of revenue was due to the increase in ISO related commission payments. The ISO business generally produces lower margins than the direct business due to the ongoing commission payments to the ISOs.

Operating income was $23.8 million for the second quarter of fiscal 2003 compared to $20.8 million for the same period in fiscal 2002. This resulted in an increase in operating margin from 18.0% for the three months ending November 30, 2001 to 18.3% for the three months ending November 30, 2002.

Operating income was $49.1 million for the six months ending November 30, 2002 compared to $43.5 million in the prior year's comparable period. This resulted in a decrease in operating margin from 19.2% for the six months ending November 30, 2001 to 19.1% for the six months ending November 30, 2002.

The changes in operating income and operating margins are due to the revenue and cost factors described above.

Net income increased $2.0 million or 17% to $13.6 million in the three months ending November 30, 2002 from $11.6 million in the prior year's comparable period, resulting in a $0.05 increase in diluted earnings per share to $0.36 from $0.31.

For the six months ending November 30, 2002, income before a cumulative effect of a change in accounting principle increased $3.7 million or 15% to $28.2 million at November 30, 2002 from $24.5 million at November 30, 2001. Our effective tax rate is expected to be 37.4% in fiscal 2003 as compared to 38.2% in fiscal 2002 as a result of the impact of our recent acquisitions and tax planning initiatives. Diluted earnings per share before the cumulative effect of a change in accounting principle increased to $0.75 for the six months ending November 30, 2002 compared to $0.65 for the same period in the prior year.

In fiscal 2002, we recorded a change in accounting principle of $16.0 million, net of tax. At June 1, 2001, we had an indefinite life intangible asset, a trademark, with a carrying value of $24.6 million. The trademark was acquired on April 1, 1996 with the purchase of 92.5% ownership interest in MasterCard International's Merchant Automated Point-of-Sale Program, or MAPP. The value of the trademark related to the use of the MAPP name and logo. In connection with the spin-off from NDC, we launched a rebranding effort under the Global Payments Inc. name and logo. In addition, effective June 1, 2001, we purchased MasterCard's remaining minority interest, ending all existing marketing alliances with MasterCard and began conducting a study related to the future use of the trademark. In fiscal 2002, we completed an appraisal with an independent valuation firm of the fair value of the trademark as of June 1, 2001, the implementation date of SFAS No. 142. Based on the lack of continuing use of the MAPP trademark as of June 1, 2001, the fair value of the trademark was determined to be zero. In accordance with SFAS No. 142, the $24.6 million ($16.0 million, net of tax) was written off as of June 1, 2001 and was recorded as a cumulative effect of a change in accounting principle.

Liquidity and Capital Resources

We generate significant cash flow from operations. At November 30, 2002, we had cash and cash equivalents totaling $35.0 million. Net cash provided by operating activities decreased $28.6 million, or 35%, to $54.0 million for the six months ending November 30, 2002 from $82.6 million for the comparable period in the prior year. This decrease was primarily due to the fiscal 2002 acceleration in the collection of receivables relating to the CIBC merchant portfolio back-end conversion, which took place on October 26, 2001. As a result, we recognized a one-time cash in-flow of approximately $30 million in the second quarter ending November 30, 2001.

Free cash flow increased 41% from $29.9 million for the six months ending November 30, 2001 to $42.3 million for the six months ending November 30, 2002. This strong cash flow was due to the growth in our domestic direct merchant services business and the National Bank portfolio acquisition. We define our free cash flow as net cash from operating and investing activities, excluding business development and changes in working capital. This statistic may not be comparable to similarly titled measures reported by other companies as we exclude changes in working capital as they relate to funding. Free cash flow is not a measurement of financial performance under GAAP and is not presented as a substitute for cash flows from operating, investing or financing activities determined in accordance with GAAP. However, we believe this statistic is a relevant measurement and provides a reasonable indication of our cash producing capability in a useful and comparable format.

Net cash used in investing activities decreased $63.0 million to $10.8 million for the six months ending November 30, 2002 from $73.8 million for the comparable period in the prior year. This decrease was primarily due to a decline in business development activities relating to acquisitions in the six months ending November 30, 2002 compared to the same period in the prior year. In fiscal 2003, we expect approximately $15 million to $25 million in total capital spending, primarily related to continued office consolidations, acquisition integrations, systems infrastructure, acquisition of Canadian merchant terminals and product development.

Net cash used in financing activities for the six months ending November 30, 2002 was $27.4 million. This compares to $11.9 million provided by financing activities for the same period in the prior year. During the six months ending November 30, 2002, we paid the remaining $22 million on our line of credit. We periodically use our lines of credit, reflecting the funding of timing differences between merchant funding and receipts from card associations and the debit networks.

We believe that our current level of cash and borrowing capacity under our committed lines of credit described below, together with future cash flows from operations, are sufficient to meet the needs of our existing operations and planned requirements for the foreseeable future. We currently do not have any material capital commitments, other than commitments under capital and operating leases or planned expansions. Our contractual obligations on our operating and capital leases have not materially changed from the amounts disclosed in our Form 10-K for the fiscal year ended May 31, 2002. Over the next two to three years, we may develop our own hardware and software facilities for transaction processing, cash management, file transfer and related communications functions in an effort to improve productivity and reduce cost of services. If undertaken, this development would further increase our capital expenditures above historical levels over the next two to three years. In addition to the planned capital projects referred to above, we will continue the planning and development process necessary to assume the remaining processing services currently provided to us by National Bank under a transitional service agreement.

We regularly evaluate cash requirements for current operations, commitments, development activities and acquisitions and we may elect to raise additional funds for these purposes in the future, either through the issuance of debt, equity or otherwise.

Credit Facilities

We have a commitment for a $125 million revolving line of credit. It was initially used to fund the cash due to NDC to reflect our share of NDC's pre-distribution debt used to establish our initial capitalization. This line of credit is also available to meet working capital needs and to finance acquisitions. This line has a variable interest rate based on market rates. The credit agreement contains certain financial and non-financial covenants and events of default customary for financings of this nature. The facility has a three-year term, expiring in January 2004. The full amount outstanding is due upon demand and therefore, we classify the amount as a current liability. As of May 31, 2002, we had $22 million outstanding under this facility and no amounts outstanding at November 30, 2002.

On October 1, 2001, we obtained a commitment for a $25 million revolving credit facility to finance working capital needs and other general corporate purposes. This line has a variable interest rate based on market rates. The credit agreement contains certain financial and non-financial covenants and events of default customary for financings of this nature. The credit facility originally had a sixteen-month term, expiring in January 2003. We have recently executed an amendment with the lender to extend the term of this facility for an additional twelve months through January 2004. At November 30, 2002 and May 31, 2002, there were no amounts outstanding on this credit facility.

We also have a credit facility from the Canadian Imperial Bank of Commerce, or CIBC, that provides a line of credit up to $175 million (Canadian dollars), approximately $112 million U.S. as of November 30, 2002, with an additional overdraft facility available to cover larger advances during periods of peak usage of credit and debit cards. This line has a variable interest rate based on market rates and it contains certain financial and non-financial covenants and events of default customary for financings of this nature. This line of credit is secured by a first priority security interest in our accounts receivable from VISA Canada/International, and has been guaranteed by our subsidiaries. This guarantee is subordinate to our primary credit facility. The CIBC credit facility had an initial term of 364 days expiring March 19, 2002, which was extended through December 13, 2002. On December 10, 2002, we executed a third amendment which extended the term of the agreement for an additional 364 days through December 9, 2003 and provided for the incurrence of interest costs in connection with offering merchants “same day value” for their deposits. Same day value, which has been an accepted industry practice in Canada for more than ten years, is the practice of giving merchants same day value for their sales transactions, even though their VISA deposits are made at a later date. Essentially, the merchant’s VISA deposits are backdated to the date of the applicable VISA related sales transaction. Under the terms of the credit agreement prior to the execution of the third amendment, CIBC credited the merchants deposit account for their sales transactions on the day of the transaction and we reimbursed CIBC when we received the VISA deposits. In order to continue offering “same day value” to our VISA merchants in Canada, we expect to draw on our facility with CIBC and pay merchants in advance of the date we receive the corresponding VISA deposit. Although this practice may increase our interest expense with respect to the CIBC credit facility in fiscal 2003, we expect overall interest and other expense under all credit facilities to approximate the fiscal 2002 amount. There are no amounts outstanding under the CIBC credit facility at November 30, 2002.

As noted above, there were no amounts outstanding under our revolving credit facilities at November 30, 2002. Our long term debt obligations at November 30, 2002 consist of capital leases.

Forward-Looking Results of Operations

During fiscal 2003, we intend to continue to focus on growing our domestic and Canadian presence, build our ISO sales channel, provide customer satisfaction, assess opportunities for profitable acquisition growth, pursue enhanced products and services for our customers, and leverage our existing business model. Consistent with this strategy, we are reaffirming our full year revenue guidance for fiscal 2003 revenue of between $495 million and $514 million, or 7% to 11% growth, compared to $463 million in fiscal 2002. While merchant processors generally report strong fourth quarter revenues due to retail holiday sales, our diversification strategy differentiates us from our peers because our revenues do not rely heavily on the retail sector. In addition, due to our fiscal year reporting, our third quarter results will include not only December, but also January and February, which are historically slower months in the merchant processing industry. Consequently, our third quarter earnings have historically been lower than the first, second and fourth quarters and we believe that this trend will continue through the third quarter of fiscal 2003. We expect our free cash flow to be between $70 million and $75 million for fiscal 2003. See definition of free cash flow under Liquidity and Capital Resources above. Our expectation for fiscal 2003 diluted earnings per share is $1.35 to $1.41 or 10% to 15% growth compared to normalized diluted earnings per share of $1.23 in fiscal 2002. Normalized earnings per share for fiscal 2002 excludes the earnings per share impact of the change in accounting principle, $(0.42); and excludes the earnings per share impact of the restructuring and other charge, $(0.18), from reported diluted earnings per share of $0.63. The earnings per share target reflects our expectation of achieving operating margin of 18.0% to 18.5% in fiscal 2003.

Special Cautionary Notice Regarding Forward-Looking Statements

We believe that it is important to communicate our plans and expectations about the future to our shareholders and to the public. Investors are cautioned that some of the statements we use in this report, and in some of the documents we incorporate by reference in this report contain forward-looking statements and are made pursuant to the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties, are predictive in nature, and depend upon or refer to future events or conditions. You can sometimes identify forward looking-statements by our use of the words “believes,” “anticipates,” “expects,” “intends,” “plans” and similar expressions. Actual events or results might differ materially from those expressed or forecasted in these forward-looking statements.

Although we believe that the plans and expectations reflected in or suggested by our forward-looking statements are reasonable, those statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties, and contingencies that are subject to change. Accordingly, we cannot guarantee you that our plans and expectations will be achieved. Our actual revenues, revenue growth and margins, other results of operation and shareholder values could differ materially from those anticipated in our forward-looking statements as a result of many known and unknown factors. These factors include, but are not limited to, the following:

- The conviction of our former independent auditors, Arthur Andersen LLP, on federal obstruction of justice charges may adversely affect Arthur Andersen LLP's ability to satisfy any claims arising from the provision of auditing services to us and may impede our access to the capital markets.
- The integration of the operations of National Bank's merchant acquiring business could result in increased operating costs if the anticipated synergies of operating both businesses as one are not achieved, a loss of strategic opportunities if management is distracted by the integration process, and a loss of customers if our service levels drop during or following the integration process.
- As a result of CIBC's ownership of 26.5% of our common stock, certain banking regulations limit the types of business in which we can engage.
- With the acquisition of CIBC's and National Bank's merchant acquiring businesses and the related growth in our Canadian business, we are exposed to foreign currency risks. We are also subject to risks from our variable rate credit facility with CIBC that could reduce our earnings and significantly increase our cost of capital.
- We are dependent on National Bank to continue to provide services to merchants under a transition arrangement, and the failure of National Bank to provide those services could result in our loss of the business of the merchants we are receiving in the acquisition.
- In order for us to continue to grow and increase our profitability, we must continue to expand our share of the existing electronic payments market and also expand into new markets.
- In order to remain competitive and continue to increase our revenues, we must continually update our products and services, a process which could result in increased research and development costs in excess of historical levels and the loss of revenues and customers if the new products and services do not perform as intended or are not accepted in the marketplace.
- Some of our competitors are larger and have greater financial and operational resources than we do which may give them an advantage in our market in terms of the price offered to customers or the ability to develop new technologies.
- We are dependent on NDC for the provision of critical telecommunications services, network systems and other related services for the operation of our business, and the failure of NDC to provide those services in a satisfactory manner could affect our relationships with customers and our financial performance.
- Reduced levels of consumer spending can adversely affect our revenues.
- Loss of strategic industries could reduce revenues and earnings.
- Security breaches or system failures could harm our reputation and adversely affect future profits.
- Continued consolidation in the banking and retail industries could adversely affect our growth.
- We are subject to the business cycles and credit risk of our merchant customers.
- Utility and system interruptions or processing errors could adversely affect our operations.
- Our revenues from the sale of VISA and MasterCard processing services are dependent upon our continued VISA and MasterCard certification and financial institution sponsorship.
- Increases in credit card association fees may result in the loss of customers or a reduction in our profit margin.
- Loss of key Independent Sales Organizations or ISO's could reduce our revenue growth.
- If we lose key personnel or are unable to attract additional qualified personnel as we grow, our business could be adversely affected.
- The credit risk of our direct merchant customers could adversely affect our revenues.
- We may become subject to additional U.S. state taxes that cannot be passed through to our merchant customers, in which case our profitability could be adversely affected.
- Anti-takeover provisions of our articles of incorporation and by-laws, our rights agreement and provisions of Georgia law could delay or prevent a change of control that you may favor.
- We may not be able or we may decide not to pay dividends at a level anticipated by shareholders on our common stock, which could reduce your return on shares you hold.

For additional information regarding these and other risk factors, please refer to Exhibit 99.1 to our Annual Report on Form 10-K for the year ended May 31, 2002, as well as those set forth in our press releases, reports and other filings made with the Securities and Exchange Commission, and those set forth from time to time in our analyst calls and discussions. These cautionary statements qualify all of our forward-looking statements and you are cautioned not to place undue reliance on these forward-looking statements.

Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans and expectations as of any subsequent date. While we may elect to update or revise forward-looking statements at some time in the future, we specifically disclaim any obligation to publicly release the results of any revisions to our forward-looking statements. You are advised, however, to consult any further disclosures we make in our reports filed with the Securities and Exchange Commission and in our press releases.

Where to Find More Information

We file annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission or SEC. You may read and print materials that we have filed with the SEC from their website at www.sec.gov. In addition, certain of our SEC filings, including our annual report on Form 10-K, our quarterly reports on Form 10-Q and current reports on Form 8-K can be viewed and printed from the investor information section of our website at www.globalpaymentsinc.com free of charge. Copies of our filings are also available by writing or calling us using the address or phone number on the cover of this Form 10-Q.

Our SEC filings may also be viewed and copied at the following SEC public reference room, and at the offices of The New York Stock Exchange, where our common stock is quoted under the symbol “GPN.”

SEC Public Reference Room
450 Fifth Street, N.W., Room 1200
Washington, DC 20549
(You may call the SEC at 1-800-SEC-0330 for further information on the public reference room.)

New York Stock Exchange Offices
20 Broad Street
New York, NY 10005

ITEM 3—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes related to our exposure to changes in interest rates and/or foreign currency rates from the information reported in our Form 10-K for the fiscal year ended May 31, 2002.

ITEM 4—CONTROLS AND PROCEDURES

We concluded an evaluation of the effectiveness of our disclosure controls and procedures on December 23, 2002. Our evaluation tested controls and other procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities and Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Based on our evaluation, as of December 23, 2002, information required to be disclosed in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer as appropriate in a manner that allows timely decisions regarding required disclosure.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to December 23, 2002.

Part II Other Information

ITEM 1—PENDING LEGAL PROCEEDINGS

The Company is a party to a number of claims and lawsuits incidental to its business. In the opinion of management, the ultimate outcome of such matters, in the aggregate, will not have a material adverse impact on the Company's financial position, liquidity or results of operations.

ITEM 4—SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On October 22, 2002, we held our 2002 Annual Meeting of Shareholders. At the meeting the following matters were approved by the vote specified below.

1. Charles G. Betty was elected to serve as a Class I Director until the 2004 Annual Meeting of Shareholders or until his respective successor has been duly elected and qualified. The director received 33,778,554 shares of common stock voting in favor of his election, and 286,239 shares of common stock were withheld.

2. Paul R. Garcia and Robert A Yellowlees were elected to serve as Class II Directors until the 2005 Annual Meeting of Shareholders or until their respective successors have been duly elected and qualified. For the proposal to elect two directors in Class II, 33,920,164 shares of common stock were voted in favor of the election of Mr. Garcia and 144, 629 shares of common stock were withheld from voting and 33,801,981 shares of common stock were voted in favor of the election of Mr. Yellowlees and 262,812 shares of common stock were withheld from voting.

3. As for the proposal to approve the adoption of the Company's Amended and Restated 2000 Long-Term Incentive Plan, 30,750,696 shares of common stock were voted in favor of its adoption as proposed in the Proxy Statement. 2,958,234 shares of common stock voted against the proposal and 155,863 shares of common stock abstained from voting on this issue.

4. As for the proposal to approve the adoption of the Company's 2000 Employee Stock Purchase Plan, 33,450,964 shares were voted in favor of its adoption as proposed in the Proxy Statement. 507,086 shares were voted against the proposal and 106,743 shares abstained from voting on this issue.

5. The ratification to reappoint Deloitte & Touche as our independent public accountants was approved. 33,574,052 shares of common stock were voted for the ratification, 477,577 shares were voted against the ratification and 13,164 shares of common stock abstained from the vote.

ITEM 6—EXHIBITS AND REPORTS FILED ON FORM 8-K

(a) Exhibits

10	Third Amendment dated as of December 10, 2002 to the Credit Agreement between the Company and Canadian Imperial Bank of Commerce
10.1	Second Amendment dated as of January 7, 2003 to the Credit Agreement between the Company and SunTrust Bank
99.1	Section 906 Certification of the Chief Executive Officer
99.2	Section 906 Certification of the Chief Financial Officer

Signatures

Pursuant to the requirements 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.

Global Payments Inc.
(Registrant)

Date: January 13, 2003

By: /s/ JAMES G. KELLY

James G. Kelly
Chief Financial Officer
(Principal Financial Officer and Chief Accounting Officer)

Certifications

I, Paul R. Garcia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Payments Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, the results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—14 and 15d—14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date:	January 13, 2003	By:	/s/ PAUL R. GARCIA
			Paul R. Garcia Chief Executive Officer

I, James G. Kelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Payments Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, the results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—14 and 15d—14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 13, 2003

By: /s/ JAMES G. KELLY

James G. Kelly
Chief Financial Officer

THIRD AMENDMENT

THIRD AMENDMENT (this "Amendment"), dated as of December 10, 2002, to the Credit Agreement, dated as of March 20, 2001 as amended by that First Amendment dated as of May 31, 2001 and as further amended by that Second Amendment dated as of March 20, 2002 (as otherwise amended or extended from time to time, the "Credit Agreement"; capitalized terms used but not defined herein shall have the respective meanings specified in the Credit Agreement), among Global Payments Direct, Inc. (formerly known as National Data Payment Systems, Inc.), a New York corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and Canadian Imperial Bank of Commerce, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, the Administrative Agent and the Lenders have agreed to amend certain provisions of the Credit Agreement on the terms and conditions contained herein;

WHEREAS, the Borrower, the Administrative Agent and the Lenders have previously agreed to extend the Termination Date from July 19, 2002 to December 13, 2002;

NOW THEREFORE, the parties hereto hereby agree as follows:

1. Amendment to the Cover Page of the Credit Agreement. The Cover Page of the Credit Agreement is hereby amended by replacing the amount "C$140,000,000" with the amount of "C$175,000,000".

2. Amendments to Section 1.1 (Defined Terms) of the Credit Agreement

(a) The definition of "Average Outstanding Loans" in Section 1.1 of the Credit Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof the following definition.

""Average Net Outstanding Loans": for a particular monthly period, the weighted average of the daily outstanding principal amount of the Total Loans during such calendar month minus the weighted average of the daily outstanding principal amount of such Total Loans not required to fund CIBC Visa Receivables ("Excess Amount"); provided that such Excess Amount is maintained in an account of the Borrower at CIBC."

(b) The following definitions are hereby inserted in Section 1.1 in the appropriate alphabetical order as follows:

""Backdated Basis": with respect to (i) all withdrawals from the Borrower's settlement account with CIBC, the treatment of all such withdrawals from the Borrower's settlement account with CIBC (net of any deposited CIBC Visa Receivable) as a Loan advanced on the date that the Borrower provides same day funding to the Merchant to which such withdrawals relate and (ii) Accounts Receivable, Accounts Receivable will be treated as Accounts Receivable on such day as the Borrower provides same day funding to such Merchant."

"Deficiency Amount": On any date, the amount of any Loan Deficiency plus the amount of any Overdraft Deficiency calculated for such date, so long as such amount is greater than C$10,000,000 (or the US$ Equivalent).

"Incremental Loans": Incremental Loans shall have the meaning described in Section 4(a) herein.

"Incremental Overdraft Loans": Incremental Overdraft Loans shall have the meaning described in Section 4(a) herein.

(c) The definition of "Commitments" in Section 1.1 of the Credit Agreement is hereby amended by replacing the amount "C$140,000,000" with the amount of "C$175,000,000".

(d) The definition of "Total Loans" in Section 1.1 of the Credit Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof the following definition:

""Total Loans": at any time, the aggregate outstanding amount of all Loans (whether denominated in Canadian Dollars or the US$ Equivalent) held by the Lenders at such time."

(e) The definition of "Termination Date" in Section 1.1 of the Credit Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof the following definition:

""Termination Date": December 9, 2003, except if such day is not a Business Day, the preceding Business Day."

3. Amendment to Section 2.1 (Commitments) of the Credit Agreement Sections 2.1(a) and 2.1(b) of the Credit Agreement are hereby amended by deleting them in their entirety and inserting in lieu thereof the following:

(a) Subject to the terms and conditions hereof, each Lender severally agrees to make revolving credit loans in C$ or US$ ("Loans") to the Borrower from time to time during the Commitment Period in an aggregate principal amount at any one time outstanding which does not exceed the C$ Equivalent amount of such Lender's Commitment. During the Commitment Period the Borrower may use the Commitments by borrowing, prepaying the Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Loans may from time to time be CIBC Offered Rate Loans, LIBOR Loans and Incremental Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Section 2.2, or Prime Rate Loans, in accordance with Section 2.10. For purposes of this Section 2.1(a), "Loans" shall not include Overdraft Loans or Incremental Overdraft Loans.

(b) Subject to the terms and conditions hereof, each Lender will consider in good faith, but without any obligation to advance funds in excess of such Lender's Commitment, making revolving overdraft loans ("Overdraft Loans") and Incremental Overdraft Loans to the Borrower from time to time in an aggregate principal amount at any one time outstanding which, in any event, does not exceed the amount that such Lender agreed to make available to the Borrower ("Overdraft Amounts"), if any, for Overdraft Loans or Incremental Overdraft Loans. Each Lender's approval of any request for an Overdraft Loan or an Incremental Overdraft Loan ("Overdraft Notice") will be subject to such Lender's customary lending criteria and credit approval requirements, giving regard to, among other things, the Borrower's circumstances prevailing at the time of approval. The Borrower's Overdraft Notice and each Lender's approval, if any, of an Overdraft Loan or an Incremental Overdraft Loan may occur subsequent to the borrowing date of such Overdraft Loan or Incremental Overdraft Loan. The Borrower may use Overdraft Amounts by borrowing, prepaying the Overdraft Loans or Incremental Overdraft Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

4. Amendment to Section 2.2 (Procedure for CIBC Offered Rate Loan Borrowing, Incremental Loan Borrowing, LIBOR Loan Borrowing, Overdraft Loan Borrowing and Incremental Overdraft Loan Borrowing) of the Credit Agreement. (a) Each of Sections 2.2(a) and 2.2(c) of the Credit Agreement is hereby amended by deleting each in its entirety and inserting in lieu thereof the following:

(a) (i) The Borrower may borrow under the Commitments for CIBC Offered Rate Loans during the applicable Commitment Period on any Business Day. For each borrowing of a CIBC Offered Rate Loan, the Borrower shall give the Administrative Agent notice (each a "Loan Notice") (which Loan Notice must be received by the Administrative Agent prior to 3:00 p.m., New York City time, 2 hours prior to the requested borrowing time) specifying the amount of Loans to be borrowed, the Currency of such Loans, and the requested borrowing date and time. Each borrowing of CIBC Offered Rate Loans under the Commitments shall be in an amount equal to at least C$1,000,000 or the US$ Equivalent of C$1,000,000, as the case may be. If no election as to the Currency of a borrowing is specified in the Borrower's notice, then the requested borrowing shall be denominated in C$. The Administrative Agent shall promptly notify each Lender of each such borrowing.

(ii)(1) In the event that the amount of CIBC Visa Receivables arising from transactions processed on a particular date (the "Transaction Date") (A) are less than or equal to the amount of the Commitment and (B) exceed the amount of the CIBC Offered Rate Loan requested by the Borrower in the Loan Notice for such Transaction Date (such amount is referred to as a "Loan Deficiency"), the Borrower shall be deemed to have received an additional Loan (each, an "Incremental Loan") on the Transaction Date equal to the amount of the Loan Deficiency and (2) in the event that the amount of CIBC Visa Receivables arising from transactions processed on a Transaction Date (A) are greater than the amount of the Commitment and (B) exceed the amount of the CIBC Offered Rate Loan requested by the Borrower in the Loan Notice and Overdraft Notice (if any) for such Transaction Date, the Borrower shall be deemed to have received (x) an additional Loan (each, an "Incremental Loan") on the Transaction Date equal to the difference between the Commitment and the Loan Notice (if the Loan Notice was less than the Commitment) (such amount is referred to as a "Loan Deficiency"), plus (y) an additional Overdraft Loan (each, an "Incremental Overdraft Loan") on the Transaction Date equal to the amount of the CIBC Visa Receivables arising from transactions processed on such Transaction Date minus the Commitment and the amount of the Overdraft Loans previously requested in the Overdraft Notice for such Transaction Date (the "Overdraft Deficiency").

(c) Subject to the terms and conditions hereof, the Borrower may borrow Overdraft Loans and Incremental Overdraft Loans in such amounts and at such times on such dates as may be agreed upon between the Borrower and the relevant Lenders prior or subsequent to the time of making such Overdraft Loans and Incremental Overdraft Loans.

5. Amendment to Section 2.3 (Commitment Fees, etc.) of the Credit Agreement Section 2.3(a) of the Credit Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof the following:

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee for the period from and including the date hereof to the last day of the Commitment Period, computed at the Commitment Fee Rate on the sum of (i) the average daily amount of the Available Commitment of such Lender during the period for which payment is made and (ii) any Overdraft Amount requested in an Overdraft Notice for the period so requested minus the amount of such Overdraft Loan made to the Borrower, payable quarterly in arrears on the last day of each March, June, September and December and on the Termination Date, commencing on the first of such dates to occur after the date hereof.

6. Amendment to Section 2.5 (Optional Prepayments) of the Credit Agreement Section 2.5(c) of the Credit Agreement is deleted in its entirety and replaced with the following:

(c) The Borrower may at any time and from time to time prepay the Overdraft Loans, Incremental Loans and Incremental Overdraft Loans as may be agreed upon between the Borrower and the relevant Lenders at the time of making such Overdraft Loans, Incremental Loans and Incremental Overdraft Loans.

7. Amendment to Section 2.6 (Mandatory Prepayments) of the Credit Agreement Section 2.6(b) and Section 2.6(c) of the Credit Agreement are hereby amended by deleting them in their entirety and inserting in lieu thereof the following in their appropriate numerical order:

(b) If the Borrower or the Administrative Agent shall receive any proceeds from the CIBC Visa Receivables, such proceeds shall be applied immediately, first, to prepay the then outstanding Incremental Overdraft Loans, together with any unpaid interest on the amounts prepaid, second, Overdraft Loans together with any unpaid interest on the amounts prepaid, third, Incremental Loans arising from Loan Deficiencies together with any unpaid interest on the amounts prepaid, fourth, CIBC Offered Rate Loans together with any unpaid interest on the amounts prepaid and fifth, to prepay the then outstanding Prime Rate Loans together with any unpaid interest on the amounts prepaid.

(c) If, at any time, Total Loans exceed Total Commitments, the Borrower shall, without notice or demand, within three Business Days of such determination by the Administrative Agent, prepay Loans in an aggregate amount such that, after giving effect thereto, Total Loans do not exceed Total Commitments (it being understood that the Borrower shall request the advancement of funds from the Lenders only so long as, after giving effect thereto, Total Loans do not exceed Total Commitments, unless such request is in compliance with Section 2.1 and 2.2).

8. Amendment to Section 2.8 (Interest Rates and Payment Dates) of the Credit Agreement Section 2.8 of the Credit Agreement is hereby amended by deleting Section 2.8(d) in its entirety and replacing it with the following language, inserting a new Section 2.8(e) and renumbering existing Sections 2.8(e) and (f) to become Sections 2.8(f) and (g), respectively. The new Sections 2.8(d) and 2.8(e) shall read as follows:

(d) Each Overdraft Loan Shall bear interest at a rate per annum as may be agreed upon between the Borrower and the relevant Lenders at the time of making such Overdraft Loans, but in no event shall the interest rate exceed 2.0% plus the CIBC Offered Rate for such date.

(e) Each Incremental Loan and Incremental Overdraft Loan shall bear interest at a rate per annum calculated as follows: (A) if the aggregate Deficiency Amount is less than or equal to C$20,000,000 (or the US$ Equivalent), the applicable rate shall be Canadian Prime Rate or US Prime Rate per annum on the Deficiency Amount and (B) if the Deficiency Amount is in excess of C$20,000,000 (or the US$ Equivalent), the applicable rate shall be determined by CIBC on a case-by-case basis, but in no event shall the interest rate exceed 2.0% plus the Canadian Prime Rate or US Prime Rate, as applicable, on the Deficiency Amount, such interest payable monthly in arrears on the last day of each month and on the Termination Date.

10. Amendment to Section 2.15 (Renewal and Extension of Commitments) of the Credit Agreement Section 2.15 of the Credit Agreement is hereby amended by deleting in its entirety and inserting in lieu thereof the following:

The Borrower shall be permitted to request each Lender’s approval for a renewal for one additional 364-day period by giving notice not more than 60 days prior to the Termination Date then in effect, and each Lender shall respond to such request within 30 days of the Termination Date then in effect. Upon the receipt of a written acceptance by each Lender in accordance with the preceding sentence, the extension of the Commitments so requested hereunder shall be come effective.

11. Amendment to Section 2 (AMOUNT AND TERMS OF COMMITMENTS) of the Credit Agreement Section 2 of the Credit Agreement is hereby amended by inserting the following new Section 2.16 and Section 2.17 each in its appropriate numerical order:

Section 2.16. Borrowings. The Borrower and Lenders hereby agree that the amounts requested in any Loan Notice and in any Overdraft Notice shall be used for all purposes of all interest and fee calculations hereunder so long as such amounts have been credited to the account of the Borrower for the relevant time period of such calculation.

Section 2.17. Right of Setoff in Excess Funds. Notwithstanding the rights of the Lenders in Section 9.7 of the Credit Agreement, in the event that the amount of the CIBC Offered Rate Loan and Overdraft Loan relating to a particular Transaction Date exceeds the amount of CIBC VISA Receivables arising from transactions processed on such Transaction Date (the “Excess Funds”), the Lenders shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and appropriate and apply against such Excess Funds any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Lenders or any branch or agency thereof to or for the credit or the account of the Borrower, as the case may be. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

12. Amendment to Section 5.2 (Certificates; Other Information) of the Credit Agreement. Section 5.2(c) of the Credit Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof the following:

(c) as soon as available, but in any event not later than 15 Business Days after the end of each month occurring during each fiscal year of the Borrower, a Borrowing Base Certificate containing all information and calculations (such calculation will comprise the Average Outstanding CIBC Visa Receivables (on a Backdated Basis) and the Average Net Outstanding Loans (on a Backdated Basis)) necessary for determining compliance with Section 6.2;

13. Amendment to Section 6.2 (Collateral Coverage Ratio) of the Credit Agreement. Section 6.2 of the Credit Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof the following:

(a) Section 6.2 Collateral Coverage Ratio. Permit, at the end of any calendar month, the ratio, calculated on a rolling three month average, of (a) the Average Outstanding CIBC Visa Receivables (on a Backdated Basis) for such each of the last three calendar months to (b) the Average Net Outstanding Loans (on a Backdated Basis) for each of the last three calendar months to be less than 1.05 to 1.0 as of the date of determination.

14. Amendment to Section 7 (Events of Default) of the Credit Agreement. Section 7(a) of the Credit Agreement is hereby amended by deleting the words “any principal of any Loan when due” in line 1 and inserting in lieu thereof the words “any principal of any Loan within three Business Days after any such principal amount becomes due”.

15. Amendment to the Schedule 1.1A of the Credit Agreement. Schedule 1.1A to the Credit Agreement is hereby amended by replacing the amount “C$140,000,000” with the amount of “C$175,000,000”.

16. Borrowing Base Certificate. Exhibit G to the Credit Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof the Borrowing Base Certificate attached hereto as Exhibit B.

17. Calculations on a Backdated Basis. The parties hereto agree that as of July 1, 2002 (i) the Administrative Agent shall for all purposes of the Loan Documents determine in good faith the amount of Loans on a Backdated Basis and each such determination by the Administrative Agent shall be conclusive and binding on the Borrower unless such determination is subject to a good faith dispute and (ii) the Borrower shall for all purposes of the Loan Documents determine the amount of the Accounts Receivables on a Backdated Basis, which shall be provided to the Administrative Agent with the Borrowing Base Certificate.

18. Representations and Warranties. The representations and warranties made by the Borrower in each Loan Document to which it is a party are true and correct in all material

respects on and as of the Effective Date (as defined below), before and after giving effect to this Amendment, as if made on the Effective Date, except to the extent that such representations and warranties expressly relate to a specific earlier date in which case the Borrower hereby confirms, reaffirms and restates such representations and warranties as of such earlier date.

19. Conditions Precedent. This Waiver shall become effective on and as of the date (the "Effective Date") when each of the following conditions precedent shall have been satisfied or waived:

(a) Waiver. The Administrative Agent shall have received counterparts of this Amendment, duly executed and delivered by an authorized officer of the Borrower, the Administrative Agent and the Lenders.

(b) Consent. The Administrative Agent shall have received an acknowledgement and consent with respect to the Guarantee and Collateral Agreement, executed and delivered by each Guarantor, in the form attached hereto as Exhibit A.

(c) No Default. On and as of the Effective Date and after giving effect to this Amendment and the transactions contemplated hereby, no Default or Event of Default shall have occurred and be continuing.

20. Counterparts. This Amendment may be executed by the parties hereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment shall be effective as delivery of a manually executed counterpart of this Amendment.

21. **Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

22. Continuing Effect. Except as expressly amended by this Amendment, the Credit Agreement shall continue to be, and shall remain, in full force and effect in accordance with its terms.

23. Fees and Expenses. The Borrower hereby (a) agrees to pay the Administrative Agent on the date hereof (i) an administration fee in the amount of C$208,767.12 for the period from July 19, 2002 to but not including December 9, 2003 and (ii) an extension fee (for the account of the Lenders) in the amount of C$183,802.74 for the period from July 19, 2002 to but not including December 9, 2003 and (b) agrees to reimburse the Administrative Agent and the Lenders for all their reasonable costs and out-of-pocket expenses incurred in connection with the review, execution and delivery of this Amendment, including, without limitation, the reasonable fees and disbursements of Simpson Thacher & Bartlett, counsel to the Administrative Agent.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties have hereto caused this Amendment to be executed by their respective duly authorized officers as of the day first above written.

GLOBAL PAYMENTS DIRECT, INC. (formerly known as National Data Payment Systems, Inc.), as the Borrower

By: /s/ SUELLYN P. TORNAY

Suellyn P. Tornay
Secretary and General Counsel

CANADIAN IMPERIAL BANK OF COMMERCE,
as Administrative Agent

By: /s/ KAREN KISKORNA

Karen Kiskorna
Director

By: /s/ PATTI SHUGART

Patti Shugart
Managing Director

CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK AGENCY, as a Lender

By: /s/ GEORGE KNIGHT

George Knight
Managing Director

Exhibit 10.1

AMENDMENT NO. 2 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO CREDIT AGREEMENT (this "Amendment") dated as of January 7, 2003, by and between GLOBAL PAYMENTS INC., as Borrower, and SUNTRUST BANK, as Lender.

W I T N E S S E T H:

WHEREAS, Borrower and the Lender are parties to a certain Credit Agreement dated as September 26, 2001, as amended by Amendment No. 1 to Credit Agreement dated as of April 30, 2002 (the "Credit Agreement"; capitalized terms used in this Amendment without definition that are defined in the Credit Agreement shall have the meanings in this Amendment as specified for such capitalized terms in the Credit Agreement);

WHEREAS, Borrower and Lender have agreed to amend the Credit Agreement to extend the "Facility Termination Date" for a further 364 days to January 30, 2004;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. Amendment to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, and effective as of the Effective Date (as hereinafter defined), the Credit Agreement is hereby amended by deleting in Section 1.1 the definition of "Facility Termination Date" in its entirety and substituting in lieu thereof the following definition:

> "Facility Termination Date" means (i) January 30, 2004 or any later date to which the Facility Termination Date may be extended in accordance with Section 2.18, or (ii) any earlier date on which the Commitment is reduced to zero or otherwise terminated pursuant to the terms of this Agreement.

SECTION 2. Conditions to Effectiveness of Amendment. This Amendment shall become effective on January 31, 2003 (the 'Effective Date") provided that the representations and warranties in Section 4 hereof are true and correct on and as of such date.

SECTION 3. Status of Obligations. Borrower hereby confirms and agrees that all Advances and all other Obligations outstanding under the Credit Agreement and the other Loan Documents as of the date hereof were duly and validly created and incurred by Borrower thereunder, that all such outstanding amounts are owed in accordance with the terms of the Credit Agreement and other Loan Documents, and that there are no rights of offset, defense, counterclaim, claim or objection in favor of Borrower arising out of or with respect to any of the

Advances or other Obligations of Borrower to the Lender, and any such rights of offset, defense, counterclaim, claims or objections have been and are hereby waived and released by Borrower.

SECTION 4. Representations and Warranties of Borrower. Borrower, without limiting the representations and warranties provided in the Credit Agreement, represents and warrants to the Lender as follows:

4.1 The execution, delivery and performance by Borrower of this Amendment are within Borrower's corporate powers, have been duly authorized by all necessary corporate action (including any necessary shareholder action) and do not and will not (a) violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency, the certificate of incorporation or by-laws of Borrower, or any indenture, agreement or other instrument to which Borrower is a party or by which Borrower or any of its properties is bound or (b) be in conflict with, result in a breach of, or constitute with notice or lapse of time or both a default under any such indenture, agreement or other instrument.

4.2 This Amendment constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.

4.3 After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

4.4 The representations and warranties of Borrower contained in the Credit Agreement are true and accurate on and as of the date of this Amendment, except for changes expressly permitted under the terms of the Credit Agreement and except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true and accurate as of such earlier date).

4.5 Since May 31, 2002, there have been no events, acts, conditions or occurrences of whatever nature, singly or in the aggregate, which have had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 5. Survival. Each of the foregoing representations and warranties shall be made at and as of the date of this Amendment and shall be deemed to have been made as of the Effective Date. Each of the foregoing representations and warranties shall constitute a representation and warranty of Borrower under the Credit Agreement, and it shall be an Event of Default if any such representation and warranty shall prove to have been incorrect or false in any material respect at the time when made or deemed to have been made. Each of the foregoing representations and warranties shall survive and not be waived by the execution and delivery of this Amendment or any investigation by the Lender.

SECTION 6. Ratification of Credit Agreement and Loan Documents. Except as expressly amended herein, all terms, covenants and conditions of the Credit Agreement and the other Loan Documents shall remain in full force and effect, and the parties hereto do expressly ratify and confirm the Credit Agreement (as amended herein) and the other Loan

Documents. All future references to the Credit Agreement shall be deemed to refer to the Credit Agreement as amended hereby.

SECTION 7. Indemnity. In consideration of the amendments agreed to by the Lender pursuant to this Amendment, Borrower hereby indemnifies the Lender, and its respective officers, partners, directors, employees, representatives and agents from, and hold each of them harmless against, any and all costs, losses, liabilities, claims, damages or expenses incurred by any of them (whether or not any of them is designated a party thereto) (an "Indemnitee") arising out of or by reason of any investigation, litigation or other proceeding related to this Amendment, the Credit Agreement or any other Loan Documents or any actual or proposed use of the proceeds of any of the Advances, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding; *provided*, *however*, Borrower shall not be obligated to indemnify any Indemnitee for any of the foregoing arising out of such Indemnitee's gross negligence or willful misconduct.

SECTION 8. No Waiver, Etc. Borrower hereby agrees that nothing herein shall constitute a waiver by the Lender of any Default or Event of Default, whether known or unknown, which may exist under the Credit Agreement. Borrower hereby further agrees that no action, inaction or agreement by the Lender, including without limitation, any indulgence, waiver, consent or agreement altering the provisions of the Credit Agreement which may have occurred with respect to the non-performance of any obligation under the terms of the Credit Agreement or any portion thereof, or any other matter relating to the Credit Agreement, shall require or imply any future indulgence, waiver, or agreement by the Lender.

SECTION 9. Binding Nature. This Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, successors-in-titles, and assigns.

SECTION 10. Costs and Expenses. Borrower shall be responsible for the costs and expenses of the Lender in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder, including, without limitation, the fees and out-of-pocket expenses of counsel for the Lender with respect thereto.

SECTION 11. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA.

SECTION 12. Entire Understanding. This Amendment sets forth the entire understanding of the parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect thereto.

SECTION 13. **Counterparts.** This Amendment may be executed in any number of counterparts and by the different parties hereto in separate counterparts and may be delivered by telecopier. Each counterpart so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered in Atlanta, Georgia, by their duly authorized officers as of the day and year first above written.

GLOBAL PAYMENTS INC.

By: /s/ JAMES G. KELLY

James G. Kelly
Chief Financial Officer

SUNTRUST BANK

By: /s/ BRIAN K. PETERS

Brian K. Peters
Managing Director

EXHIBIT 99.1

**STATEMENT OF CHIEF EXECUTIVE OFFICER OF GLOBAL PAYMENTS INC.
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Global Payments Inc. (the "Company") on Form 10-Q for the period ended November 30, 2002 as filed with the Securities and Exchange Commission (the "Report"), I, Paul R. Garcia, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ PAUL R. GARCIA

Paul R. Garcia
Chief Executive Officer
January 13, 2003

EXHIBIT 99.2

**STATEMENT OF CHIEF FINANCIAL OFFICER OF GLOBAL PAYMENTS INC.
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Global Payments Inc. (the “Company”) on Form 10-Q for the period ended November 30, 2002 as filed with the Securities and Exchange Commission (the “Report”), I, James G. Kelly, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ JAMES G. KELLY

James G. Kelly
Chief Financial Officer
January 13, 2003