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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 25, 2013

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.)

10 Glenlake Parkway, North Tower, Atlanta, Georgia

(Address of principal executive offices)

30328-3473

(Zip Code)

Registrant's telephone number, including area code: (770) 829-8000

NONE

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition."

On July 25, 2013, Global Payments Inc., a Georgia corporation, issued a press release announcing its financial results for the fiscal fourth quarter and year ended May 31, 2013. A copy of the press release is attached as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated July 25, 2013

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 hereunto duly authorized.

Global Payments Inc.
(Registrant)

Date: July 25, 2013

By: /s/ David E. Mangum
David E. Mangum
Chief Financial Officer



**Global Payments Reports Year-End Earnings
Establishes Fiscal 2014 Growth Expectations
Board Authorizes New \$250 Million Share Repurchase Program
Announces Expanded Partnership with CaixaBank in Brazil**

ATLANTA, July 25, 2013 -- Global Payments Inc. (NYSE: GPN) today announced results for its fiscal fourth quarter and year ended May 31, 2013. The company delivered revenues of \$2.4 billion or 8% growth and cash earnings per share of \$3.65 or 3% growth over prior year.

Chairman and CEO Paul R. Garcia said, "We are focused on delivering a strong fiscal 2014 with cash earnings per share growth of 8% to 10%. Importantly, this includes a significant step up in annual security costs. Excluding these costs, annual cash earnings per share growth for fiscal 2014 would be 12% to 14%.

"I am also delighted to announce that our Spanish partner, CaixaBank, will be taking a 50% share in Global Payments Brazil. This expands our strategic partnership with CaixaBank and will provide us the opportunity to grow more rapidly in this important region with potential further expansion into other Latin American markets over time," continued Garcia.

Full-Year 2013 Summary

- Revenues grew 8% to \$2,375.9 million, compared to \$2,203.8 million in fiscal 2012.
- Cash diluted earnings per share¹ grew 3% to \$3.65, compared to \$3.53 in the prior fiscal year.
- GAAP full-year diluted earnings per share of \$2.76, compared to \$2.37 diluted earnings per share in the prior year.

¹ See Schedule 2 for Cash Earnings and Schedule 6 and 7 for Reconciliations of Cash Earnings to GAAP.

Fourth Quarter 2013 Summary

- Revenues grew 4% to \$618.4 million, compared to \$597.0 million in the fourth quarter of fiscal 2012.
- Cash diluted earnings per share grew 1% to \$0.98, compared to \$0.97 in the fourth quarter of fiscal 2012.
- GAAP diluted earnings per share were \$0.53, compared to \$0.06 in the fourth quarter of 2012.

2014 Outlook

For the full-year of fiscal 2014, the company expects annual revenue of \$2.51 billion to \$2.56 billion, or 6% to 8% growth over fiscal 2013 and diluted earnings per share on a cash basis of \$3.93 to \$4.00, reflecting growth of 8% to 10% over fiscal 2013. Annual fiscal 2014 GAAP diluted earnings per share is expected to be \$3.35 to \$3.42.

New \$250 Million Share Repurchase Authorization

David E. Mangum, Senior Executive Vice President and CFO, stated, "I am pleased that the Board of Directors approved a new \$250 million share repurchase authorization of Global Payments' stock. We intend to complete our previous \$300 million share authorization in the first quarter of fiscal 2014, and the benefit from the original authorization is factored into our outlook for fiscal 2014."

Under the company's new program, Global Payments may repurchase shares in the open market or as otherwise may be determined by the company, subject to market conditions, business opportunities and other factors. The company has no obligation to repurchase shares under this program. This authorization has no expiration date and may be suspended or terminated at any time. Repurchased shares will be retired but will be available for future issuance. The company's expectations exclude the impact of any potential share repurchases under the new \$250 million authorization.

Conference Call

Global Payments will hold a conference call today, July 25, 2013 at 5:00 p.m. EDT to discuss financial results and business highlights. Callers may access the conference call via the investor relations page of the company's website at www.globalpaymentsinc.com by clicking the "Webcast" button; or callers in North America may dial 1-888-895-3550 and callers outside North America may dial 1-706-758-8809. The pass code is "GPN." A replay of the call may be accessed through the Global Payments' website through August 8, 2013.

About Global Payments

Global Payments Inc. (NYSE: GPN) is a leading provider of electronic transaction processing services for merchants, Independent Sales Organizations (ISOs), financial institutions, government agencies and multi-national corporations located throughout the United States, Canada, Brazil, Europe

and the Asia-Pacific region. Global Payments, a Fortune 1000 company, offers a comprehensive line of processing solutions for credit and debit cards, business-to-business purchasing cards, gift cards, electronic check conversion and check guarantee, verification and recovery including electronic check services, as well as terminal management. Visit www.globalpaymentsinc.com for more information about the company and its services.

This announcement and comments made by Global Payments' management during the conference call may contain certain forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including revenue and earnings estimates and management's expectations regarding future events and developments, are forward-looking statements and are subject to significant risks and uncertainties. Important factors that may cause actual events or results to differ materially from those anticipated by such forward-looking statements include the following: the effect on our results of operations of continued security enhancements to our processing system; foreign currency risks which become increasingly relevant as we expand internationally; the effect of current domestic and worldwide economic conditions, including sovereign insolvency situations and a decline in the value of the U.S. dollar, and future performance and integration of acquisitions, and other risks detailed in our SEC filings, including the most recently filed Form 10-K. We undertake no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

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SCHEDULE 1
GAAP CONSOLIDATED STATEMENTS OF INCOME
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands, except per share data)

| | Three Months Ended May 31, | | % Change | Year Ended May 31, | | % Change |
|-----------------------------------------------------------------------|----------------------------|-------------------|--------------|---------------------|---------------------|--------------|
| | 2013 | 2012 | | 2013 | 2012 | |
| Revenues | \$ 618,352 | \$ 597,032 | 4 % | \$ 2,375,923 | \$ 2,203,847 | 8 % |
| Operating expenses: | | | | | | |
| Cost of service | 229,951 | 213,071 | 8 % | 862,075 | 784,756 | 10 % |
| Sales, general and administrative | 290,568 | 289,712 | — % | 1,119,860 | 1,027,304 | 9 % |
| Processing system intrusion | 28,464 | 84,438 | (66)% | 36,775 | 84,438 | (56)% |
| | <u>548,983</u> | <u>587,221</u> | <u>(7)%</u> | <u>2,018,710</u> | <u>1,896,498</u> | <u>6 %</u> |
| Operating income | 69,369 | 9,811 | 607 % | 357,213 | 307,349 | 16 % |
| Other income (expense): | | | | | | |
| Interest and other income | 3,647 | 2,818 | 29 % | 10,353 | 9,946 | 4 % |
| Interest and other expense | (8,065) | (4,185) | 93 % | (33,282) | (16,848) | 98 % |
| | <u>(4,418)</u> | <u>(1,367)</u> | <u>223 %</u> | <u>(22,929)</u> | <u>(6,902)</u> | <u>232 %</u> |
| Income before income taxes | 64,951 | 8,444 | 669 % | 334,284 | 300,447 | 11 % |
| (Provision) benefit for income taxes | (18,585) | 3,202 | (680)% | (95,571) | (82,881) | 15 % |
| Net income | 46,366 | 11,646 | 298 % | 238,713 | 217,566 | 10 % |
| Less: Net income attributable to noncontrolling interests, net of tax | (5,561) | (6,560) | (15)% | (22,588) | (29,405) | (23)% |
| Net income attributable to Global Payments | <u>\$ 40,805</u> | <u>\$ 5,086</u> | <u>702 %</u> | <u>\$ 216,125</u> | <u>\$ 188,161</u> | <u>15 %</u> |
| Earnings per share attributable to Global Payments: | | | | | | |
| Basic | \$ 0.54 | \$ 0.06 | 800 % | \$ 2.78 | \$ 2.39 | 16 % |
| Diluted | \$ 0.53 | \$ 0.06 | 783 % | \$ 2.76 | \$ 2.37 | 16 % |
| Weighted average shares outstanding: | | | | | | |
| Basic | 76,034 | 78,539 | | 77,767 | 78,829 | |
| Diluted | 76,651 | 79,192 | | 78,227 | 79,431 | |

SCHEDULE 2
CASH EARNINGS ATTRIBUTABLE TO GLOBAL PAYMENTS
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands, except per share data)

| | Three Months Ended May 31, | | % Change | Year Ended May 31, | | % Change |
|-----------------------------------------------------------------------|----------------------------|------------------|-------------|--------------------|-------------------|------------|
| | 2013 | 2012 | | 2013 | 2012 | |
| Revenues | \$ 618,352 | \$ 597,032 | 4 % | \$ 2,375,923 | \$ 2,203,847 | 8 % |
| Operating expenses: | | | | | | |
| Cost of service | 214,080 | 200,051 | 7 % | 803,952 | 734,060 | 10 % |
| Sales, general and administrative | 285,017 | 274,390 | 4 % | 1,113,509 | 1,011,982 | 10 % |
| | <u>499,097</u> | <u>474,441</u> | 5 % | <u>1,917,461</u> | <u>1,746,042</u> | 10 % |
| Operating income | 119,255 | 122,591 | (3)% | 458,462 | 457,805 | — % |
| Other income (expense): | | | | | | |
| Interest and other income | 3,647 | 2,818 | 29 % | 10,353 | 9,946 | 4 % |
| Interest and other expense | (8,065) | (4,185) | 93 % | (24,899) | (16,848) | 48 % |
| | <u>(4,418)</u> | <u>(1,367)</u> | 223 % | <u>(14,546)</u> | <u>(6,902)</u> | 111 % |
| Income before income taxes | 114,837 | 121,224 | (5)% | 443,916 | 450,903 | (2)% |
| Provision for income taxes | <u>(32,693)</u> | <u>(36,318)</u> | (10)% | <u>(126,294)</u> | <u>(133,455)</u> | (5)% |
| Net income | 82,144 | 84,906 | (3)% | 317,622 | 317,448 | — % |
| Less: Net income attributable to noncontrolling interests, net of tax | <u>(7,042)</u> | <u>(8,437)</u> | (17)% | <u>(32,206)</u> | <u>(37,193)</u> | (13)% |
| Net income attributable to Global Payments | <u>\$ 75,102</u> | <u>\$ 76,469</u> | (2)% | <u>\$ 285,416</u> | <u>\$ 280,255</u> | 2 % |
| Basic earnings per share | <u>\$ 0.99</u> | <u>\$ 0.97</u> | 2 % | <u>\$ 3.67</u> | <u>\$ 3.56</u> | 3 % |
| Diluted earnings per share | <u>\$ 0.98</u> | <u>\$ 0.97</u> | 1 % | <u>\$ 3.65</u> | <u>\$ 3.53</u> | 3 % |
| Weighted average shares outstanding: | | | | | | |
| Basic | 76,034 | 78,539 | | 77,767 | 78,829 | |
| Diluted | 76,651 | 79,192 | | 78,227 | 79,431 | |

See Schedules 6 and 7 for a reconciliation of cash earnings to GAAP.

SCHEDULE 3
SEGMENT INFORMATION
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands)

| | Three Months Ended May 31, | | | | % Change | |
|----------------------------------------------|----------------------------|---------------|------------|---------------|----------|---------------|
| | 2013 | | 2012 | | GAAP | Cash Earnings |
| | GAAP | Cash Earnings | GAAP | Cash Earnings | | |
| Revenues: | | | | | | |
| United States | \$ 372,425 | \$ 372,425 | \$ 351,872 | \$ 351,872 | 6 % | 6 % |
| Canada | 77,115 | 77,115 | 79,015 | 79,015 | (2)% | (2)% |
| North America merchant services | 449,540 | 449,540 | 430,887 | 430,887 | 4 % | 4 % |
| Europe | 132,217 | 132,217 | 128,521 | 128,521 | 3 % | 3 % |
| Asia-Pacific | 36,595 | 36,595 | 37,624 | 37,624 | (3)% | (3)% |
| International merchant services | 168,812 | 168,812 | 166,145 | 166,145 | 2 % | 2 % |
| Total revenues | \$ 618,352 | \$ 618,352 | \$ 597,032 | \$ 597,032 | 4 % | 4 % |
| Operating income (loss) for segments: | | | | | | |
| North America merchant services | \$ 69,101 | \$ 80,229 | \$ 76,412 | \$ 81,194 | (10)% | (1)% |
| International merchant services | 48,295 | 57,460 | 48,074 | 61,664 | — % | (7)% |
| Corporate ¹ | (48,027) | (18,434) | (114,675) | (20,267) | 58 % | 9 % |
| Operating income | \$ 69,369 | \$ 119,255 | \$ 9,811 | \$ 122,591 | 607 % | (3)% |

| | Year Ended May 31, | | | | % Change | |
|----------------------------------------------|--------------------|---------------|--------------|---------------|----------|---------------|
| | 2013 | | 2012 | | GAAP | Cash Earnings |
| | GAAP | Cash Earnings | GAAP | Cash Earnings | | |
| Revenues: | | | | | | |
| United States | \$ 1,394,675 | \$ 1,394,675 | \$ 1,234,818 | \$ 1,234,818 | 13 % | 13 % |
| Canada | 311,000 | 311,000 | 332,434 | 332,434 | (6)% | (6)% |
| North America merchant services | 1,705,675 | 1,705,675 | 1,567,252 | 1,567,252 | 9 % | 9 % |
| Europe | 522,593 | 522,593 | 489,300 | 489,300 | 7 % | 7 % |
| Asia-Pacific | 147,655 | 147,655 | 147,295 | 147,295 | — % | — % |
| International merchant services | 670,248 | 670,248 | 636,595 | 636,595 | 5 % | 5 % |
| Total revenues | \$ 2,375,923 | \$ 2,375,923 | \$ 2,203,847 | \$ 2,203,847 | 8 % | 8 % |
| Operating income (loss) for segments: | | | | | | |
| North America merchant services | \$ 258,910 | \$ 288,162 | \$ 281,305 | \$ 295,003 | (8)% | (2)% |
| International merchant services | 211,242 | 245,279 | 196,137 | 238,487 | 8 % | 3 % |
| Corporate ¹ | (112,939) | (74,979) | (170,093) | (75,685) | 34 % | 1 % |
| Operating income | \$ 357,213 | \$ 458,462 | \$ 307,349 | \$ 457,805 | 16 % | — % |

¹ GAAP results include data intrusion charges of \$28.5 million and \$36.8 million for the three and twelve months ended May 31, 2013 respectively and \$84.4 million for the three and twelve months ended May 31, 2012.

See Schedule 8 for reconciliation of cash earnings segment information to GAAP.

SCHEDULE 4
CONSOLIDATED BALANCE SHEETS
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands except share data)

| | <u>May 31, 2013</u> | <u>May 31, 2012</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 680,470 | \$ 781,275 |
| Accounts receivable, net of allowances for doubtful accounts of \$509 and \$532, respectively | 189,435 | 182,962 |
| Claims receivable, net of allowances for losses of \$3,144 and \$3,435, respectively | 1,156 | 1,029 |
| Settlement processing assets | 259,204 | 217,994 |
| Inventory | 11,057 | 9,864 |
| Deferred income taxes | 6,485 | 21,969 |
| Prepaid expenses and other current assets | 66,685 | 33,646 |
| Total current assets | <u>1,214,492</u> | <u>1,248,739</u> |
| Goodwill | 1,044,222 | 724,687 |
| Other intangible assets, net of accumulated amortization of \$290,660 and \$235,296, respectively | 400,848 | 290,188 |
| Property and equipment, net of accumulated depreciation of \$156,948 and \$161,911, respectively | 348,064 | 305,848 |
| Deferred income taxes | 95,178 | 97,235 |
| Other | 22,252 | 21,446 |
| Total assets | <u>\$ 3,125,056</u> | <u>\$ 2,688,143</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Lines of credit | \$ 187,461 | \$ 215,391 |
| Current portion of long-term debt | 72,335 | 76,420 |
| Accounts payable and accrued liabilities | 262,890 | 316,313 |
| Settlement processing obligations | 162,558 | 216,878 |
| Income taxes payable | 18,870 | 12,283 |
| Total current liabilities | <u>704,114</u> | <u>837,285</u> |
| Long-term debt | 891,134 | 236,565 |
| Deferred income taxes | 170,723 | 106,644 |
| Other long-term liabilities | 72,478 | 62,306 |
| Total liabilities | <u>1,838,449</u> | <u>1,242,800</u> |
| Commitments and contingencies | | |
| Redeemable noncontrolling interest | — | 144,422 |
| Equity: | | |
| Preferred stock, no par value; 5,000,000 shares authorized and none issued | — | — |
| Common stock, no par value; 200,000,000 shares authorized; 75,426,099 and 78,551,297 issued and outstanding at May 31, 2013 and May 31, 2012, respectively | — | — |
| Paid-in capital | 202,396 | 358,728 |
| Retained earnings | 958,751 | 843,456 |
| Accumulated other comprehensive income (loss) | (15,062) | (30,000) |
| Total Global Payments shareholders' equity | <u>1,146,085</u> | <u>1,172,184</u> |
| Noncontrolling interest | 140,522 | 128,737 |
| Total equity | <u>1,286,607</u> | <u>1,300,921</u> |
| Total liabilities and equity | <u>\$ 3,125,056</u> | <u>\$ 2,688,143</u> |

SCHEDULE 5
CONSOLIDATED STATEMENTS OF CASH FLOWS
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands)

| | Year Ended May 31, | |
|---------------------------------------------------------------------------------------------|--------------------|-------------------|
| | 2013 | 2012 |
| Cash flows from operating activities: | | |
| Net income | \$ 238,713 | \$ 217,566 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization of property and equipment | 55,023 | 48,403 |
| Amortization of acquired intangibles | 56,765 | 50,696 |
| Share-based compensation expense | 18,427 | 16,391 |
| Provision for operating losses and bad debts | 21,659 | 22,417 |
| Deferred income taxes | 33,112 | (19,498) |
| Other, net | (4,878) | (2,775) |
| Changes in operating assets and liabilities, net of the effects of acquisitions: | | |
| Accounts receivable | (5,458) | (16,422) |
| Claims receivable | (11,858) | (13,519) |
| Settlement processing assets and obligations, net | (104,007) | (568,335) |
| Inventory | (1,187) | (2,394) |
| Prepaid expenses and other assets | (22,978) | 3,511 |
| Accounts payable and other accrued liabilities | (39,374) | 85,875 |
| Income taxes payable | 6,587 | 4,609 |
| Net cash provided by (used in) operating activities | <u>240,546</u> | <u>(173,475)</u> |
| Cash flows from investing activities: | | |
| Business, intangible and other asset acquisitions, net of cash acquired | (434,016) | (44,274) |
| Capital expenditures | (98,590) | (109,876) |
| Net decrease in financing receivables | 2,812 | 2,565 |
| Proceeds from sale of investment and contractual rights | 1,227 | 1,152 |
| Net cash used in investing activities | <u>(528,567)</u> | <u>(150,433)</u> |
| Cash flows from financing activities: | | |
| Net (payments) borrowings on short-term lines of credit | (27,930) | (55,354) |
| Proceeds from issuance of long-term debt | 1,135,327 | 146,374 |
| Principal payments under long-term debt | (482,349) | (184,235) |
| Acquisition of redeemable noncontrolling interest | (242,000) | — |
| Payment of debt issuance cost | (3,987) | — |
| Proceeds from stock issued under employee stock plans | 10,543 | 11,446 |
| Common stock repurchased - share-based compensation plans | (10,244) | (4,861) |
| Repurchase of common stock | (175,297) | (99,604) |
| Tax benefit from employee share-based compensation | 1,863 | 1,441 |
| Distributions to noncontrolling interest | (16,206) | (27,082) |
| Dividends paid | (6,198) | (6,311) |
| Net cash provided by (used in) financing activities | <u>183,522</u> | <u>(218,186)</u> |
| Effect of exchange rate changes on cash | 3,694 | (30,916) |
| Decrease in cash and cash equivalents | (100,805) | (573,010) |
| Cash and cash equivalents, beginning of the period | 781,275 | 1,354,285 |
| Cash and cash equivalents, end of the period | <u>\$ 680,470</u> | <u>\$ 781,275</u> |

SCHEDULE 7
RECONCILIATION OF YEAR TO DATE CASH EARNINGS ATTRIBUTABLE TO GLOBAL PAYMENTS TO GAAP
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands, except per share data)

| | Year Ended May 31, 2013 | | | | |
|-----------------------------------------------------------------------|-------------------------|--------------------------------|--------------------|-------------------------------------------|---------------------|
| | GAAP | Processing System Intrusion | Other ¹ | Cash Earnings Adjustments ² | Cash Earnings |
| Revenues | \$ 2,375,923 | — | — | — | \$ 2,375,923 |
| Operating expenses: | | | | | |
| Cost of service | 862,075 | — | (1,358) | (56,765) | 803,952 |
| Sales, general and administrative | 1,119,860 | — | (6,351) | — | 1,113,509 |
| Processing system intrusion | 36,775 | (36,775) | — | — | — |
| | <u>2,018,710</u> | <u>(36,775)</u> | <u>(7,709)</u> | <u>(56,765)</u> | <u>1,917,461</u> |
| Operating income | 357,213 | 36,775 | 7,709 | 56,765 | 458,462 |
| Other income (expense): | | | | | |
| Interest and other income | 10,353 | — | — | — | 10,353 |
| Interest and other expense | (33,282) | — | 8,383 | — | (24,899) |
| | <u>(22,929)</u> | <u>—</u> | <u>8,383</u> | <u>—</u> | <u>(14,546)</u> |
| Income before income taxes | 334,284 | 36,775 | 16,092 | 56,765 | 443,916 |
| Provision for income taxes | (95,571) | (11,913) | (2,586) | (16,224) | (126,294) |
| Net income | 238,713 | 24,862 | 13,506 | 40,541 | 317,622 |
| Less: Net income attributable to noncontrolling interests, net of tax | (22,588) | — | (3,594) | (6,024) | (32,206) |
| Net income attributable to Global Payments | <u>\$ 216,125</u> | <u>\$ 24,862</u> | <u>\$ 9,912</u> | <u>\$ 34,517</u> | <u>\$ 285,416</u> |
| Diluted shares | 78,227 | | | | 78,227 |
| Diluted earnings per share | <u>\$ 2.76</u> | <u>\$ 0.32</u> | <u>\$ 0.13</u> | <u>\$ 0.44</u> | <u>\$ 3.65</u> |

| | Year Ended May 31, 2012 | | | | |
|-----------------------------------------------------------------------|-------------------------|--------------------------------|--------------------|-------------------------------------------|---------------------|
| | GAAP | Processing System Intrusion | Other ¹ | Cash Earnings Adjustments ² | Cash Earnings |
| Revenues | \$ 2,203,847 | — | — | — | \$ 2,203,847 |
| Operating expenses: | | | | | |
| Cost of service | 784,756 | — | — | (50,696) | 734,060 |
| Sales, general and administrative | 1,027,304 | — | (15,322) | — | 1,011,982 |
| Processing system intrusion | 84,438 | (84,438) | — | — | — |
| | <u>1,896,498</u> | <u>(84,438)</u> | <u>(15,322)</u> | <u>(50,696)</u> | <u>1,746,042</u> |
| Operating income | 307,349 | 84,438 | 15,322 | 50,696 | 457,805 |
| Other income (expense): | | | | | |
| Interest and other income | 9,946 | — | — | — | 9,946 |
| Interest and other expense | (16,848) | — | — | — | (16,848) |
| | <u>(6,902)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(6,902)</u> |
| Income before income taxes | 300,447 | 84,438 | 15,322 | 50,696 | 450,903 |
| Provision for income taxes | (82,881) | (30,640) | (5,034) | (14,900) | (133,455) |
| Net income | 217,566 | 53,798 | 10,288 | 35,796 | 317,448 |
| Less: Net income attributable to noncontrolling interests, net of tax | (29,405) | — | — | (7,788) | (37,193) |
| Net income attributable to Global Payments | <u>\$ 188,161</u> | <u>\$ 53,798</u> | <u>\$ 10,288</u> | <u>\$ 28,008</u> | <u>\$ 280,255</u> |
| Diluted shares | 79,431 | | | | 79,431 |
| Diluted earnings per share | <u>\$ 2.37</u> | <u>\$ 0.68</u> | <u>\$ 0.13</u> | <u>\$ 0.35</u> | <u>\$ 3.53</u> |

¹ Represents one-time charges primarily related to employee termination benefits and certain contract settlement and related costs.

² Represents adjustments to cost of service to exclude acquisition intangible amortization expense from net income and the related income tax benefit.

We supplemented our reporting of income and the related earnings per share information determined in accordance with GAAP by reporting income and the related earnings per share for the three months ended May 31, 2013 and 2012 on a "cash earnings" basis in this earnings release as a measure to help evaluate performance. We calculated income and earnings per share on a cash basis by excluding costs related to the processing system intrusion, acquisition intangible amortization and one-time charges related to employee termination benefits and certain contract settlement and related costs. We exclude these charges in order to more clearly focus on the factors we believe are pertinent to the daily management of our operations. Our income and earnings per share reported on a cash earnings basis should be considered in addition to, and not as a substitute for, income and earnings per share determined in accordance with GAAP. Our measures of income and earnings per share on a cash earnings basis reflect management's judgment of particular items, and may not be comparable to similarly titled measures reported by other companies.

SCHEDULE 9**OUTLOOK SUMMARY**

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In millions, except per share data)

| | <u>Fiscal 2013 Actual</u> | <u>Fiscal 2014 Outlook</u> | <u>% Change FY13</u> |
|---------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|----------------------|
| <u>Revenue Outlook</u> | | | |
| Total Revenues | \$ 2,376 | \$2,510 to \$2,560 | 6% to 8% |
| <u>EPS Outlook</u> | | | |
| Cash EPS | \$ 3.65 | \$3.93 to \$4.00 | 8% to 10% |
| Acquisition-related intangible assets, non-recurring items and processing system intrusion ¹ | (0.89) | \$ (0.58) | 35% |
| GAAP Diluted EPS | <u>\$ 2.76</u> | <u>\$3.35 to \$3.42</u> | <u>21% to 24%</u> |

We supplemented our reporting of income and the related earnings per share information determined in accordance with GAAP by reporting income and the related earnings per share on a "cash earnings" basis in this earnings release as a measure to help evaluate performance. We calculated income and earnings per share on a cash basis by excluding costs related to the processing system intrusion, acquisition intangible amortization and one-time charges related to employee termination benefits and certain contract settlement and related costs. We exclude these charges in order to more clearly focus on the factors we believe are pertinent to the daily management of our operations. Our income and earnings per share reported on a cash earnings basis should be considered in addition to, and not as a substitute for, income and earnings per share determined in accordance with GAAP. Our measures of income and earnings per share on a cash earnings basis reflect management's judgment of particular items, and may not be comparable to similarly titled measures reported by other companies.

¹ Fiscal 2014 reflects \$0.48 of acquisition-related intangibles and \$0.10 of non-recurring items and processing system intrusion costs. Acquisition-related intangibles accounted and non-recurring items accounted for \$0.57 in fiscal 2013 and processing intrusion costs were \$0.32.