

**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 August 31, 2014

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.)

10 Glenlake Parkway, North Tower, Atlanta, Georgia

(Address of principal executive offices)

30328

(Zip Code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the issuer's common stock, no par value, outstanding as of September 22, 2014 was 67,637,173.

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended August 31, 2014

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PART 1 - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended	
	August 31, 2014	August 31, 2013
Revenues	\$ 704,895	\$ 629,685
Operating expenses:		
Cost of service	259,839	230,745
Sales, general and administrative	320,658	291,556
	580,497	522,301
Operating income	124,398	107,384
Other income (expense):		
Interest and other income	1,192	3,338
Interest and other expense	(11,010)	(7,879)
	(9,818)	(4,541)
Income before income taxes	114,580	102,843
Provision for income taxes	(30,146)	(31,135)
Net income	84,434	71,708
Less: Net income attributable to noncontrolling interests, net of income tax	(9,068)	(7,065)
Net income attributable to Global Payments	\$ 75,366	\$ 64,643
Earnings per share attributable to Global Payments:		
Basic	\$ 1.11	\$ 0.88
Diluted	\$ 1.10	\$ 0.87

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended	
	August 31, 2014	August 31, 2013
Net income	\$ 84,434	\$ 71,708
Other comprehensive income (loss):		
Foreign currency translation adjustments	(25,220)	(2,288)
Income tax benefit related to foreign currency translation adjustments	2,516	2,536
Other comprehensive (loss) income, net of tax	(22,704)	248
Comprehensive income	61,730	71,956
Less: comprehensive income attributable to noncontrolling interests	(3,939)	(9,627)
Comprehensive income attributable to Global Payments	<u>\$ 57,791</u>	<u>\$ 62,329</u>

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	August 31, 2014	May 31, 2014
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 595,884	\$ 581,872
Accounts receivable, net of allowances for doubtful accounts of \$531 and \$401, respectively	206,641	214,574
Claims receivable, net	758	809
Settlement processing assets	1,141,608	780,917
Inventory	5,660	6,636
Deferred income taxes	12,793	12,963
Prepaid expenses and other current assets	43,380	45,673
Total current assets	2,006,724	1,643,444
Goodwill	1,324,374	1,337,285
Other intangible assets, net	511,265	535,173
Property and equipment, net	363,415	369,753
Deferred income taxes	100,813	101,928
Other	32,765	31,067
Total assets	\$ 4,339,356	\$ 4,018,650
LIABILITIES AND EQUITY		
Current liabilities:		
Lines of credit	\$ 652,157	\$ 440,128
Current portion of long-term debt	31,250	17,677
Accounts payable and accrued liabilities	248,639	290,106
Settlement processing obligations	634,061	451,317
Income taxes payable	13,390	12,390
Total current liabilities	1,579,497	1,211,618
Long-term debt	1,388,750	1,376,002
Deferred income taxes	209,941	209,099
Other long-term liabilities	90,655	89,132
Total liabilities	3,268,843	2,885,851
Commitments and contingencies		
Equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 200,000,000 shares authorized; 67,672,753 issued and outstanding at August 31, 2014 and 68,845,643 issued and outstanding at May 31, 2014	—	—
Paid-in capital	139,141	183,023
Retained earnings	822,461	815,980
Accumulated other comprehensive loss	(19,351)	(1,776)
Total Global Payments shareholders' equity	942,251	997,227
Noncontrolling interests	128,262	135,572
Total equity	1,070,513	1,132,799
Total liabilities and equity	\$ 4,339,356	\$ 4,018,650

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended	
	August 31, 2014	August 31, 2013
Cash flows from operating activities:		
Net income	\$ 84,434	\$ 71,708
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of property and equipment	16,712	13,981
Amortization of acquired intangibles	17,854	14,393
Share-based compensation expense	4,066	4,788
Provision for operating losses and bad debts	4,308	5,234
Deferred income taxes	3,705	5,784
Other, net	(755)	(1,891)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	7,933	802
Claims receivable	(2,742)	(3,864)
Settlement processing assets and obligations, net	(179,462)	(115,383)
Inventory	981	4,448
Prepaid expenses and other assets	644	16,772
Accounts payable and other accrued liabilities	(22,151)	(40,207)
Income taxes payable	1,000	248
Net cash used in operating activities	(63,473)	(23,187)
Cash flows from investing activities:		
Business, intangible and other asset acquisitions, net of cash acquired	(4,773)	—
Capital expenditures	(18,157)	(20,263)
Principal collections on financing receivables	219	665
Net proceeds from sales of investments and business	10,528	990
Net cash used in investing activities	(12,183)	(18,608)
Cash flows from financing activities:		
Net borrowings on short-term lines of credit	212,029	141,026
Proceeds from issuance of long-term debt	390,000	440,000
Principal payments under long-term debt	(363,679)	(331,515)
Repurchase of common stock	(132,283)	(143,700)
Proceeds from stock issued under share-based compensation plans	12,588	3,998
Common stock repurchased - share-based compensation plans	(15,105)	(4,604)
Tax benefit from share-based compensation plans	3,154	1,213
Distributions to noncontrolling interests	(11,249)	(12,482)
Dividends paid	(1,370)	(1,456)
Net cash provided by financing activities	94,085	92,480
Effect of exchange rate changes on cash	(4,417)	(5,268)
Increase in cash and cash equivalents	14,012	45,417
Cash and cash equivalents, beginning of the period	581,872	680,470
Cash and cash equivalents, end of the period	\$ 595,884	\$ 725,887

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands)

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at May 31, 2014	68,846	\$ 183,023	\$ 815,980	\$ (1,776)	\$ 997,227	\$ 135,572	\$ 1,132,799
Net income			75,366		75,366	9,068	84,434
Foreign currency translation adjustment, net of tax of \$2,516				(17,575)	(17,575)	(5,129)	(22,704)
Stock issued under employee stock plans	904	12,588			12,588		12,588
Common stock repurchased - share-based compensation plans	(294)	(6,713)			(6,713)		(6,713)
Tax benefit from employee share-based compensation, net		3,154			3,154		3,154
Share-based compensation expense		4,066			4,066		4,066
Distributions to noncontrolling interests						(11,249)	(11,249)
Repurchase of common stock	(1,783)	(56,977)	(67,515)		(124,492)		(124,492)
Dividends paid (\$0.02 per share)			(1,370)		(1,370)		(1,370)
Balance at August 31, 2014	67,673	\$ 139,141	\$ 822,461	\$ (19,351)	\$ 942,251	\$ 128,262	\$ 1,070,513

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands)

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at May 31, 2013	75,426	\$ 202,396	\$ 958,751	\$ (15,062)	\$ 1,146,085	\$ 140,522	\$ 1,286,607
Net income			64,643		64,643	7,065	71,708
Foreign currency translation adjustment, net of tax of \$2,536				(2,314)	(2,314)	2,562	248
Stock issued under employee stock plans	886	3,998			3,998		3,998
Common stock repurchased - share-based compensation plans	(341)	(5,413)			(5,413)		(5,413)
Tax benefit from employee share-based compensation, net		1,088			1,088		1,088
Share-based compensation expense		4,788			4,788		4,788
Distributions to noncontrolling interests						(12,482)	(12,482)
Repurchase of common stock	(3,051)	(40,009)	(104,388)		(144,397)		(144,397)
Dividends paid (\$0.02 per share)			(1,456)		(1,456)		(1,456)
Balance at August 31, 2013	72,920	\$ 166,848	\$ 917,550	\$ (17,376)	\$ 1,067,022	\$ 137,667	\$ 1,204,689

See Notes to Unaudited Consolidated Financial Statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business, consolidation and presentation— Global Payments Inc. is a worldwide provider of payment solutions for merchants, value-added resellers, enterprise software providers, financial institutions, government agencies, multi-national corporations and independent sales organizations ("ISOs") located throughout North America, Brazil, Europe and the Asia-Pacific region. We provide payment and digital commerce solutions and operate in two business segments: North America merchant services and International merchant services.

We were incorporated in Georgia as Global Payments Inc. in September 2000, and we spun-off from our former parent company on January 31, 2001. Including our time as part of our former parent company, we have been in the payments business since 1967. Global Payments Inc. and its consolidated subsidiaries are referred to collectively as "Global Payments," the "Company," "we," "our" or "us," unless the context requires otherwise.

These unaudited consolidated financial statements include our accounts and those of our majority-owned subsidiaries, and all intercompany balances and transactions have been eliminated. These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with Rule 10-01 of Regulation S-X.

In the opinion of our management, all known adjustments necessary for a fair presentation of the results of the interim periods have been made. These adjustments consist of normal recurring accruals and estimates that impact the carrying value of assets and liabilities. We suggest that these financial statements be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2014.

Use of estimates— The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Revenue recognition— Our two merchant services segments primarily provide processing solutions for credit cards, debit cards, electronic payments and check-related services. Revenue is recognized as such services are performed. Revenue for processing services provided directly to merchants is recorded net of interchange fees charged by card issuing banks. Our primary business model provides payment products and services directly to merchants as our end customers. We also provide similar products and services to financial institutions and a limited number of ISOs that, in turn, resell our products and services, in which case, the financial institutions and select ISOs are our end customers. The majority of merchant services revenue is generated on services priced as a percentage of transaction value or a specified fee per transaction, depending on card type. We also charge other fees based on specific services that are unrelated to the number of transactions or the transaction value. Revenue from credit cards and signature debit cards is generally based on a percentage of transaction value along with other related fees, while revenue from PIN-based debit cards is typically based on a fee per transaction.

Cash and cash equivalents— Cash and cash equivalents include cash on hand and all liquid investments with an initial maturity of three months or less when purchased. Cash and cash equivalents include reserve funds collected from our merchants that serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant agreement ("Merchant Reserves"). We record a corresponding liability in settlement processing assets and settlement processing obligations in our consolidated balance sheet. While this cash is not restricted in its use, we believe that designating this cash to collateralize Merchant Reserves strengthens our fiduciary standing with our member sponsors and is in accordance with guidelines set by the card networks. As of August 31, 2014 and May 31, 2014, our cash and cash equivalents included \$180.1 million and \$124.7 million, respectively, related to Merchant Reserves.

Certain of our member sponsors hold Merchant Reserves on our behalf. In these instances, neither the Merchant Reserve cash nor the corresponding liability appears on our consolidated balance sheet; however, we have access to the collateral in the event that we incur a merchant loss.

Our cash and cash equivalents include settlement related cash balances. Settlement related cash balances represent surplus funds that we hold when the incoming amount from the card networks precedes the funding obligation to the merchant. Settlement related cash balances are not restricted; however, these funds are generally paid out in satisfaction of settlement processing obligations the following day. Please see Note 2 - Settlement Processing Assets and Obligations.

Goodwill and other intangible assets— Goodwill is tested for impairment at the reporting unit level. We test goodwill for impairment annually as of January 1st and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its net carrying value. We have the option of performing a qualitative assessment of impairment to determine whether any further quantitative testing for impairment is necessary. The option of whether or not to perform a qualitative assessment is made from year-to-year and can vary by reporting unit.

As of January 1, 2014, we elected to apply the qualitative goodwill impairment assessment guidance in Accounting Standards Codification ("ASC") 350-20, *Goodwill*, for each of our reporting units. Factors we consider in the qualitative assessment include general macroeconomic conditions, industry and market conditions, cost factors, overall financial performance of our reporting units, events or changes affecting the composition or carrying value of the net assets of our reporting units, sustained decrease in our share price, and other relevant entity specific events. If we elect to bypass the qualitative assessment or if we determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying value, a two-step quantitative test is required. In the first step, the reporting unit's carrying amount, including goodwill, is compared to its fair value. If the carrying amount of the reporting unit is greater than its fair value, goodwill is considered impaired and step two must be performed. Step two measures the impairment loss by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all the assets and liabilities of that unit (including unrecognized intangibles) as if the reporting unit had been acquired in a business combination. The excess of the fair value over the amounts allocated to the assets and liabilities of the reporting unit is the implied fair value of the goodwill. The excess of the carrying amount over the implied fair value of the goodwill is the impairment loss.

We have six reporting units: North America merchant services, U.K. merchant services, Asia-Pacific merchant services, Central and Eastern Europe merchant services, Russia merchant services and Spain merchant services. Based on our annual assessment as of January 1, 2014, we determined on the basis of qualitative factors, that the fair values of the reporting units were not more likely than not less than their respective carrying values; and therefore, a two-step quantitative test was not required. We believe that the fair values of our reporting units are substantially in excess of their carrying values.

Our goodwill impairment testing involves the use of estimates and the exercise of judgment on the part of management. Our assessment of the qualitative factors discussed above, involves significant judgments about expected future business performance and general market conditions. Significant changes in our assessment of such qualitative factors could affect our assessment of the fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period.

Other intangible assets primarily represent customer-related intangible assets (such as customer lists and merchant contracts), contract-based intangible assets (such as non-compete agreements, referral agreements and processing rights), acquired technology and trademarks associated with acquisitions. Customer-related intangible assets, contract-based intangible assets and trademarks are amortized over their estimated useful lives from 5 to 30 years. The useful lives for customer-related intangible assets are determined based primarily on forecasted cash flows, which include estimates for the revenues, expenses, and customer attrition associated with the assets. The useful lives of contract-based intangible assets are equal to the terms of the agreements. The useful lives of amortizable trademarks are based on our plans to phase out the trademarks in the applicable markets. Acquired technology is amortized on a straight-line basis over its estimated useful life.

Amortization for most of our customer-related intangible assets is calculated using an accelerated method. In determining amortization expense under our accelerated method for any given period, we calculate the expected cash flows for that period that were used in determining the acquired value of the asset and divide that amount by the expected total cash flows over the estimated life of the asset. We multiply that percentage by the initial carrying value of the asset to arrive at the amortization expense for that period. If the cash flow patterns that we experience differ significantly from our initial estimates, we will adjust the amortization schedule accordingly. These cash flow patterns are derived using certain assumptions and cost allocations due to a significant amount of asset interdependencies that exist in our business.

We believe that our accelerated method better approximates the distribution of cash flows generated by our acquired customer relationships. We use the straight-line method of amortization for our contract-based intangibles and amortizable trademarks.

Impairment of long-lived assets— We regularly evaluate whether events and circumstances have occurred that indicate the carrying amount of property and equipment and finite-life intangible assets may not be recoverable. When factors indicate that these long-lived assets should be evaluated for possible impairment, we assess the potential impairment by determining whether the carrying value of such long-lived assets will be recovered through the future undiscounted cash flows expected from use of the asset and its eventual disposition. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market prices or discounted cash flow analysis as applicable. We regularly evaluate whether events and circumstances have occurred that indicate the useful lives of property and equipment and finite-life intangible assets may warrant revision. In our opinion, the carrying values of our long-lived assets, including property and equipment and finite-life intangible assets, were not impaired at August 31, 2014 and May 31, 2014.

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

Diluted earnings per share is computed by dividing reported earnings available to common shareholders by the weighted average shares outstanding during the period and the impact of securities that 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 are assumed to have a dilutive effect on earnings per share. The diluted share base for the three months ended August 31, 2014 excludes 0.2 million shares related to stock options that would have an antidilutive effect on the computation of diluted earnings per share. There were no such antidilutive stock options during the three months ended August 31, 2013. No additional securities were outstanding that could potentially dilute basic earnings per share.

The following table sets forth the computation of diluted weighted average shares outstanding for the three months ended August 31, 2014 and August 31, 2013:

	Three Months Ended	
	August 31, 2014	August 31, 2013
	(in thousands)	
Basic weighted average shares outstanding	68,146	73,765
Plus: Dilutive effect of stock options and other share-based awards	471	524
Diluted weighted average shares outstanding	<u>68,617</u>	<u>74,289</u>

Repurchased shares— We account for the retirement of repurchased shares using the par value method under which we allocate the cost of repurchased and retired shares between paid-in capital and retained earnings by comparing the price of shares repurchased to the original issue proceeds of those shares. When the repurchase price of the shares repurchased is greater than the original issue proceeds, the excess is charged to retained earnings. We use a last-in, first-out cost flow assumption to identify the original issue proceeds to the cost of the shares repurchased. We believe that this allocation method is preferable because it more accurately reflects our paid-in capital balances by allocating the cost of the shares repurchased and retired to paid-in capital in proportion to paid-in capital associated with the original issuance of said shares.

New accounting pronouncements— From time-to-time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standards setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, our management believes that the impact of recently issued standards that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)." The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The amendments are effective for annual reporting periods beginning after December 15, 2016, including

interim periods within that reporting period. Early application is not permitted. We are evaluating the impact of this ASU on our consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, *"Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity."* The amendments in ASU 2014-08 change the requirements for reporting discontinued operations in ASC 205-20. The amendments change the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. The amendments require expanded disclosures for discontinued operations and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as "held for sale") that have not been reported in financial statements previously issued or available for issuance. As permitted by the standard, we elected to early adopt the provisions of ASU 2014-08 as of June 1, 2014 and are applying the provisions prospectively. Adoption of this ASU did not have a material impact on our consolidated financial statements.

NOTE 2—SETTLEMENT PROCESSING ASSETS AND OBLIGATIONS

Funds settlement refers to the process of transferring funds for sales and credits between card issuers and merchants. For transactions processed on our systems, we use our internal network to provide funding instructions to financial institutions that in turn fund the merchants. We process funds settlement under two models, a sponsorship model and a direct membership model.

Under the sponsorship model, we are designated as a Merchant Service Provider by MasterCard and an ISO by Visa, which means that member clearing banks ("Member") sponsor us and require our adherence to the standards of the networks. In certain markets, we have sponsorship or depository and clearing agreements with financial institution sponsors. These agreements allow us to route transactions under the Members' control and identification numbers to clear credit card transactions through MasterCard and Visa. In this model, the standards of the card networks restrict us from performing funds settlement or accessing merchant settlement funds, and, instead, require that these funds be in the possession of the Member until the merchant is funded.

Under the direct membership model, we are direct members in various payment networks, allowing us to process and fund transactions without third-party sponsorship. In this model, we route and clear transactions directly through the card brand's network and are not restricted from performing funds settlement. Otherwise, we process these transactions similarly to how we process transactions in the sponsorship model. We are required to adhere to the standards of the various networks in which we are direct members. We maintain relationships with financial institutions, which may also serve as our Member sponsors for other card brands or in other markets, to assist with funds settlement.

Timing differences, interchange expense, Merchant Reserves and exception items cause differences between the amount received from the card networks and the amount funded to the merchants. These intermediary balances arising in our settlement process for direct merchants are reflected as settlement processing assets and obligations on our balance sheet. Settlement processing assets and obligations include the components outlined below:

- Interchange reimbursement - our receivable from merchants for the portion of the discount fee related to reimbursement of the interchange expense.
- Receivable from Members - our receivable from the Members for transactions in which merchants have been funded in advance of receipt of card association funding.
- Receivable from networks - our receivable from the card networks for transactions processed on behalf of merchants where we are a direct member of that particular network.
- Exception items - items such as customer chargeback amounts received from merchants.
- Merchant Reserves - reserves held to minimize contingent liabilities associated with losses that may occur under the merchant agreement.
- Liability to Members - our liability to the Members for transactions for which funding from the network has been received by the Members but merchants have not yet been funded.
- Liability to merchants - our liability to merchants for transactions that have been processed but not yet funded where we are a direct member of that particular network.
- Reserve for operating losses - our allowance for charges or losses that we are not able to collect from the merchants due to merchant fraud, insolvency, bankruptcy or any other merchant-related reason.

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In accordance with ASC 210-20, Offsetting, we apply offsetting to our settlement processing assets and obligations where legal right of set-off exists. In the sponsorship model, we apply offsetting by Member because the Member is ultimately responsible for funds settlement. With these Member transactions, we do not have access to the gross proceeds of the receivable from the networks and, thus, do not have a direct obligation or any ability to satisfy the payable that funds the merchant. In these situations, we apply offsetting to determine a net position with each Member sponsor. If that net position is an asset, we reflect the net amount in settlement processing assets on our balance sheet and we present the individual components in the settlement processing assets table below. If that net position is a liability, we reflect the net amount in settlement processing obligations on our consolidated balance sheet and we present the individual components in the settlement processing obligations table below. In the direct membership model, offsetting is not applied, and the individual components are presented as an asset or obligation based on the nature of that component.

	August 31, 2014	May 31, 2014
	(in thousands)	
Settlement processing assets:		
Interchange reimbursement	\$ 205,411	\$ 217,806
Receivable from Members	348,821	206,322
Receivable from networks	649,243	430,763
Exception items	20,114	5,573
Merchant Reserves	(81,981)	(79,547)
	<u>\$ 1,141,608</u>	<u>\$ 780,917</u>
Settlement processing obligations:		
Interchange reimbursement	\$ 54,801	\$ 54,459
Liability to Members	(12,621)	(5,490)
Liability to merchants	(580,900)	(407,651)
Exception items	5,219	6,313
Merchant Reserves	(98,130)	(96,622)
Reserve for operating losses	(1,788)	(1,725)
Reserves for sales allowances	(642)	(601)
	<u>\$ (634,061)</u>	<u>\$ (451,317)</u>

NOTE 3—BUSINESS AND INTANGIBLE ASSET ACQUISITIONS AND JOINT VENTURES***Fiscal 2014****Comercia Global Payments Brazil*

Effective September 30, 2013, CaixaBank, S.A. ("CaixaBank"), which owns 49% of Comercia Global Payments ("Comercia"), our subsidiary in Spain, purchased 50% of Global Payments Brazil for \$2.1 million in cash and a commitment to fund the capital needs of the business until such time as its cumulative funding is equal to funding that we have provided from inception through the effective date of the transaction. The transaction created a new joint venture which does business as Comercia Global Payments Brazil. As a result of the transaction, we deconsolidated Global Payments Brazil, and we apply the equity method of accounting to our retained interest in Comercia Global Payments Brazil. We recorded a gain on the transaction of \$2.1 million which is included in interest and other income in the consolidated statement of income for the fiscal year ended May 31, 2014. The results of the Brazil operation from inception until the restructuring into a joint venture on September 30, 2013 were not material to our consolidated results of operations, and the assets and liabilities that we derecognized were not material to our consolidated balance sheet.

In late fiscal 2014, CaixaBank completed its initial funding commitment. During the three months ended August 31, 2014, CaixaBank and Global Payments each made an additional investment of \$3.9 million in Comercia Global Payments Brazil to fund the ongoing operations of the business.

American Express Portfolio

On October 24, 2013, we acquired a merchant portfolio in the Czech Republic from American Express Limited for \$1.9 million. The acquired assets have been classified as customer-related intangible assets and contract-based intangible assets with estimated amortization periods of 10 years.

PayPros

On March 4, 2014, we completed the acquisition of 100% of the outstanding stock of Payment Processing, Inc. ("PayPros") for \$420.0 million in cash plus \$6.5 million in cash for working capital. We funded the acquisition with a combination of cash on hand and proceeds from our Term Loan. PayPros, based in California, is a provider of fully-integrated payment solutions for small-to-medium sized merchants in the United States. PayPros delivers its products and services through a network of technology-based enterprise software partners to vertical markets that are complementary to the markets served by Accelerated Payment Technologies, which we acquired in October 2012. We acquired PayPros to expand our direct distribution capabilities in the United States and to further enhance our existing integrated solutions offerings. This acquisition was recorded as a business combination, and the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values. Due to the timing of this transaction, the allocation of the purchase price is preliminary pending final valuation of deferred income taxes. The purchase price of PayPros was determined by analyzing the historical and prospective financial statements. Acquisition costs associated with this purchase were not material.

The following table summarizes the preliminary purchase price allocation (in thousands):

Goodwill	\$ 270,991
Customer-related intangible assets	147,500
Contract-based intangible assets	30,200
Acquired technology	10,800
Fixed assets	1,680
Other assets	4,229
Total assets acquired	465,400
Deferred income taxes	(38,948)
Net assets acquired	\$ 426,452

The preliminary purchase price allocation resulted in goodwill, included in the North America merchant services segment, of \$271.0 million. Such goodwill is attributable primarily to synergies with the services offered and markets served by PayPros. The goodwill associated with the acquisition is not deductible for tax purposes. The customer-related intangible assets and the contract-based intangible assets have an estimated amortization period of 13 years. The acquired technology has an estimated amortization period of 7 years.

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The following pro forma information shows the results of our operations for the three months ended August 31, 2013 as if the PayPros acquisition had occurred June 1, 2013. The pro forma information is presented for information purposes only and is not necessarily indicative of what would have occurred if the acquisition had been made as of that date. The pro forma information is also not intended to be a projection of future results due to the integration of the acquired business.

	Unaudited	
	August 31, 2013	August 31, 2013
	(Actual)	(Pro forma)
	(in thousands, except per share data)	
Total revenues	\$ 629,685	\$ 652,748
Net income attributable to Global Payments	\$ 64,643	\$ 62,590
Net income per share attributable to Global Payments, basic	\$ 0.88	\$ 0.85
Net income per share attributable to Global Payments, diluted	\$ 0.87	\$ 0.84

NOTE 4—GOODWILL AND INTANGIBLE ASSETS

As of August 31, 2014 and May 31, 2014, goodwill and intangible assets consisted of the following:

	August 31, 2014	May 31, 2014
	(in thousands)	
Goodwill	\$ 1,324,374	\$ 1,337,285
Other intangible assets:		
Customer-related intangible assets	\$ 708,157	\$ 714,704
Trademarks	5,575	6,140
Acquired technology	25,800	25,700
Contract-based intangible assets	142,468	145,967
	882,000	892,511
Less accumulated amortization:		
Customer-related intangible assets	328,293	317,629
Trademarks	4,239	4,147
Acquired technology	4,413	3,531
Contract-based intangible assets	33,790	32,031
	370,735	357,338
	\$ 511,265	\$ 535,173

The following table sets forth the changes in the carrying amount of goodwill for the three months ended August 31, 2014:

	North America Merchant Services	International Merchant Services	Total
	(in thousands)		
Balance at May 31, 2014	\$ 786,655	\$ 550,630	\$ 1,337,285
Accumulated impairment losses	—	—	—
	786,655	550,630	1,337,285
Adjustment ⁽¹⁾	(586)	—	(586)
Effect of foreign currency translation	(282)	(12,043)	(12,325)
Balance at August 31, 2014	<u>\$ 785,787</u>	<u>\$ 538,587</u>	<u>\$ 1,324,374</u>

⁽¹⁾During the three months ended August 31, 2014, we recorded an adjustment to decrease goodwill by \$0.6 million in connection with the finalization of the intangible asset valuation and the working capital settlement associated with the purchase price allocation for the PayPros acquisition.

NOTE 5—LONG-TERM DEBT AND CREDIT FACILITIES

As of August 31, 2014 and May 31, 2014, outstanding debt consisted of the following:

	August 31, 2014	May 31, 2014
	(in thousands)	
Lines of credit:		
Corporate Credit Facility - long-term	\$ 170,000	\$ 140,000
Short-term lines of credit	652,157	440,128
Total lines of credit	822,157	580,128
Notes payable	—	3,679
Term loan	1,250,000	1,250,000
Total debt	<u>\$ 2,072,157</u>	<u>\$ 1,833,807</u>
Current portion	\$ 683,407	\$ 457,805
Long-term debt	1,388,750	1,376,002
Total debt	<u>\$ 2,072,157</u>	<u>\$ 1,833,807</u>

On February 28, 2014, we entered into an amended and restated term loan agreement ("Term Loan") and an amended and restated credit agreement ("Corporate Credit Facility") with a syndicate of financial institutions. The Term Loan and the Corporate Credit Facility amended and restated the Term Loan agreement dated September 28, 2012 and the credit agreement dated December 7, 2010, respectively.

The Term Loan is a five-year senior unsecured \$1.25 billion Term Loan. We used proceeds from the Term Loan to partially fund our acquisition of PayPros on March 4, 2014 and to repay the outstanding balances on our previously existing revolving credit facility and our previously existing Term Loan.

The Term Loan expires February 28, 2019 and bears interest, at our election, at either the London Interbank Offered Rate ("LIBOR") or a base rate, in each case plus a leverage-based margin. As of August 31, 2014, the interest rate on the Term Loan was 1.62%. Commencing in May 2015 and ending in November 2018, the Term Loan has scheduled quarterly principal payments of 1.25%, increasing up to 2.50%. At maturity, 27.5% of the Term Loan will have been repaid through scheduled amortization and the remaining principal balance will be due. With notice, the Term Loan may be voluntarily prepaid at any time, in whole or in part, without penalty.

The Corporate Credit Facility is a five-year senior unsecured revolving \$1.0 billion revolving credit facility that expires February 28, 2019 and bears interest, at our election, at either LIBOR or a base rate, in each case plus a leverage-based margin. Borrowing under the Corporate Credit Facility is available in various currencies. As of August 31, 2014, the outstanding balance on the Corporate Credit Facility was \$170.0 million, and the interest rate was 1.62%. The Corporate Credit Facility is available for general corporate purposes.

The Corporate Credit Facility allows us to issue standby letters of credit of up to \$100.0 million in the aggregate. Outstanding letters of credit under the Corporate Credit Facility reduce the amount of borrowings available to us. At August 31, 2014 and May 31, 2014, we had standby letters of credit of \$8.2 million and \$8.1 million, respectively. The total available incremental borrowings under our Corporate Credit Facility at August 31, 2014 and May 31, 2014 was \$821.8 million and \$851.9 million, respectively.

The agreements contain customary affirmative and restrictive covenants, including, among others, financial covenants based on our leverage and fixed charge coverage ratios. Please see "Compliance with Covenants" below. Each of the agreements includes customary events of default, the occurrence of which, following any applicable cure period, would permit lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable.

Short-term Lines of Credit

We have short-term lines of credit with banks in the United States and Canada as well as several countries in Europe and Asia in which we do business. The short-term lines of credit, which are primarily used to fund settlement, generally have variable short-term interest rates and are subject to annual review. The credit facilities are generally denominated in local currency but may, in some cases, facilitate borrowings in multiple currencies. For certain of our lines of credit, the line of credit balance is reduced by the amount of cash we have on deposit in specific accounts with the lender when determining compliance with the credit limit. Accordingly, the line of credit balance may exceed the stated credit limit at any given point in time, when in fact the combined position is less than the credit limit. As of August 31, 2014, we had \$639.0 million of additional borrowing capacity under our short-term lines of credit to fund settlement.

Compliance with Covenants

There are certain financial and non-financial covenants contained in our various credit facilities and Term Loan. Our Term Loan and Corporate Credit Facility include financial covenants requiring (i) a leverage ratio no greater than 3.50 to 1.00 (3.75 to 1.00 in the case of a business acquisition, subject to certain conditions) and (ii) a fixed charge coverage ratio no less than 2.50 to 1.00. We complied with all applicable covenants as of and for the three months ended August 31, 2014 and May 31, 2014.

NOTE 6—INCOME TAX

Our effective tax rates were 26.3% and 30.3% for the three months ended August 31, 2014 and August 31, 2013, respectively. The effective tax rate for the three months ended August 31, 2013 reflects additional income tax expense we recorded as a result of the reduction of certain U.K. deferred tax assets due to enacted corporate tax rate reductions in the United Kingdom of 3%. The U.K. corporate tax rate reduction reached completion during our first quarter of 2013 and is not reflected in the effective tax rate for the three months ended August 31, 2014. Our effective tax rate differs from the U.S. statutory rate due to domestic and international tax planning initiatives and income generated in international jurisdictions with lower tax rates.

As of August 31, 2014 and May 31, 2014, other long-term liabilities included liabilities for unrecognized income tax benefits of \$68.8 million and \$67.6 million, respectively. During the three months ended August 31, 2014, we recognized an increase in liabilities of \$1.2 million for unrecognized income tax benefits. During the three months ended August 31, 2014 and August 31, 2013, amounts recorded for accrued interest and penalty expense related to the unrecognized income tax benefits were insignificant.

We conduct business globally and file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities around the world, including, without limitation, the United States, the United Kingdom and Canada. We are no longer subject to state income tax examinations for years ended on or before May 31, 2006 and are no longer subject to U.S. federal income tax examinations by the U.S. Internal Revenue Service for fiscal years prior to 2012.

NOTE 7—SHAREHOLDERS' EQUITY

During the three months ended August 31, 2014, we repurchased and retired 1.8 million shares of our common stock at a cost of \$124.5 million, or an average of \$69.82 per share, including commissions. During the three months ended August 31, 2013, we repurchased and retired 3.1 million shares of our common stock at a cost of \$144.4 million, or an average of \$47.33 per share, including commissions. As of August 31, 2014, we had \$245.1 million of remaining authorized share repurchases.

NOTE 8—SHARE-BASED AWARDS AND OPTIONS

As of August 31, 2014, we had awards outstanding under four share-based employee compensation plans. The fair value of share-based awards is amortized as compensation expense on a straight-line basis over the vesting period.

Non-qualified stock options and restricted stock have been granted to officers, key employees and directors under the Global Payments Inc. 2000 Long-Term Incentive Plan, as amended and restated (the "2000 Plan"), the Global Payments Inc. Amended and Restated 2005 Incentive Plan (the "2005 Plan"), the Amended and Restated 2000 Non-Employee Director Stock Option Plan (the "Director Stock Option Plan"), and the Global Payments Inc. 2011 Incentive Plan (the "2011 Plan") (collectively, the "Plans"). There were no further grants made under the 2000 Plan after the 2005 Plan was effective, and the Director Stock Option Plan expired by its terms on February 1, 2011. There will be no future grants under the 2000 Plan, the 2005 Plan or the Director Stock Option Plan.

The 2011 Plan permits grants of equity to employees, officers, directors and consultants. A total of 7.0 million shares of our common stock was reserved and made available for issuance pursuant to awards granted under the 2011 Plan.

The following table summarizes the share-based compensation cost charged to income and the related total income tax benefit recognized for stock options, restricted stock awards, performance units and TSR units (each as defined below), and shares issued under our employee stock purchase plan.

	Three Months Ended	
	August 31, 2014	August 31, 2013
	(in millions)	
Share-based compensation expense	\$ 4.1	\$ 4.8
Income tax benefit	\$ 3.3	\$ 1.1

We award shares and performance units pursuant to the Plans under what we refer to as our "long-term incentive plan." The awards are held in escrow and released to the grantee upon the grantee's satisfaction of conditions of the grantee's award certificate. The grant date fair value of restricted stock awards is based on the quoted market value of our common stock at the award date.

Restricted Stock

Grants of restricted stock awards are subject to forfeiture if a grantee leaves our employment prior to expiration of the restricted period. Restricted stock awards that were granted before fiscal 2015 vest in equal installments on each of the first four anniversaries of the grant date. Restricted stock awards that were granted during fiscal 2015 will vest in equal installments on each of the first three anniversaries of the grant date.

Performance Units

Certain of our executives have been granted up to two types of "performance units" under our long-term incentive plan. "Performance units" are performance-based restricted stock units that, after a performance period, convert into a number of shares, which may or may not be restricted, that depends on the achievement of certain performance measures during the fiscal year. The target number of performance units and the market-based performance measures (at threshold, target, and maximum) are set by the Compensation Committee of our Board of Directors. Performance units are converted to restricted stock grants only after the Compensation Committee certifies our performance based on its pre-established goals.

The performance units granted to certain executives in fiscal 2014 were based on a one-year performance period. After the Compensation Committee certified the performance results, these performance units converted into restricted shares, 25% of which vest after the certification date of performance results. The remaining 75% vest in equal installments on each of the next three anniversaries of the conversion date. Depending on the achievement of the performance measures, the grantee may earn as little as 0% and up to a maximum of 200% of the target number of shares. As of August 31, 2014, all performance units granted in fiscal 2014 had converted into restricted shares.

The performance units granted to certain executives during the three months ended August 31, 2014 were based on a three-year performance period. After the Compensation Committee certifies the performance results, these performance units will convert into fully-vested shares of common stock. The Compensation Committee may set a range of possible performance-based outcomes for the award. Depending on the achievement of the performance measures, the grantee may earn as little as 0% and up to a maximum of 200% of the target number of shares. We recognize compensation expense over the performance period based on the fair value of the award at the grant date based on the number of shares expected to be earned according to the level of achievement of performance goals. If our expectations were to change at any time during the performance period, we would make a cumulative adjustment to compensation expense based on the revised number of shares expected to be earned.

TSR Units

Certain of our executives have been granted “TSR units,” which are performance-based restricted stock units that are earned based on our total shareholder return over a three-year performance period compared to companies in the S&P 500. Once the performance results are certified, TSR units convert into fully-vested shares of our common stock. Depending on our performance, the grantee may earn as little as 0% and up to a maximum of 200% of the target number of shares. The target number of TSR units for each executive is set by the Compensation Committee of our Board of Directors and a monte carlo simulation is used to calculate the estimated share payout.

The following table summarizes the changes in unvested share-based awards for the three months ended August 31, 2014 (shares in thousands):

	<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
Unvested at May 31, 2014	877	\$ 45
Granted	327	72
Vested	(293)	44
Forfeited	(6)	48
Unvested at August 31, 2014	<u>905</u>	<u>\$ 55</u>

The total fair value of share-based awards vested during the three months ended August 31, 2014 and August 31, 2013 was \$13.0 million and \$14.7 million, respectively.

We recognized compensation expense for share-based awards of \$3.7 million and \$4.3 million in the three months ended August 31, 2014 and August 31, 2013, respectively. As of August 31, 2014, there was \$48.6 million of total unrecognized compensation cost related to unvested share-based awards that is expected to be recognized over a weighted average period of 2.6 years.

Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan under which the sale of 2.4 million shares of our common stock has been authorized. Employees may designate up to the lesser of \$25,000 or 20% of their annual compensation for the purchase of our common stock. The price for shares purchased under the plan is 85% of the market value on the last day of each calendar quarter. As of August 31, 2014, 1.1 million shares had been issued under this plan, with 1.3 million shares reserved for future issuance. We recognized compensation expense for the plan of \$0.2 million and \$0.1 million in the three months ended August 31, 2014 and August 31, 2013, respectively.

The weighted average grant-date fair value of each designated share purchased under this plan during the three months ended August 31, 2014 and August 31, 2013 was approximately \$7, which represents the fair value of the 15% discount.

Stock Options

Stock options are granted at 100% of fair market value on the date of grant and have 10-year terms. Stock options that were granted before fiscal 2015 vest in equal installments on each of the first four anniversaries of the grant date. Stock options granted during fiscal 2015 vest in equal installments on each of the first three anniversaries of the grant date. During the three months ended August 31, 2014, we granted 0.2 million stock options for the first time since fiscal 2011. Our stock option plans provide for accelerated vesting under certain conditions.

The following is a summary of our stock option activity as of and for the three months ended August 31, 2014:

	Options (in thousands)	Weight Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at May 31, 2014	766	\$ 41	3.8	\$ 21.3
Granted	153	72		
Forfeited	(7)	23		
Exercised	(280)	41		
Outstanding at August 31, 2014	632	\$ 48	5.2	\$ 15.5
Options vested and exercisable at August 31, 2014	473	\$ 41	3.7	\$ 15.2

The aggregate intrinsic value of stock options exercised during the three months ended August 31, 2014 and August 31, 2013 was \$8.1 million and \$5.0 million, respectively. As of August 31, 2014, we had \$2.1 million of total unrecognized compensation cost related to unvested options which we expect to recognize over a weighted average period of 3.7 years. We recognized compensation expense for stock options of \$0.1 million and \$0.3 million in the three months ended August 31, 2014 and August 31, 2013, respectively.

The weighted average grant-date fair value of each option granted during the three months ended August 31, 2014 was \$17. The fair value of each option granted during the three months ended August 31, 2014 was estimated on the date of grant using the Black-Scholes valuation model with the following weighted average assumptions for grants during the respective period:

Risk-free interest rates	1.57%
Expected volatility	23.65%
Dividend yields	0.13%
Expected lives	5 years

The risk-free interest rate is based on the yield of a zero coupon U.S. Treasury security with a maturity equal to the expected life of the option from the date of the grant. Our assumption on expected volatility is based on our historical volatility. The dividend yield assumption is calculated using our average stock price over the preceding year and the annualized amount of our current quarterly dividend. We based our assumptions on the expected lives of the options on our analysis of the historical exercise patterns of the options and our assumption on the future exercise pattern of options.

NOTE 9—SEGMENT INFORMATION

General Information

We operate in two reportable segments: North America merchant services and International merchant services. The merchant services segments primarily offer processing solutions for credit cards, debit cards and check-related services.

Information About Profit and Assets

We evaluate performance and allocate resources based on the operating income of each segment. The operating income of each segment includes the revenues of the segment less those expenses that are directly related to those revenues. Operating overhead, shared costs and certain compensation costs are included in Corporate in the following table. Interest and other income, interest and other expense and provision for income taxes are not allocated to the individual segments. We do not evaluate performance or allocate resources using segment asset data. The accounting policies of the reportable segments are the same as those described in our Annual Report on Form 10-K for the year ended May 31, 2014 and our summary of significant accounting policies in Note 1 of the notes to the unaudited consolidated financial statements in this Quarterly Report on Form 10-Q.

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Information on segments, including revenue by geographic distribution within segments, and reconciliations to consolidated revenues and consolidated operating income are as follows for the three months ended August 31, 2014 and August 31, 2013:

	Three Months Ended	
	August 31, 2014	August 31, 2013
(in thousands)		
<u>Revenues:</u>		
United States	\$ 414,042	\$ 363,833
Canada	89,965	86,672
North America merchant services	<u>504,007</u>	<u>450,505</u>
Europe	162,787	143,188
Asia-Pacific	38,101	35,992
International merchant services	<u>200,888</u>	<u>179,180</u>
Consolidated revenues	<u>\$ 704,895</u>	<u>\$ 629,685</u>
<u>Operating income (loss) for segments:</u>		
North America merchant services	\$ 77,937	\$ 69,699
International merchant services ⁽¹⁾	73,602	61,541
Corporate	<u>(27,141)</u>	<u>(23,856)</u>
Consolidated operating income	<u>\$ 124,398</u>	<u>\$ 107,384</u>
<u>Depreciation and amortization:</u>		
North America merchant services	\$ 20,476	\$ 13,455
International merchant services	12,490	13,343
Corporate	<u>1,600</u>	<u>1,576</u>
Consolidated depreciation and amortization	<u>\$ 34,566</u>	<u>\$ 28,374</u>

⁽¹⁾ During the three months ended August 31, 2014, operating income for the International merchant services segment includes a \$2.9 million gain on the sale of a component of our Russia business that leased automated teller machines to our sponsor bank in Russia. The gain is presented in the "Sales, general and administrative" line in the Consolidated Statements of Income.

NOTE 10—SUBSEQUENT EVENTS

On September 15, 2014, we announced the acquisition of Ezi Holdings Pty Ltd ("Ezidebit") for AUS305.0 million in cash, subject to certain adjustments set forth in the related purchase agreement. Upon closing, which is expected to occur during the second quarter of fiscal 2015, Ezidebit will become our indirect wholly owned subsidiary. Founded in 1998, Ezidebit is a leading integrated payments company focused on recurring payments verticals in Australia and New Zealand. We will record this transaction as a business combination and will allocate the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. We expect to fund this acquisition through a combination of available cash and borrowings on our Corporate Credit Facility.

On September 30, 2014, we, through our indirect, wholly owned subsidiary, entered into an asset purchase agreement with Certegy Check Services, Inc., a Delaware corporation and wholly owned subsidiary of Fidelity National Information Services, Inc. (NYSE:FIS), to acquire its gaming business (the "FIS Gaming Business"). The FIS Gaming Business includes 260 gaming client locations and provides a comprehensive suite of services that are designed for the gaming industry. Pursuant to the terms of the asset purchase agreement, we will acquire substantially all of the assets of the FIS Gaming Business, comprised of its customer contracts and certain tangible assets. The purchase price, prior to taking into account the expected realization of tax benefits resulting from the transaction is \$236.5 million, subject to certain adjustments at closing as set forth in the asset purchase agreement. The acquisition

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is expected to close during the fourth quarter of fiscal 2015, subject to the receipt of regulatory approvals and the satisfaction of closing conditions. We will record this transaction as a business combination and will allocate the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. We intend to fund the acquisition through operating cash flows.

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 unaudited consolidated financial statements and related notes appearing elsewhere in this report. This management's discussion and analysis should also be read in conjunction with the management's discussion and analysis and consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2014. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from the results anticipated by our forward-looking statements. See "Special Cautionary Notice Regarding Forward-Looking Statements" below for additional information.

General

We are one of the largest worldwide providers of payment solutions for merchants, value-added resellers, enterprise software providers, financial institutions, government agencies, multi-national corporations and independent sales organizations ("ISOs") located throughout North America, Brazil, Europe and the Asia-Pacific region. We provide payment and digital commerce solutions and operate in two business segments: North America merchant services and International merchant services.

We were incorporated in Georgia as Global Payments Inc. in September 2000, and we spun-off from our former parent company on January 31, 2001. Including our time as part of our former parent company, we have been in the payments business since 1967. Global Payments Inc. and its consolidated subsidiaries are referred to collectively as "Global Payments," the "Company," "we," "our" or "us," unless the context requires otherwise.

Our North America merchant services and International merchant services segments target customers in many vertical industries including financial services, gaming, government, health care, professional services, restaurants, retail, universities, nonprofit organizations and utilities.

Our offerings enable merchants to accept card, electronic, check and digital-based payments at the point of sale. Our primary business model provides payment products and services directly to merchants as our end customers. We also provide similar products and services to financial institutions and a limited number of ISOs that, in turn, resell our products and services, in which case the financial institutions and select ISOs are our end customers. These particular services are marketed in the United States, Canada and parts of Europe.

The majority of merchant services revenue is generated on services priced as a percentage of transaction value or a specified fee per transaction, depending on card type. We also charge other fees based on specific services that are unrelated to the number of transactions or the transaction value. Revenue from credit cards and signature debit cards is generally based on a percentage of transaction value along with other related fees, while revenue from PIN-based debit cards is typically based on a fee per transaction.

Our products and services are marketed through a variety of sales channels that include a direct sales force, trade associations, agent and enterprise software providers and referral arrangements with value added resellers, ISOs, as well as proprietary telesales groups. We seek to leverage the continued shift to electronic payments by expanding market share in our existing markets through our distribution channels or through acquisitions in North America, the Asia-Pacific region and Europe, and investing in and leveraging technology and people. We also seek to enter new markets through acquisitions in Europe and the Asia-Pacific and Latin America regions.

Our business does not have pronounced seasonality in which more than 30% of our revenues occur in one fiscal quarter. However, each geographic channel has somewhat higher and lower quarters given the nature of the portfolio. While there is some variation in seasonality across markets, the first and fourth quarters are generally the strongest, and the third quarter tends to be the weakest due to lower volumes processed in the months of January and February.

Executive Overview

For the three months ended August 31, 2014, revenues increased 11.9% to \$704.9 million from \$629.7 million for the prior year, reflecting growth in most of our markets.

Consolidated operating income was \$124.4 million for the three months ended August 31, 2014 compared to \$107.4 million for the prior year. Net income attributable to Global Payments increased \$10.8 million, or 16.7%, to \$75.4 million for the three months ended August 31, 2014 from \$64.6 million in the prior year. Diluted earnings per share increased \$0.23 to \$1.10 for the three months ended August 31, 2014 from \$0.87 for the three months ended August 31, 2013.

North America merchant services segment revenue increased \$53.5 million, or 11.9%, to \$504.0 million for the three months ended August 31, 2014 from \$450.5 million for the three months ended August 31, 2013. North America merchant services segment operating income increased to \$77.9 million for the three months ended August 31, 2014 from \$69.7 million for the three months ended August 31, 2013, with operating margins of 15.5% for both the three months ended August 31, 2014 and August 31, 2013. The growth in the North America merchant services segment is primarily due to growth in our U.S direct channels, including Payment Processing, Inc. ("PayPros"), which we acquired on March 4, 2014, and growth in Canada, which was primarily due to selective pricing initiatives, partially offset by unfavorable changes in exchange rates.

International merchant services segment revenue increased \$21.7 million, or 12.1%, to \$200.9 million for the three months ended August 31, 2014 from \$179.2 million for the three months ended August 31, 2013. International merchant services operating income also increased to \$73.6 million for the three months ended August 31, 2014 from \$61.5 million for the three months ended August 31, 2013, with operating margins of 36.6% and 34.3% for the three months ended August 31, 2014 and August 31, 2013, respectively. The growth in the International merchant services segment is primarily due to growth in Europe and in our e-commerce channel. Revenue growth in Europe was partially driven by favorable changes in exchange rates, particularly in the United Kingdom and Spain.

On September 15, 2014, we announced the acquisition of Ezi Holdings Pty Ltd ("Ezidebit") for A\$305.0 million in cash, subject to certain adjustments set forth in the related purchase agreement. Upon closing, which is expected to occur during the second quarter of fiscal 2015, Ezidebit will become our indirect wholly owned subsidiary. Founded in 1998, Ezidebit is a leading integrated payments company focused on recurring payments verticals in Australia and New Zealand. We expect to fund this acquisition through a combination of available cash and borrowings on our corporate credit facility.

On September 30, 2014, we, through our indirect, wholly owned subsidiary, entered into an asset purchase agreement with Certegy Check Services, Inc., a Delaware corporation and wholly owned subsidiary of Fidelity National Information Services, Inc. (NYSE:FIS), to acquire its gaming business (the "FIS Gaming Business"). The FIS Gaming Business includes 260 gaming client locations and provides a comprehensive suite of services that are designed for the gaming industry. Pursuant to the terms of the asset purchase agreement, we will acquire substantially all of the assets of the FIS Gaming Business, comprised of its customer contracts and certain tangible assets. The purchase price, prior to taking into account the expected realization of tax benefits resulting from the transaction is \$236.5 million, subject to certain adjustments at closing as set forth in the asset purchase agreement. The acquisition is expected to close during the fourth quarter of fiscal 2015, subject to the receipt of regulatory approvals and the satisfaction of closing conditions. We intend to fund the acquisition through operating cash flows.

Results of Operations

Revenues

We derive our revenues from four primary sources: charges based on volumes and fees for services; charges based on transaction quantity; service fees; and equipment sales and rentals. 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.

In direct merchant acquiring, we provide processing services to merchants and, generally through our relationship with a member sponsor, fund settlement. We market our direct merchant services through a variety of channels, including our ISO channel, whereby the ISO receives a share of the merchant profitability in the form of a monthly residual payment. Revenue for direct merchant

services is recognized in the amount of merchant billing net of interchange, and any residual payments to the ISO are reflected as a component of selling, general and administrative expense.

In indirect merchant acquiring, the partner, typically a financial institution or an ISO, is our customer. We provide processing services to the indirect customer's merchants, but do not provide sponsorship or funds settlement. We bill the indirect customer fees for transactions and various other services, which is recognized as revenue.

Operating Expenses

Cost of Service

Cost of service consists primarily of salaries, wages and related expenses paid to operations and technology-related personnel, including those who monitor our transaction processing systems and settlement functions; assessments and other fees paid to card networks; transaction processing systems, including third-party services; network telecommunications capability; depreciation and occupancy costs associated with the facilities performing these functions; amortization of intangible assets and provisions for operating losses.

Sales, General and Administrative Expenses

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

Operating Income and Operating Margin

For the purpose of discussing segment operations, we refer to operating income as calculated by subtracting segment direct expenses from segment revenue. Overhead and shared expenses, including share-based compensation, are not allocated to segment operations; they are reported in the caption "Corporate." Similarly, references to operating margin regarding segment operations mean segment operating income divided by segment revenue.

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The following table shows key selected financial data for the three months ended August 31, 2014 and August 31, 2013, this data as a percentage of total revenues, and the changes between three months ended August 31, 2014 and August 31, 2013 in dollars and as a percentage of the prior year.

	Three Months Ended August 31, 2014	% of Revenue ⁽¹⁾	Three Months Ended August 31, 2013	% of Revenue ⁽¹⁾	Change	% Change
(dollar amounts in thousands)						
Revenues:						
United States	\$ 414,042	58.7%	\$ 363,833	57.8%	\$ 50,209	13.8%
Canada	89,965	12.8%	86,672	13.8%	3,293	3.8%
North America merchant services	504,007	71.5%	450,505	71.5%	53,502	11.9%
Europe	162,787	23.1%	143,188	22.7%	19,599	13.7%
Asia-Pacific	38,101	5.4%	35,992	5.7%	2,109	5.9%
International merchant services	200,888	28.5%	179,180	28.5%	21,708	12.1%
Total revenues	\$ 704,895	100%	\$ 629,685	100%	\$ 75,210	11.9%
Consolidated operating expenses:						
Cost of service	\$ 259,839	36.9%	\$ 230,745	36.6%	\$ 29,094	12.6%
Sales, general and administrative	320,658	45.5%	291,556	46.3%	29,102	10.0%
Operating income	\$ 124,398	17.6%	\$ 107,384	17.1%	\$ 17,014	15.8%
Operating income (loss) for segments:						
North America merchant services	\$ 77,937		\$ 69,699		\$ 8,238	11.8%
International merchant services	73,602		61,541		12,061	19.6%
Corporate	(27,141)		(23,856)		(3,285)	13.8%
Operating income	\$ 124,398		\$ 107,384		\$ 17,014	15.8%
Operating margin for segments:						
North America merchant services	15.5%		15.5%		—%	
International merchant services	36.6%		34.3%		2.3%	

⁽¹⁾ Percentage amounts may not sum to the total due to rounding.

Revenues

For the three months ended August 31, 2014, revenues increased 11.9% to \$704.9 million compared to the prior year, reflecting growth in most of our markets.

North America Merchant Services Segment

For the three months ended August 31, 2014, revenue from our North America merchant services segment increased 11.9% to \$504.0 million compared to the prior year. U.S. revenue growth was driven by our direct channels, including PayPros. For the three months ended August 31, 2014, our Canadian revenue increased 3.8% to \$90.0 million primarily due to selective pricing initiatives, partially offset by unfavorable changes in exchange rates.

International Merchant Services Segment

For the three months ended August 31, 2014, International merchant services revenue increased 12.1% to \$200.9 million compared to the prior year. Our Europe merchant services revenue for the three months ended August 31, 2014 increased 13.7% to \$162.8 million compared to the prior year, driven primarily by card transaction growth and revenue from dynamic currency conversion services in Spain, as well as growth in our e-commerce channel. Revenue growth in Europe was partially driven by favorable changes in exchange rates, particularly in the United Kingdom and Spain.

Asia-Pacific merchant services revenue of \$38.1 million for the three months ended August 31, 2014 represents an increase of 5.9% compared to the prior year due largely to pricing increases and new assessments implemented in the second half of fiscal 2014 and growth in e-commerce transaction volume.

Operating Expenses

Cost of service increased 12.6% for the three months ended August 31, 2014 compared to the prior year, driven primarily by an increase in the variable costs associated with revenue growth and additional amortization expense and other incremental costs of service associated with our acquisition of PayPros. As a percentage of revenue, cost of service increased to 36.9% for the three months ended August 31, 2014 from 36.6% in the prior year.

Sales, general and administrative expenses increased 10.0% for the three months ended August 31, 2014 compared to the prior year primarily due to an increase in commission payments to third-party sales partners and incremental costs related to our acquisition of PayPros. As a percentage of revenues, sales, general and administrative expenses decreased to 45.5% for the three months ended August 31, 2014 from 46.3% in the prior year.

Operating Income and Operating Margin for Segments

North America Merchant Services Segment

Operating income in our North America merchant services segment increased 11.8% for the three months ended August 31, 2014 compared to the prior year. The increase in operating income was primarily due to the increase in transactions and volume in our U.S. direct channels, including PayPros, as well as growth in Canada, which was primarily due to selective pricing initiatives, partially offset by unfavorable changes in exchange rates. The increase in operating income was partially offset by amortization and other incremental operating costs associated with PayPros. The operating margin was 15.5% for both the three months ended August 31, 2014 and August 31, 2013.

International Merchant Services Segment

Operating income in our International merchant services segment increased 19.6% to \$73.6 million for the three months ended August 31, 2014 compared to the prior year. The increase in operating income was driven primarily by revenue growth in Europe, partially driven by favorable changes in exchange rates, particularly in the United Kingdom and Spain. The operating margin was 36.6% and 34.3% for the three months ended August 31, 2014 and August 31, 2013, respectively.

Corporate

Corporate expenses increased 13.8% to \$27.1 million for the three months ended August 31, 2014 compared to \$23.9 million in the prior year, primarily due to the settlement of a legal claim in the current year period.

Operating Income

For the three months ended August 31, 2014, our consolidated operating income increased 15.8% to \$124.4 million from \$107.4 million in the prior year. The increase was primarily due to revenue growth in our North America and International merchant services segments partially offset by higher variable costs of services associated with revenue growth, higher amortization expense and other incremental operating costs associated with PayPros.

Other Income/Expense, Net

Other expense, net, increased to \$9.8 million for the three months ended August 31, 2014 compared to \$4.5 million in the prior year. The increase during the three months ended August 31, 2014 was due primarily to losses of \$3.5 million associated with our equity method investment in Comercia Global Payments Brazil, an unconsolidated subsidiary which incurred costs associated with the renegotiation of certain contracts to increase operational efficiency.

Provision for Income Taxes

Our effective tax rates were 26.3% and 30.3% for the three months ended August 31, 2014 and August 31, 2013, respectively. The effective tax rate for the three months ended August 31, 2013 reflects the reduction to certain U.K. deferred tax assets due to enacted corporate tax rate reductions in the U.K. of 8%. The U.K. tax rate reduction reached completion last year and is not reflected for the effective tax rate for the three months ended August 31, 2014. Our effective tax rate differs from the U.S. statutory rate due to domestic and international tax planning initiatives and income generated in international jurisdictions with lower tax rates.

Noncontrolling Interests, Net of Tax

Noncontrolling interests, net of tax increased to \$9.1 million from \$7.1 million for the three months ended August 31, 2014 and August 31, 2013, respectively.

Liquidity and Capital Resources

A significant portion of our liquidity comes from operating cash flows. Cash flow from operations is used to make planned capital investments in our business, pursue acquisitions that meet our corporate objectives, pay down debt, repurchase shares of our common stock and pay dividends, each at the discretion of our Board of Directors. Accumulated cash balances are invested in high quality and marketable short-term instruments.

Our capital plan objectives are to support our operational needs and strategic plan for long-term growth while maintaining a low cost of capital. Short-term lines of credit are used in certain of our markets to fund settlement. Other bank financing, such as our corporate credit facility and our Term Loan, are used for general corporate purposes and to fund acquisitions. We regularly evaluate our liquidity and capital position relative to cash requirements, and we may elect to raise additional funds in the future, either through the issuance of debt, equity or otherwise.

At August 31, 2014, we had cash and cash equivalents totaling \$595.9 million. Of this amount, we consider \$265.6 million to be available cash.

Available cash excludes settlement related and merchant reserve cash balances. Settlement related cash balances represent funds that we hold when the incoming amount from the card networks precedes the funding obligation to the merchant. Settlement related cash balances are not restricted; however, these funds are generally paid out in satisfaction of settlement processing obligations the following day. Merchant reserve cash balances represent funds collected from our merchants that serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant agreement ("Merchant Reserves"). At August 31, 2014, our cash and cash equivalents included \$180.1 million related to Merchant Reserves. While this cash is not restricted in its use, we believe that designating this cash as Merchant Reserves strengthens our fiduciary standing with our member sponsors and is in accordance with the guidelines set by the card networks.

Our available cash balance includes \$224.4 million of cash held by foreign subsidiaries whose earnings are considered permanently reinvested for U.S. tax purposes. These cash balances reflect our capital investments in these subsidiaries and the accumulation of cash flows generated by each subsidiary's operations, net of cash flows used to service debt locally and fund non-U.S. acquisitions. We believe that we are able to maintain a sufficient level of liquidity for our domestic operations and commitments without repatriation of the earnings of these foreign subsidiaries. If we were to repatriate some or all of the cash held by such foreign subsidiaries, we do not believe that the associated income tax liabilities would have a significant impact on our liquidity.

Operating activities used net cash of \$63.5 million for the three months ended August 31, 2014 compared to \$23.2 million during the three months ended August 31, 2013 primarily due to an increase in cash to fund settlement offset by a decrease in cash

used to fund payables and other accrued liabilities and growth in our earnings. Fluctuations in settlement assets and obligations are largely due to timing of month end cut-off.

Net cash used in investing activities decreased from \$18.6 million for the three months ended August 31, 2013 to \$12.2 million for the three months ended August 31, 2014. During the three months ended August 31, 2014, we received \$10.4 million in proceeds from the sale of a component of our Russia business that leased automated teller machines to our sponsor bank in Russia. In the current year period, we also made an additional investment of \$3.9 million in Comercia Global Payments Brazil.

For the three months ended August 31, 2014, financing activities provided \$94.1 million in cash compared to \$92.5 million in cash in the prior year. During the three months ended August 31, 2014, net borrowings on short-term lines of credit used to fund settlement were \$212.0 million compared to \$141.0 million in the prior year. Fluctuations in short-term lines of credit are largely due to timing of month end cut-off on settlement. During the three months ended August 31, 2014, net borrowings under long-term debt were \$26.3 million compared to \$108.5 million in the prior year. Proceeds from issuance of long-term debt and principal payments under long-term debt generally reflect borrowings and repayments made under our corporate revolving line of credit. The net proceeds from these borrowing activities were offset by common stock repurchases of \$132.3 million during the three months ended August 31, 2014 and \$143.7 million in the prior year.

We believe that our current level of cash and borrowing capacity under our lines of credit described below, together with future cash flows from operations, are sufficient to meet the needs of our existing operations and planned improvements for the foreseeable future. During fiscal year 2015, we expect capital expenditures to approximate \$95.0 million.

Contractual Obligations

The operating lease commitments disclosed in our Annual Report on Form 10-K for the year ended May 31, 2014 have not changed significantly. Our remaining current contractual and other obligations are as follows:

Long-Term Debt and Credit Facilities

As of August 31, 2014 and May 31, 2014, outstanding debt consisted of the following:

	August 31, 2014	May 31, 2014
Lines of credit:	(in thousands)	
Corporate credit facility - long-term	\$ 170,000	\$ 140,000
Short-term lines of credit	652,157	440,128
Total lines of credit	822,157	580,128
Notes payable	—	3,679
Term loan	1,250,000	1,250,000
Total debt	<u>\$ 2,072,157</u>	<u>\$ 1,833,807</u>
Current portion	\$ 683,407	\$ 457,805
Long-term debt	1,388,750	1,376,002
Total debt	<u>\$ 2,072,157</u>	<u>\$ 1,833,807</u>

The term loan is a five-year senior unsecured \$1.25 billion term loan that expires February 28, 2019 and bears interest, at our election, at either the London Interbank Offered Rate ("LIBOR") or a base rate, in each case plus a leverage-based margin. As of August 31, 2014, the interest rate on the term loan was 1.62%. Commencing in May 2015 and ending in November 2018, the term loan has scheduled quarterly principal payments of 1.25%, increasing up to 2.50%. At maturity, 27.5% of the term loan will have been repaid through scheduled amortization and the remaining principal balance will be due. With notice, the term loan may be voluntarily prepaid at any time, in whole or in part, without penalty.

The corporate credit facility is a five-year senior unsecured \$1.0 billion revolving credit facility that expires February 28, 2019 and bears interest, at our election, at either LIBOR or a base rate, in each case plus a leverage-based margin. Borrowing under the corporate credit facility is available in various currencies. As of August 31, 2014, the outstanding balance on the corporate credit facility was \$170.0 million, and the interest rate was 1.62%. The corporate credit facility is available for general corporate purposes.

The corporate credit facility allows us to issue standby letters of credit of up to \$100.0 million in the aggregate. Outstanding letters of credit under the corporate credit facility reduce the amount of borrowings available to us. At August 31, 2014 and May 31, 2014, we had standby letters of credit of \$8.2 million and \$8.1 million, respectively. The total available incremental borrowings under our corporate credit facility at August 31, 2014 and May 31, 2014 was \$821.8 million and \$851.9 million, respectively.

The agreements contain customary affirmative and restrictive covenants, including, among others, financial covenants based on our leverage and fixed charge coverage ratios. Please see "Compliance with Covenants" below. Each of the agreements includes customary events of default, the occurrence of which, following any applicable cure period, would permit lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable.

Short-term Lines of Credit

We have short-term lines of credit with banks in the United States and Canada as well as several countries in Europe and Asia in which we do business. The short-term lines of credit, which are primarily used to fund settlement, generally have variable short-term interest rates and are subject to annual review. The credit facilities are generally denominated in local currency but may, in some cases, facilitate borrowings in multiple currencies. For certain of our lines of credit, the line of credit balance is reduced by the amount of cash we have on deposit in specific accounts with the lender when determining compliance with the credit limit. Accordingly, the line of credit balance may exceed the stated credit limit at any given point in time, when in fact the combined position is less than the credit limit. As of August 31, 2014, we had \$639.0 million of additional borrowing capacity under our short-term lines of credit to fund settlement.

Compliance with Covenants

There are certain financial and non-financial covenants contained in our various credit facilities and term loan. Our term loan and corporate credit facility agreements include financial covenants requiring (i) a leverage ratio no greater than 3.50 to 1.00 (3.75 to 1.00 in the case of a business acquisition, subject to certain conditions) and (ii) a fixed charge coverage ratio no less than 2.50 to 1.00. We complied with all applicable covenants as of and for the three ended August 31, 2014 and August 31, 2013.

Critical Accounting Estimates

In applying the accounting policies that we use to prepare our consolidated financial statements, we necessarily make accounting estimates that affect our reported amounts of assets, liabilities, revenues and expenses. Some of these accounting estimates require us to make assumptions about matters that are highly uncertain at the time we make the accounting estimates. We base these assumptions and the resulting estimates on historical information and other factors that we believe to be reasonable under the circumstances, and we evaluate these assumptions and estimates on an ongoing basis. In many instances, however, we reasonably could have used different accounting estimates, and, in other instances, changes in our accounting estimates could occur from period to period, with the result in each case being a material change in the financial statement presentation of our financial condition or results of operations. We refer to accounting estimates of this type as "critical accounting estimates."

Accounting estimates necessarily require subjective determinations about future events and conditions. During the three months ended August 31, 2014, we did not adopt any new critical accounting policies, did not change any critical accounting policies and did not change the application of any critical accounting policies from the year ended May 31, 2014. You should read the Critical Accounting Estimates in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 1A – Risk Factors included in our Annual Report on Form 10-K for the year ended May 31, 2014 and our summary of significant accounting policies in Note 1 of the notes to the unaudited consolidated financial statements in this Quarterly Report on Form 10-Q.

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 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 operations and shareholder values could differ materially from those anticipated in our forward-looking statements as a result of many known and unknown factors. Important factors that may cause actual events or results to differ materially from those anticipated by our forward-looking statements include our potential failure to safeguard our data; increased competition from nontraditional competitors; our ability to update our products and services in a timely manner; potential systems interruptions or failures; software defects or undetected errors; our ability to maintain Visa and MasterCard registration and financial institution sponsorship; our reliance on financial institutions to provide clearing services in connection with our settlement activities; our potential failure to comply with card network requirements; increased merchant, referral partner or ISO attrition; our ability to increase our share of existing markets and expand into new markets; unanticipated increases in chargeback liability; increases in credit card network fees; changes in laws, regulations or network rules or interpretations thereof; foreign currency exchange and interest rate risks; political, economic and regulatory changes in the foreign countries in which we operate; future performance, integration and conversion of acquired operations; loss of key personnel; and other risk factors presented in Item 1A – Risk Factors of our Annual Report on Form 10-K for the fiscal year ended May 31, 2014, which we advise you to review.

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. We specifically disclaim any obligation to release publicly the results of any revisions to our forward-looking statements.

Where to Find More Information

We file annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). You may read and print materials that we have filed with the SEC from its 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, our current reports on Form 8-K and amendments thereto can be viewed and printed from the investor information section of our website at www.globalpaymentsinc.com free of charge. Certain materials relating to our corporate governance, including our senior financial officers’ code of ethics, are also available in the investor information section of our website. Copies of our filings and specified exhibits and these corporate governance materials are also available, free of charge, by writing or calling us using the address or phone number on the cover of this Form 10-Q. You may also telephone our investor relations office directly at (770) 829-8234. We are not including the information on our website as a part of, or incorporating it by reference into, this report.

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
100 F Street, N.E.
Washington, DC 20549
(You may call the SEC at 1-800-SEC-0330 for further information on the public reference room.)

NYSE Euronext
20 Broad Street
New York, NY 10005

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates on our debt and cash investments. Our long-term debt bears interest, at our election, at either LIBOR or a base rate, in each case plus a leverage-based margin. We invest our excess cash in securities that we believe are highly liquid and marketable in the short term. These investments are not held for trading or other speculative purposes. Interest rates on our lines of credit are based on market rates and fluctuate accordingly. Under our current policies, we may selectively use interest rate derivative instruments, such as interest rate swaps or forward rate agreements, to manage all or a portion of our exposure to interest rate changes. We have not historically used interest rate derivative instruments to manage exposure to interest rate changes, but we may do so in the future.

A substantial amount of our operations are conducted in foreign currencies. Consequently, a portion of our revenues and expenses may be affected by fluctuations in foreign currency exchange rates. We are also affected by fluctuations in exchange rates on assets and liabilities related to our foreign operations. We have not historically hedged our translation risk on foreign currency exposure, but we may do so in the future.

Item 4. Controls and Procedures

As of August 31, 2014, management carried out, under the supervision and with the participation of our principal executive officer and principal financial officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of August 31, 2014, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting during the quarter ended August 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The shares repurchased in the first quarter of fiscal 2015, the approximate average price paid, including commissions, and the approximate dollar value remaining available for purchase are as follows:

<u>Plan category</u>	<u>Total Number of Shares Purchased</u>	<u>Approximate Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</u>
June 1, 2014 - June 30, 2014	622,851	\$ 70.79	622,851	
July 1, 2014 - July 31, 2014	144,785	71.58	144,785	
August 1, 2014 - August 31, 2014	1,014,946	69.00	1,014,946	
Total	<u>1,782,582</u>	<u>\$ 69.82</u>	<u>1,782,582</u>	<u>\$ 245,100,000</u>

On July 29, 2014, we announced that our Board of Directors authorized up to \$200.0 million of repurchases of our common stock in addition to any remaining balance of repurchase authorizations announced in previous quarters. During the three months ended August 31, 2014, we repurchased and retired 1.8 million shares of our common stock at a cost of \$124.5 million, or an

average of \$69.82 per share, including commissions. As of August 31, 2014, we had \$245.1 million of remaining authorized share repurchases.

Item 6. Exhibits

List of Exhibits

10.1*+	Second Amendment to Employment Agreement by and between the Company and Jeffrey S. Sloan, dated as of August 29, 2014.
10.2*+	Amendment to Employment Agreement by and between the Company and David E. Mangum, dated as of August 29, 2014.
10.3*+	Second Amendment to Key Position Agreement by and between the Company and Paul R. Garcia, dated as of June 6, 2014.
10.4*+	Amendment to Transition and Separation Agreement by and between the Company and Suellyn P. Tornay, dated as of July 31, 2014.
10.5*+	Form of Restricted Stock Award pursuant to the 2011 Incentive Plan for Senior Management (fiscal 2015).
10.6*+	Form of Restricted Stock Award pursuant to the 2011 Incentive Plan for Non-Senior Management (fiscal 2015).
10.7*+	Form of Restricted Stock Award pursuant to the 2011 Incentive Plan for California Employees (fiscal 2015).
10.8*+	Form of Restricted Stock Unit Award (fiscal 2015).
10.9*+	Form of Stock Option Award (fiscal 2015).
31.1*	Certification of the Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial information from the Quarterly Report on Form 10-Q for the quarter ended August 31, 2014, formatted in XBRL (eXtensible Business Reporting Language) and filed electronically herewith: (i) the Unaudited Consolidated Statements of Income; (ii) the Consolidated Balance Sheets; (iii) the Unaudited Consolidated Statements of Cash Flows; (iv) the Unaudited Consolidated Statements of Changes in Equity; and (v) the Notes to Unaudited Consolidated Financial Statements.

* Filed herewith.

+ Represents a management contract or compensatory plan or arrangement.

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: October 2, 2014

/s/ Cameron M. Bready
Cameron M. Bready
Chief Financial Officer

Date: October 2, 2014

/s/ Daniel C. O'Keefe
Daniel C. O'Keefe
Chief Accounting Officer

**SECOND AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN
JEFFREY S. SLOAN
AND GLOBAL PAYMENTS INC.**

Whereas, Global Payments Inc. ("Global") and Jeffrey Sloan ("Executive") are parties to an Employment Agreement dated March 30, 2010, which was subsequently amended on October 1, 2013 (the "Agreement"); and

Whereas, the parties now desire to further amend certain of the terms of the Agreement;

Now, Therefore, in consideration of the foregoing recitals and the mutual covenants and conditions contained herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto acknowledge that the Agreement is hereby amended as follows:

1. Section 2 of the Employment Agreement is hereby deleted and replaced with the following:

"Executive is hereby employed as the Chief Executive Officer of the Company as of June 30, 2014. In such capacity, Executive shall have the duties, responsibilities and authority commensurate with such positions as shall be assigned to him by the Board of Directors of the Company (the "Board"), which shall be consistent with the duties, responsibilities, and authority of persons holding such positions in a publicly traded company engaged in similar lines of business. Executive shall report directly and exclusively to the Board."

Except as modified hereby, the terms and conditions of the Agreement shall remain in full force and effect; provided, however, that if any term or condition of the Agreement conflicts with or is inconsistent with any term or condition of this Amendment, such terms and conditions hereof shall prevail and be controlling.

IN WITNESS WHEREOF, the parties have caused this amendment to be executed by their respective officers duly authorized as of the 29th day of August, 2014.

EXECUTIVE:

/s/ Jeffrey S. Sloan

Jeffrey S. Sloan

Date: August 29, 2014

GLOBAL PAYMENTS INC.

By: /s/ David L. Green

Name: David L. Green

Title: Executive Vice President and General Counsel

Date: August 29, 2014

**AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN
DAVID E. MANGUM
AND GLOBAL PAYMENTS INC.**

Whereas, Global Payments Inc. ("Global") and David E. Mangum ("Executive") are parties to an Employment Agreement dated March 1, 2010 (the "Agreement"); and

Whereas, the parties now desire to further amend certain of the terms of the Agreement;

Now, Therefore, in consideration of the foregoing recitals and the mutual covenants and conditions contained herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto acknowledge that the Agreement is hereby amended as follows:

1. Section 2 of the Agreement is hereby deleted and replaced with the following:

"Executive is hereby employed as the President and Chief Operating Officer of the Company as of June 30, 2014. In such capacity, Executive shall have the duties, responsibilities and authority commensurate with such position as shall be assigned to him by the Chief Executive Officer of the Company (the "Chief Executive Officer"), which shall be consistent with the duties, responsibilities, and authority of persons holding such positions in a publicly traded company engaged in similar lines of business. Executive shall report directly and exclusively to the Chief Executive Officer."

2. Section 5(a) of the Agreement is hereby deleted and replaced with the following:

"(a) Base Salary. During the Employment Period, the Company will pay to Executive a base salary in the amount of U.S. \$575,000 per year ("Base Salary") less normal withholdings, payable in equal bi-weekly or other installments as provided under the Company's standard payroll practices in effect for senior executives from time to time. Executive's Base Salary will be reviewed at least annually and, subject to approval of the Committee, the Company may increase Executive's Base Salary from time to time. The periodic review of Executive's salary by the Committee will consider, among other things, Executive's own performance and the Company's performance.

3. Section 5(b)(i) of the Agreement is hereby deleted and replaced with the following:

"(i) Annual Bonus. Executive will have an annual bonus opportunity for each fiscal year of the Company based on the achievement of financial and performance objectives set by the Committee ("Bonus Opportunity"). The annual Bonus Opportunity and specific performance and financial objectives will be set forth in Executive's individual performance and incentive plan for each fiscal year. Executive's annual Bonus Opportunity at target levels for any year shall not be less than 100% of his then current Base Salary for such year. Executive must be an active employee on the date the annual bonuses are paid on a Company wide basis in order to be eligible to receive any bonus payment (except as otherwise expressly provided in § 8) unless Executive's employment terminates following a failure to extend his Employment Period in accordance with § 3, his employment terminates at or after the end of the applicable fiscal year and he satisfies all or substantially all of the performance requirements for a bonus for such fiscal year, in which event he shall be eligible for a bonus as determined by the Committee, and such bonus, if any, shall be paid no later than 2 1/2 months after the end of such fiscal year."

3. The reference in Clause 7(c)(i) of the Agreement to "Chief Financial Officer" shall be changed to "President and Chief Operating Officer."
4. All references in the Agreement to "Executive Vice President and Chief Financial Officer" shall be changed to "President and Chief Operating Officer."

Except as modified hereby, the terms and conditions of the Agreement shall remain in full force and effect; provided, however, that if any term or condition of the Agreement conflicts with or is inconsistent with any term or condition of this Amendment, such terms and conditions hereof shall prevail and be controlling.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers duly authorized as of the 29th day of August, 2014.

EXECUTIVE:

/s/ David E. Mangum

David E. Mangum

Date: August 29, 2014

GLOBAL PAYMENTS INC.

By: /s/ David L. Green

Name: David L. Green

Title: Executive Vice President and General Counsel

Date: August 29, 2014

SECOND AMENDMENT TO KEY POSITION AGREEMENT

WHEREAS, Paul R. Garcia (“Executive”), a resident of the state of Georgia, and Global Payments Inc. (the “Company”), a Georgia corporation, are parties to a Key Position Agreement dated January 6, 2010, which was subsequently amended on October 1, 2013 (the “Agreement”); and

WHEREAS, the parties now desire to further amend certain of the terms of the Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions contained herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto acknowledge that the Agreement is hereby amended as follows:

1. Section 3(d) of the Agreement is hereby deleted in its entirety and replaced with the following:

“(d) Performance-Based Incentive Awards. As of the Key Position Retirement Date, any performance-based incentive awards held by Executive as of the Key Position Retirement Date shall vest at the target level and Company shall deliver to Executive fully vested Company common stock equal to the number of shares that would have been awarded assuming the performance goals had been reached at target levels, which shares shall be delivered to Executive within sixty (60) days after the Key Position Retirement Date. Any shares of Company stock acquired upon the settlement of such performance awards shall be subject to Stock Retention Requirements.”

Except as modified hereby, the terms and conditions of the Agreement shall remain in full force and effect; provided, however, that if any term or condition of the Agreement conflicts with or is inconsistent with any term or condition of this Amendment, such terms and conditions hereof shall prevail and be controlling.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers duly authorized as of the 6th day of June, 2014.

GLOBAL PAYMENTS INC.

EXECUTIVE

By: /s/ David L. Green

/s/ Paul R. Garcia

Name: David L. Green

Paul R. Garcia

Title: EVP and General Counsel

AMENDMENT TO TRANSITION AND SEPARATION AGREEMENT

WHEREAS, Suellyn P. Tornay and Global Payments Inc. are parties to a Transition and Separation Agreement dated December 12, 2013 (the "Agreement"); and

WHEREAS, the parties now desire to amend certain of the terms of the Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions contained herein, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto acknowledge that the Agreement is hereby amended as follows:

1. Section 2(v) of the Agreement is hereby deleted in its entirety and replaced with the following:

“(v) For a period of twenty-four (24) months immediately following the Termination Date, the Company shall continue Employee’s Company-provided basic life insurance at least equal to that which would have been provided had Employee remained employed with Company in accordance with the Company’s group plans and the Company shall pay all premiums for such coverage for Employee, *provided, however*, that the obligation of the Company to provide the coverage referenced in this section (v) shall terminate upon Employee’s obtaining other employment to the extent that such life insurance coverage is provided by the new employer; and”

2. A new Section 2(xii) shall be added to the Agreement as follows:

“(xii) In lieu of providing Employee with disability benefits or long-term disability insurance or other similar benefits, Company shall make a lump sum payment to Employee in the amount of \$44,000, less normal withholdings, which amount shall be paid to Employee within 30 days of the Six-Month Pay Date.”

Except as modified hereby, the terms and conditions of the Agreement shall remain in full force and effect; provided, however, that if any term or condition of the Agreement conflicts with or is inconsistent with any term or condition of this Amendment, such terms and conditions hereof shall prevail and be controlling.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers duly authorized as of the 31st day of July, 2014.

GLOBAL PAYMENTS INC.

SUELLYN P. TORNAY

By: /s/ David L. Green

/s/ Suellyn P. Tornay

Name: David L. Green

Suellyn P. Tornay

Title: EVP and General Counsel

Global Payments Inc.

FORM OF RESTRICTED STOCK AWARD CERTIFICATE

Non-transferable
GRANT TO

(“Grantee”)

by Global Payments Inc. (the “Company”) of

shares of its common stock, no par value (the “Shares”) pursuant to and subject to the provisions of the Global Payments Inc. 2011 Incentive Plan (the “Plan”) and to the terms and conditions set forth on the following pages of this award certificate (the “Terms and Conditions”). By accepting this Award, Grantee shall be deemed to have agreed to the terms and conditions set forth in this Restricted Stock Award Certificate (the “Certificate”) and the Plan.

Unless sooner vested in accordance with Section 3 of the Terms and Conditions or otherwise in the discretion of the Committee, the restrictions imposed under Section 2 of the Terms and Conditions will expire as to the following percentage of the Shares awarded hereunder, on the following respective dates; provided that Grantee is then still employed by the Company or any of its Affiliates:

Table with 2 columns: Percentage of Shares, Date of Expiration of Restrictions. Rows: 33.33% [Year 1], 33.33% [Year 2], 33.34% [Year 3]

IN WITNESS WHEREOF, Global Payments Inc., acting by and through its duly authorized officers, has caused this Certificate to be executed.

Global Payments Inc.

Grant Date:
Grant Number:

By:
Its: Authorized Officer

Accepted by Grantee:

- OR -

Award Not Accepted by Grantee: By checking this box [] and initialing here _____, Grantee acknowledges that s/he does not accept this Award.

TERMS AND CONDITIONS

1. Grant of Shares. The Company hereby grants to the Grantee named on the cover page hereof, subject to the restrictions and the other terms and conditions set forth in the Plan and in this Certificate, the number of Shares indicated on the cover page hereof of the Company's no par value common stock (the "Shares"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Restrictions. The Shares are subject to each of the following restrictions. "Restricted Shares" mean those Shares that are subject to the restrictions imposed hereunder which restrictions have not then expired or terminated. Restricted Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered. If Grantee's employment with the Company or any Affiliate terminates for any reason other than as set forth in paragraph (b) of Section 3 hereof, then Grantee shall forfeit all of Grantee's right, title and interest in and to the Restricted Shares as of the date of employment termination, and such Restricted Shares shall revert to the Company. The restrictions imposed under this Section shall apply to all shares of the Company's Stock or other securities issued with respect to Restricted Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the Stock.

3. Expiration and Termination of Restrictions. The restrictions imposed under Section 2 will expire on the earliest to occur of the following (the period prior to such expiration being referred to herein as the "Restricted Period"):

(a) As to the percentages of the Shares specified on the cover page hereof, on the respective dates specified on the cover page hereof; provided Grantee is then still employed by the Company or an Affiliate; or

(b) Termination of Grantee's employment by reason of death or Disability or, subject to the consent of the Committee, Grantee's Retirement.

4. Delivery of Shares. The Shares will be registered on the books of the Company in Grantee's name as of the Grant Date and will be held by the Company during the Restricted Period in certificated or uncertificated form. If a certificate for Restricted Shares is issued during the Restricted Period with respect to such Shares, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Award Certificate between the registered owner of the shares represented hereby and Global Payments Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Certificate, copies of which are on file in the offices of Global Payments Inc."

Stock certificates for the Shares, without the above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Restricted Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

5. Voting and Dividend Rights. Grantee, as beneficial owner of the Shares, shall have full voting and dividend rights with respect to the Shares during and after the Restricted Period. If Grantee forfeits any rights he or she may have under this Certificate in accordance with Section 2, Grantee shall no longer have any rights as a shareholder with respect to the Restricted Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such stock.

6. No Right of Continued Employment. Nothing in the Plan or this Certificate or any document executed under either of them shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment without liability at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Affiliate.

7. No Entitlement to Future Awards. The grant of this Award does not entitle Grantee to the grant of any additional awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company.

8. Payment of Taxes. Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code. The Company or any Affiliate employing Grantee has the authority and the right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Grantee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the vesting of the Shares. The withholding requirement may be satisfied, in whole or in part, at the election of the Company's general counsel, principal financial officer or chief accounting officer, by withholding from the settlement Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as such officer establishes. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

9. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Restricted Shares hereunder had expired) on the date of such amendment or termination.

10. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. Without limiting the foregoing, the Restricted Shares are subject to adjustment as provided in Article 15 of the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative. Any conflict between this Certificate and the terms of a written employment, key position, or change-in-control agreement with Grantee that has been approved, ratified or confirmed by the Committee shall be decided in favor of the provisions of such employment, key position, or change-in-control agreement.

11. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles of conflict of laws. Grantee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Georgia and waives objection to such jurisdiction.

12. Severability. If any one or more of the provisions contained in this Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

13. Relationship to Other Benefits. The Shares shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

14. Notice. Notices and communications hereunder must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 10 Glenlake Parkway, North Tower, Atlanta, Georgia 30328; Attn: Corporate Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

15. Non-Competition and Non-Solicitation. As a condition of Grantee's receipt of this Award, Grantee agrees to the following restrictions. Grantee acknowledges and agrees that as a result of Grantee's employment with the Company, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's customers and employees, Grantee would have an unfair competitive advantage if Grantee were to engage in activities in violation of this Agreement. Grantee also acknowledges and agrees that the covenants in this Section 15 are necessary to protect the trade secrets of Company.

15.1 Non-Competition. During the term of Grantee's employment and for a period of twelve (12) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, seek or obtain any employment or independent contractor relationship with a Competitor in the geographic area in which the Company conducts business, in which Grantee has duties for (or provides services to) such Competitor that relate to Competitive Services and are the same or similar to those services actually performed by Grantee for the Company; provided, however, that nothing in this Section 15.1 shall prohibit Grantee from acquiring or holding, for investment purposes only, less than five percent (5%) of the outstanding publicly traded securities of any corporation which may compete directly or indirectly with the Company.

15.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twelve (12) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit, divert or take away or attempt to solicit divert or take away any Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this Section 15.2 shall only apply to those Protected Customers (a) with whom Grantee, alone or in conjunction with others, had business dealings with on behalf of the Company during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 15.2 hereof or (b) for whom Grantee was responsible for supervising or coordinating the dealings between the Company and the Protected Customer during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 15.2 hereof.

15.3 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of twelve (12) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit or induce any employees of the Company with whom Grantee worked or otherwise had material contact with through employment with the Company to terminate his or her employment relationship with the Company or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

15.4 Definitions. For purposes of Section 15 hereof, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 15 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing, merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

(b) "Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services, including but not limited to the following companies, all of whom engage in Competitive Services (and all of their parents, subsidiaries, or affiliates who engage in Competitive Services) and all of the successors in interest to any of the foregoing: TSYS Acquiring Solutions, Chase Paymentech Solutions, First Data Corporation, Total System Services, Inc., Vantiv, Wells Fargo Merchant Services, Heartland Payment Systems, First National Merchant Solutions, RBS Lynk, TransFirst Holdings, iPayment, BA Merchant Services, NPC, Elavon Merchant Services and Moneris Solutions.

(c) "Protected Customer" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise to whom the Company has sold or provided its products or services, or actively solicited to sell its products or services, during the twelve (12) months prior to termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 15 hereof.

15.5 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 15 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 15 hereof and to have the covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. In addition, if the Grantee breaches any of the covenants set forth in Section 15 hereof, all unvested Shares covered by this Certificate shall be immediately forfeited. Such forfeiture shall be in addition to any other right the Company may have with respect to any such violation or breach.

15.6 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 15 hereof are reasonable and valid in time and scope and in all other respects and shall be considered and construed as separate and independent covenants. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Grantee will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

Global Payments Inc.

FORM OF RESTRICTED STOCK AWARD CERTIFICATE

Non-transferable
G R A N T T O

("Grantee")

by Global Payments Inc. (the "Company") of

shares of its common stock, no par value (the "Shares") pursuant to and subject to the provisions of the Global Payments Inc. 2011 Incentive Plan (the "Plan") and to the terms and conditions set forth on the following pages of this award certificate (the "Terms and Conditions"). By accepting this Award, Grantee shall be deemed to have agreed to the terms and conditions set forth in this Restricted Stock Award Certificate (the "Certificate") and the Plan.

Unless sooner vested in accordance with Section 3 of the Terms and Conditions or otherwise in the discretion of the Committee, the restrictions imposed under Section 2 of the Terms and Conditions will expire as to the following percentage of the Shares awarded hereunder, on the following respective dates; provided that Grantee is then still employed by the Company or any of its Affiliates:

<u>Percentage of Shares</u>	<u>Date of Expiration of Restrictions</u>
33.33%	[Year 1]
33.33%	[Year 2]
33.34%	[Year 3]

IN WITNESS WHEREOF, Global Payments Inc., acting by and through its duly authorized officers, has caused this Certificate to be executed.

Global Payments Inc.

Grant Date:
Grant Number:

By: _____
Its: Authorized Officer

Accepted by Grantee: _____
- OR -

Award Not Accepted by Grantee: By checking this box and initialing here _____, Grantee acknowledges that s/he does not accept this Award.

TERMS AND CONDITIONS

1. Grant of Shares. The Company hereby grants to the Grantee named on the cover page hereof, subject to the restrictions and the other terms and conditions set forth in the Plan and in this Certificate, the number of Shares indicated on the cover page hereof of the Company's no par value common stock (the "Shares"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Restrictions. The Shares are subject to each of the following restrictions. "Restricted Shares" mean those Shares that are subject to the restrictions imposed hereunder which restrictions have not then expired or terminated. Restricted Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered. If Grantee's employment with the Company or any Affiliate terminates for any reason other than as set forth in paragraph (b) of Section 3 hereof, then Grantee shall forfeit all of Grantee's right, title and interest in and to the Restricted Shares as of the date of employment termination, and such Restricted Shares shall revert to the Company. The restrictions imposed under this Section shall apply to all shares of the Company's Stock or other securities issued with respect to Restricted Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the Stock.

3. Expiration and Termination of Restrictions. The restrictions imposed under Section 2 will expire on the earliest to occur of the following (the period prior to such expiration being referred to herein as the "Restricted Period"):

- (a) As to the percentages of the Shares specified on the cover page hereof, on the respective dates specified on the cover page hereof; provided Grantee is then still employed by the Company or an Affiliate; or
- (b) Termination of Grantee's employment by reason of death or Disability or, subject to the consent of the Committee, Grantee's Retirement.

4. Delivery of Shares. The Shares will be registered on the books of the Company in Grantee's name as of the Grant Date and will be held by the Company during the Restricted Period in certificated or uncertificated form. If a certificate for Restricted Shares is issued during the Restricted Period with respect to such Shares, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Award Certificate between the registered owner of the shares represented hereby and Global Payments Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Certificate, copies of which are on file in the offices of Global Payments Inc."

Stock certificates for the Shares, without the above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Restricted Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

5. Voting and Dividend Rights. Grantee, as beneficial owner of the Shares, shall have full voting and dividend rights with respect to the Shares during and after the Restricted Period. If Grantee forfeits any rights he or she may have under this Certificate in accordance with Section 2, Grantee shall no longer have any rights as a shareholder with respect to the Restricted Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such stock.

6. No Right of Continued Employment. Nothing in the Plan or this Certificate or any document executed under either of them shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment without liability at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Affiliate.

7. No Entitlement to Future Awards. The grant of this Award does not entitle Grantee to the grant of any additional awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company.

8. Payment of Taxes. Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code. The Company or any Affiliate employing Grantee has the authority and the right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Grantee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the vesting of the Shares. The withholding requirement may be satisfied, in whole or in part, at the election of the Company's general counsel, principal financial officer or chief accounting officer, by withholding from the settlement Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as such officer establishes. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

9. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Restricted Shares hereunder had expired) on the date of such amendment or termination.

10. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. Without limiting the foregoing, the Restricted Shares are subject to adjustment as provided in Article 15 of the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative. Any conflict between this Certificate and the terms of a written employment, key position, or change-in-control agreement with Grantee that has been approved, ratified or confirmed by the Committee shall be decided in favor of the provisions of such employment, key position, or change-in-control agreement.

11. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles of conflict of laws. Grantee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Georgia and waives objection to such jurisdiction.

12. Severability. If any one or more of the provisions contained in this Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

13. Relationship to Other Benefits. The Shares shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

14. Notice. Notices and communications hereunder must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 10 Glenlake Parkway, North Tower, Atlanta, Georgia 30328; Attn: Corporate Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

15. Non-Solicitation. As a condition of Grantee's receipt of this Award, Grantee agrees to the following restrictions. Grantee acknowledges and agrees that as a result of Grantee's employment with the Company, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's customers and employees, Grantee would have an unfair competitive advantage if Grantee were to engage in activities in violation of this Agreement. Grantee also acknowledges and agrees that the covenants in this Section 15 are necessary to protect the trade secrets of Company.

15.1 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twelve (12) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit, divert or take away or attempt to solicit divert or take away any Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this Section 15.1 shall only apply to those Protected Customers (a) with whom Grantee, alone or in conjunction with others, had business dealings with on behalf of the Company during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 15.1 hereof or (b) for whom Grantee was responsible for supervising or coordinating the dealings between the Company and the Protected Customer during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 15.1 hereof.

15.2 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of twelve (12) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit or induce any employees of the Company with whom Grantee worked or otherwise had material contact with through employment with the Company to terminate his or her employment relationship with the Company or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

15.3 Definitions. For purposes of Section 15 hereof, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 15 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing, merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

(b) "Protected Customer" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise to whom the Company has sold or provided its products or services, or actively solicited to sell its products or services, during the twelve (12) months prior to termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 15 hereof.

15.4 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 15 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 15 hereof and to have the covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. In addition, if the Grantee breaches any of the covenants set forth in Section 15 hereof, all unvested Shares covered by this Certificate shall be immediately forfeited. Such forfeiture shall be in addition to any other right the Company may have with respect to any such violation or breach.

15.5 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 15 hereof are reasonable and valid in time and scope and in all other respects and shall be considered and construed as separate and independent covenants. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Grantee will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

Global Payments Inc.

FORM OF RESTRICTED STOCK AWARD CERTIFICATE

Non-transferable
G R A N T T O

("Grantee")

by Global Payments Inc. (the "Company") of

shares of its common stock, no par value (the "Shares") pursuant to and subject to the provisions of the Global Payments Inc. 2011 Incentive Plan (the "Plan") and to the terms and conditions set forth on the following pages of this award certificate (the "Terms and Conditions"). By accepting this Award, Grantee shall be deemed to have agreed to the terms and conditions set forth in this Restricted Stock Award Certificate (the "Certificate") and the Plan.

Unless sooner vested in accordance with Section 3 of the Terms and Conditions or otherwise in the discretion of the Committee, the restrictions imposed under Section 2 of the Terms and Conditions will expire as to the following percentage of the Shares awarded hereunder, on the following respective dates; provided that Grantee is then still employed by the Company or any of its Affiliates:

<u>Percentage of Shares</u>	<u>Date of Expiration of Restrictions</u>
33.33%	[Year 1]
33.33%	[Year 2]
33.34%	[Year 3]

IN WITNESS WHEREOF, Global Payments Inc., acting by and through its duly authorized officers, has caused this Certificate to be executed.

Global Payments Inc.

Grant Date:
Grant Number:

By: _____
Its: Authorized Officer

Accepted by Grantee: _____
- OR -

Award Not Accepted by Grantee: By checking this box and initialing here _____, Grantee acknowledges that s/he does not accept this Award.

TERMS AND CONDITIONS

1. Grant of Shares. The Company hereby grants to the Grantee named on the cover page hereof, subject to the restrictions and the other terms and conditions set forth in the Plan and in this Certificate, the number of Shares indicated on the cover page hereof of the Company's no par value common stock (the "Shares"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Restrictions. The Shares are subject to each of the following restrictions. "Restricted Shares" mean those Shares that are subject to the restrictions imposed hereunder which restrictions have not then expired or terminated. Restricted Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered. If Grantee's employment with the Company or any Affiliate terminates for any reason other than as set forth in paragraph (b) of Section 3 hereof, then Grantee shall forfeit all of Grantee's right, title and interest in and to the Restricted Shares as of the date of employment termination, and such Restricted Shares shall revert to the Company. The restrictions imposed under this Section shall apply to all shares of the Company's Stock or other securities issued with respect to Restricted Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the Stock.

3. Expiration and Termination of Restrictions. The restrictions imposed under Section 2 will expire on the earliest to occur of the following (the period prior to such expiration being referred to herein as the "Restricted Period"):

- (a) As to the percentages of the Shares specified on the cover page hereof, on the respective dates specified on the cover page hereof; provided Grantee is then still employed by the Company or an Affiliate; or
- (b) Termination of Grantee's employment by reason of death or Disability or, subject to the consent of the Committee, Grantee's Retirement.

4. Delivery of Shares. The Shares will be registered on the books of the Company in Grantee's name as of the Grant Date and will be held by the Company during the Restricted Period in certificated or uncertificated form. If a certificate for Restricted Shares is issued during the Restricted Period with respect to such Shares, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Award Certificate between the registered owner of the shares represented hereby and Global Payments Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Certificate, copies of which are on file in the offices of Global Payments Inc."

Stock certificates for the Shares, without the above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Restricted Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

5. Voting and Dividend Rights. Grantee, as beneficial owner of the Shares, shall have full voting and dividend rights with respect to the Shares during and after the Restricted Period. If Grantee forfeits any rights he or she may have under this Certificate in accordance with Section 2, Grantee shall no longer have any rights as a shareholder with respect to the Restricted Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such stock.

6. No Right of Continued Employment. Nothing in the Plan or this Certificate or any document executed under either of them shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment without liability at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Affiliate.

7. No Entitlement to Future Awards. The grant of this Award does not entitle Grantee to the grant of any additional awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company.

8. Payment of Taxes. Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code. The Company or any Affiliate employing Grantee has the authority and the right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Grantee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the vesting of the Shares. The withholding requirement may be satisfied, in whole or in part, at the election of the Company's general counsel, principal financial officer or chief accounting officer, by withholding from the settlement Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as such officer establishes. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

9. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Restricted Shares hereunder had expired) on the date of such amendment or termination.

10. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. Without limiting the foregoing, the Restricted Shares are subject to adjustment as provided in Article 15 of the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative. Any conflict between this Certificate and the terms of a written employment, key position, or change-in-control agreement with Grantee that has been approved, ratified or confirmed by the Committee shall be decided in favor of the provisions of such employment, key position, or change-in-control agreement.

11. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles of conflict of laws. Grantee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Georgia and waives objection to such jurisdiction.

12. Severability. If any one or more of the provisions contained in this Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

13. Relationship to Other Benefits. The Shares shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

14. Notice. Notices and communications hereunder must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 10 Glenlake Parkway, North Tower, Atlanta, Georgia 30328; Attn: Corporate Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

15. Non-Solicitation. As a condition of Grantee's receipt of this Award, Grantee agrees to the following restrictions. Grantee acknowledges and agrees that as a result of Grantee's employment with the Company, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's customers and employees, Grantee would have an unfair competitive advantage if Grantee were to engage in activities in violation of this Agreement. Grantee also acknowledges and agrees that the covenants in this Section 15 are necessary to protect the trade secrets of Company.

15.1. Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twelve (12) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, use any Confidential Information or Trade Secrets (as defined below) to solicit, divert or take away or attempt to solicit divert or take away any Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this Section 15.1 shall only apply to those Protected Customers (a) with whom Grantee, alone or in conjunction with others, had business dealings with on behalf of the Company during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 15.1 hereof or (b) for whom Grantee was responsible for supervising or coordinating the dealings between the Company and the Protected Customer during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 15.1 hereof.

15.2 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of twelve (12) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit or induce any employees of the Company with whom Grantee worked or otherwise had material contact with through employment with the Company to terminate his or her employment relationship with the Company or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

15.3 Definitions. For purposes of Section 15 hereof, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 15 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing, merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

(b) "Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services, including but not limited to the following companies, all of whom engage in Competitive Services (and all of their parents, subsidiaries, or affiliates who engage in Competitive Services) and all of the successors in interest to any of the foregoing: TSYS Acquiring Solutions, Chase Paymentech Solutions, First Data Corporation, Total System Services, Inc., Vantiv, Wells Fargo Merchant Services, Heartland Payment Systems, First National Merchant Solutions, RBS Lynk, TransFirst Holdings, iPayment, BA Merchant Services, NPC, Elavon Merchant Services and Moneris Solutions.

(c) "Confidential Information" means all information regarding the Company, its activities, businesses or clients, that is valuable to the Company, the subject of reasonable efforts by the Company to maintain its confidentiality, and not generally disclosed to persons not employed or otherwise engaged by the Company, but that does not rise to the level of a Trade Secret (as defined below). "Confidential Information" shall include, but is not limited to, (i) business or operating plans, strategies, know-how, portfolios, prospects or objectives; (ii) structure, products, product development in progress as of the date hereof, technology, distribution, sales, advertising services, support and marketing plans, practices, and operations; (iii) methods of pricing, costs and details of services; (iv) financial condition and results of operations; (v) the performance of any accounts; (vi) research and development, operations or plans; (vii) information received from third parties under confidential conditions; (viii) management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); (ix) personnel and compensation policies; (x) operating policies and manuals; (xi) financial records and related information (xii) computer aided systems, software, strategies and programs; (xiii) financial data, formulas, patterns, compilations, studies, strategies, methods, techniques, processes and system analyses; or (xiv) other valuable financial, commercial, business technical and marketing information related to any of the products or services made by the Company. "Confidential Information" shall not include

information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company.

(d) “Protected Customer” means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise to whom the Company has sold or provided its products or services, or actively solicited to sell its products or services, during the twelve (12) months prior to termination of Grantee’s employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 15 hereof.

(e) “Trade Secret” means information defined as a trade secret under applicable state law, including information regarding the Company, its activities, businesses, clients, or vendors, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, which is not commonly known by or available to the public via lawful means and which: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. To the extent permissible under applicable state law, Trade Secret shall include, but not be limited to, client lists, client billing and pricing information, technical information regarding the Company’s intellectual property, product development information, patent information and all other information permitted to be covered under the Uniform Trade Secrets Act.

15.4 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 15 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 15 hereof and to have the covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. In addition, if the Grantee breaches any of the covenants set forth in Section 15 hereof, all unvested Shares covered by this Certificate shall be immediately forfeited. Such forfeiture shall be in addition to any other right the Company may have with respect to any such violation or breach.

15.5 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 15 hereof are reasonable and valid in time and scope and in all other respects and shall be considered and construed as separate and independent covenants. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Grantee will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

Global Payments Inc.

FORM OF STOCK-SETTLED RESTRICTED STOCK UNIT AWARD CERTIFICATE

Non-transferable
GRANTTO

(“Grantee”)

by Global Payments Inc. (the “Company”) of

restricted stock units convertible into shares of the Company’s common stock, no par value per share (the “Units”), pursuant to and subject to the provisions of the Global Payments Inc. 2011 Incentive Plan (the “Plan”) and to the terms and conditions set forth on the following pages (the “Terms and Conditions”). By accepting this Award, Grantee shall be deemed to have agreed to the terms and conditions set forth in this Stock-Settled Restricted Stock Unit Award Certificate (the “Certificate”) and the Plan.

Unless sooner vested in accordance with Section 2 of the Term and Conditions or otherwise in the discretion of the Committee, the Units shall vest (become payable) in accordance with the following schedule; provided that Grantee is then still employed by the Company or any of its Affiliates:

<u>Percentage of Shares</u>	<u>Vesting Date</u>
33.33%	[Year 1]
33.33%	[Year 2]
33.34%	[Year 3]

IN WITNESS WHEREOF, Global Payments Inc., acting by and through its duly authorized officers, has caused this Certificate to be executed.

Global Payments Inc.

Grant Date:

Grant Number:

By: _____

Accepted by Grantee: _____

Its: Authorized Officer

TERMS AND CONDITIONS

1. Grant of Units. The Company hereby grants to the Grantee named on the cover page hereof, subject to the restrictions and the other terms and conditions set forth in the Plan and in this Certificate, the number of restricted stock units indicated on the cover page hereof (the "Units") which represent the right to receive an equal number of shares of the Company's no par value common stock ("Stock") on the terms set forth in this Certificate. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Vesting of Units. The Units have been credited to a bookkeeping account on behalf of Grantee. The Units will vest and become non-forfeitable on the earliest to occur of the following (each, a "Vesting Date"):

- (a) as to the percentages of the Units specified on the cover page hereof, on the respective Vesting Dates specified on the cover page hereof; provided Grantee is then still employed by the Company or an Affiliate, or
- (b) the termination of Grantee's employment by reason of death or Disability or, with the consent of the Committee, Grantee's Retirement.

If Grantee's employment terminates prior to a Vesting Date for any reason other than as described in (b) above, Grantee shall forfeit all right, title and interest in and to the unvested Units as of the date of such termination and the unvested Units will be reconveyed to the Company without further consideration or any act or action by Grantee.

3. Conversion to Stock. Unless the Units are forfeited prior to the Vesting Date as provided in Section 2 above, the Units will be converted on the Vesting Date to actual shares of Stock. Stock certificates evidencing the conversion of Units into shares of Stock will be registered on the books of the Company in Grantee's name as of the Vesting Date and delivered to Grantee as soon as practical thereafter.

4. Restrictions on Transfer and Pledge. No right or interest of Grantee in the Units may be pledged, encumbered, or hypothecated or be made subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an Affiliate. The Units may not be sold, assigned, transferred or otherwise disposed of by Grantee other than by will or the laws of descent and distribution.

5. Restrictions on Settlement of Units. If at any time the Committee shall determine, in its discretion, that registration, listing or qualification of the Units upon any securities exchange or similar self-regulatory organization or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the settlement of the Units, no payment shall be made hereunder unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

6. No Right of Continued Employment; No Rights to Compensation or Damages. Nothing in the Plan or this Certificate or any document executed under either of them shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment without liability at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Affiliate. By executing this Certificate, Grantee waives any and all rights to compensation or damages for the termination of Grantee's office or employment, or failure to provide sufficient notice of termination of Grantee's office or employment, with the Company or any Affiliate for any reason whatsoever insofar as those rights arise or may arise from the loss of Grantee's benefits or rights upon conversion of the Units in connection with such termination.

7. No Entitlement to Future Awards. The grant of the Units does not entitle Grantee to the grant of any additional units or other awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of units, and vesting

provisions. The grant of the Units is an extraordinary item of compensation outside the scope of any employment contract. As such, the Units are not part of normal or expected compensation for purposes of calculating severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

8. Transfer of Data. By executing this Certificate, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. Grantee is not obliged to consent to such collection, use, processing and transfer of personal data, but failure to provide the consent may affect Grantee's eligibility to receive awards under the Plan. The Company and its Affiliates hold certain personal information about Grantee, including name, home address and telephone number, date of birth, employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and details of any rights or entitlements to shares of stock, for the purpose of managing and administering the Plan ("Data"). The Company and its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Grantee's participation in the Plan, and the Company and any of its Affiliates may each further transfer Data to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the United States or elsewhere throughout the world. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Grantee's behalf to a broker or other third party with whom Grantee may elect to deposit any shares of stock acquired pursuant to the Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, by withdrawing his or her consent, Grantee will affect his or her ability to participate in the Plan.

9. Payment of Taxes. The Company or any Affiliate employing Grantee has the authority and the right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy all applicable taxes (including Grantee's income tax and employee national insurance obligations) required by law to be withheld with respect to any taxable event arising as a result of the vesting or settlement of the Units. The withholding requirement may be satisfied, in whole or in part, at the election of the Company's general counsel, principal financial officer or chief accounting officer, by withholding from the settlement of the stock units Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as such officer establishes. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

10. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if the Units had vested) on the date of such amendment or termination.

11. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. Without limiting the foregoing, the terms and conditions of the Units are subject to adjustment as provided in Article 15 of the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative. Any conflict between this Certificate and the terms of a written employment or change-in-control agreement with Grantee that has been approved, ratified or confirmed by the Committee shall be decided in favor of the provisions of such employment or change-in-control agreement.

12. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles of conflict of laws. Grantee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Georgia and waives objection to such jurisdiction.

13. Severability. If any one or more of the provisions contained in this Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

14. Relationship to Other Benefits. The Shares shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

15. Notice. Notices and communications hereunder must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 10 Glenlake Parkway, North Tower, Atlanta, Georgia 30328, USA; Attn: Corporate Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

16. Non-Competition and Non-Solicitation. As a condition of Grantee's receipt of this Award, Grantee agrees to the following restrictions. Grantee acknowledges and agrees that as a result of Grantee's employment with the Company, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's customers and employees, Grantee would have an unfair competitive advantage if Grantee were to engage in activities in violation of this Agreement. Grantee also acknowledges and agrees that the covenants in this Section 15 are necessary to protect the trade secrets of Company.

16.1 Non-Competition. During the term of Grantee's employment and for a period of __ months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, seek or obtain any employment or independent contractor relationship, in the area in which the Company conducts business, with a Competitor in which Grantee has duties for (or provides services to) such Competitor that relate to Competitive Services and are the same or similar to those services actually performed by Grantee for the Company; provided, however, that nothing in this Section 16.1 shall prohibit Grantee from acquiring or holding, for investment purposes only, less than five percent (5%) of the outstanding publicly traded securities of any corporation which may compete directly or indirectly with the Company.

16.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of __ months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit, divert or take away or attempt to solicit divert or take away any Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this Section 16.2 shall only apply to those Protected Customers (a) with whom Grantee, alone or in conjunction with others, had business dealings with on behalf of the Company during the __ month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 16.2 hereof or (b) for whom Grantee was responsible for supervising or coordinating the dealings between the Company and the Protected Customer during the __ month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 16.2 hereof

16.3 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of __ months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit or induce any employees of the Company with whom Grantee worked or otherwise had material contact with through employment with the Company to terminate his or her employment relationship with the Company or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

16.4 Definitions. For purposes of Section 16 hereof, the following definitions apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 16 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing,

merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

(b) "Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services, including but not limited to the following companies, all of whom engage in Competitive Services (and all of their parents, subsidiaries, or affiliates who engage in Competitive Services) and all of the successors in interest to any of the foregoing: TSYS Acquiring Solutions, Chase Paymentech Solutions, First Data Corporation, Total System Services, Inc., Vantiv, Wells Fargo Merchant Services, Heartland Payment Systems, First National Merchant Solutions, RBS Lynk, TransFirst Holdings, iPayment, BA Merchant Services, NPC, Elavon Merchant Services and Moneris Solutions.

(c) "Protected Customer" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise to whom the Company has sold or provided its products or services, or actively solicited to sell its products or services, during the __ months prior to termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 16 hereof.

16.5 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 16 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 16 hereof and to have the covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. In addition, if the Grantee breaches any of the covenants set forth in Section 16 hereof, all unvested Shares covered by this Certificate shall be immediately forfeited. Such forfeiture shall be in addition to any other right the Company may have with respect to any such violation or breach.

16.6 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 16 hereof are reasonable and valid in time and scope and in all other respects and shall be considered and construed as separate and independent covenants. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Grantee will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws

FORM OF NON-STATUTORY STOCK OPTION

Non-transferable

GRANT TO

(the "Optionee")

the right to purchase from Global Payments Inc. (the "Company")

_____ shares of its common stock, no par value, at the price of \$_____ per share

pursuant to and subject to the provisions of the Global Payments Inc. 2011 Incentive Plan (the "Plan") and to the terms and conditions set forth on the following page (the "Terms and Conditions").

Unless sooner vested in accordance with Section 2 of the Terms and Conditions or otherwise in the discretion of the Committee, the Options shall vest (become exercisable) in accordance with the following schedule:

<u>Continuous Status as a Participant after Grant Date</u>	<u>Percent of Option Shares Vested</u>
Less than 1 Year	0%
1 Year	33.33%
2 Years	66.66%
3 Years	100%

IN WITNESS WHEREOF, Global Payments Inc., acting by and through its duly authorized officers, has caused this Certificate to be executed as of the Grant Date.

GLOBAL PAYMENTS INC.

By: _____
Its: Authorized Officer

Grant Number: _____

Grant Date: _____

Accepted by Optionee: _____

TERMS AND CONDITIONS

1. Grant of Option. Global Payments Inc. (the “Company”) hereby grants to the Optionee named on Page 1 hereof (“Optionee”), under the Global Payments Inc. 2011 Incentive Plan (the “Plan”), stock options to purchase from the Company (the “Options”), on the terms and on conditions set forth in this certificate (this “Certificate”), the number of shares indicated on Page 1 of the Company’s no par value common stock, at the exercise price per share set forth on Page 1. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Vesting of Options. The Option shall vest (become exercisable) in accordance with the schedule shown on Page 1 of this Certificate. Notwithstanding the foregoing vesting schedule, upon Optionee’s death or Disability during his or her Continuous Status as a Participant, or subject to the consent of the Committee, upon Optionee’s Retirement, all Options shall become fully vested and exercisable.

3. Term of Options and Limitations on Right to Exercise. The term of the Options will be for a period of ten years, expiring at 5:00 p.m., Eastern Time, on the tenth anniversary of the Grant Date (the “Expiration Date”). To the extent not previously exercised, the Options will lapse prior to the Expiration Date upon the earliest to occur of the following circumstances:

- (a) Three months after the termination of Optionee’s Continuous Status as a Participant for any reason other than by reason of Optionee’s death, Disability or Retirement.
- (b) Twelve months after termination of Optionee’s Continuous Status as Participant by reason of Disability.
- (c) Five years after termination of Optionee’s Continuous Status as a Participant by reason of Retirement.

(d) Twelve months after the date of Optionee’s death, if Optionee dies while employed, or during the three-month period described in subsection (a) above or during the twelve-month period described in subsection (b) above and before the Options otherwise lapse. If the Optionee dies during the five-year period described in subsection (c) above, the Option shall lapse as provided in subsection (c). Upon Optionee’s death, the Options may be exercised by Optionee’s beneficiary designated pursuant to the Plan.

The Committee may, prior to the lapse of the Options under the circumstances described in paragraphs (a), (b), (c) or (d) above, extend the time to exercise the Options as determined by the Committee in writing. If Optionee returns to employment with the Company during the designated post-termination exercise period, then Optionee shall be restored to the status Optionee held prior to such termination but no vesting credit will be earned for any period Optionee was not in Continuous Status as a Participant. If Optionee or his or her beneficiary exercises an Option after termination of service, the Options may be exercised only with respect to the Shares that were otherwise vested on Optionee’s termination of service.

4. Exercise of Option. The Options shall be exercised by (a) written notice directed to the Secretary of the Company or his or her designee at the address and in the form specified by the Secretary from time to time and (b) payment to the Company in full for the Shares subject to such exercise (unless the exercise is a broker-assisted cashless exercise, as described below). If the person exercising an Option is not Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option. Payment for such Shares shall be in (a) cash, (b) Shares previously acquired by the purchaser, which have been held by the purchaser for such period of time, if any, as necessary to avoid variable accounting for the Option, or (c) any combination thereof, for the number of Shares specified in such written notice. The value of surrendered Shares for this purpose shall be the Fair Market Value as of the last trading day immediately prior to the exercise date. To the extent permitted under Regulation T of the Federal Reserve Board, and subject to applicable securities laws and any limitations as may be applied from time to time by the Committee (which need not be uniform), the Options may be exercised through a broker in a so-called “cashless exercise” whereby the broker sells the Option Shares on behalf of Optionee and delivers cash sales proceeds to the Company in payment of the exercise price. In such case, the date of exercise shall be deemed to be the date on which notice of exercise is received by the Company and the exercise price shall be delivered to the Company by the settlement date.

5. Beneficiary Designation. Optionee may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of Optionee hereunder and to receive any distribution with respect to the Options upon Optionee's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights hereunder is subject to all terms and conditions of this Certificate and the Plan, and to any additional restrictions deemed necessary or appropriate by the Committee. If no beneficiary has been designated or survives Optionee, the Options may be exercised by the legal representative of Optionee's estate, and payment shall be made to Optionee's estate. Subject to the foregoing, a beneficiary designation may be changed or revoked by Optionee at any time provided the change or revocation is filed with the Company.

6. Withholding. The Company or any employer Affiliate has the authority and the right to deduct or withhold, or require Optionee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Optionee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the exercise of the Options. The withholding requirement may be satisfied, in whole or in part, at the election of the Secretary, by withholding from the Options Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as the Secretary establishes. If Shares are surrendered to satisfy withholding obligations in excess of the minimum withholding obligation, such Shares must have been held by the purchaser as fully vested shares for such period of time, if any, as necessary to avoid variable accounting for the Options. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Optionee.

7. Limitation of Rights. The Options do not confer to Optionee or Optionee's beneficiary designated pursuant to Paragraph 5 any rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with the exercise of the Options.

8. No Right of Continued Employment; No Rights to Compensation or Damages. Nothing in the Plan or this Certificate or any document executed under either of them shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Optionee's employment without liability at any time, nor confer upon Optionee any right to continue in the employ of the Company or any Affiliate. By executing this Certificate, Optionee waives any and all rights to compensation or damages for the termination of his office or employment, or failure to provide sufficient notice of termination of his office or employment, with the Company or any Affiliate for any reason whatsoever insofar as those rights arise or may arise from the loss of Optionee's benefits or rights upon conversion of the Options in connection with such termination.

9. Stock Reserve. The Company shall at all times during the term of this Certificate reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Certificate.

10. Restrictions on Transfer and Pledge. No right or interest of Optionee in the Options may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an Affiliate, or shall be subject to any lien, obligation, or liability of Optionee to any other party other than the Company or an Affiliate. The Options are not assignable or transferable by Optionee other than by will or the laws of descent and distribution or pursuant to a domestic relations order that would satisfy Section 414(p)(1)(A) of the Code if such Section applied to an Option under the Plan; provided, however, that the Committee may (but need not) permit other transfers. The Options may be exercised during the lifetime of Optionee only by Optionee or any permitted transferee.

11. Restrictions on Issuance of Shares. If at any time the Committee shall determine in its discretion, that registration, listing or qualification of the Shares covered by the Options upon any Exchange or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the exercise of the Options, the Options may not be exercised in whole or in part unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

12. No Entitlement to Future Awards. The grant of the Options does not entitle Optionee to the grant of any additional options or other awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of options, and vesting provisions. The grant of the options is an extraordinary item of compensation outside the scope of any employment contract. As such, the Options are not part of normal or expected compensation for purposes of calculating severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

13. Transfer of Data. By executing this certificate, Optionee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. Optionee is not obliged to consent to such collection, use, processing and transfer of personal data, but failure to provide the consent may affect Optionee's eligibility to receive awards under the Plan. The Company and its Affiliates hold certain personal information about Optionee, including name, home address and telephone number, date of birth, employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and details of any rights or entitlements to shares of stock, for the purpose of managing and administering the Plan ("Data"). The Company and its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Optionee's participation in the Plan, and the Company and any of its Affiliates may each further transfer Data to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the United States or elsewhere throughout the world. Optionee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Optionee's behalf to a broker or other third party with whom Optionee may elect to deposit any shares of stock acquired pursuant to the Plan. Optionee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, by withdrawing his or her consent, Optionee will affect his or her ability to participate in the Plan.

14. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Optionee; provided, however, that such amendment, modification or termination shall not, without Optionee's consent, reduce or diminish the value of this award determined as if it had been fully vested on the date of such amendment or termination.

15. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative.

16. Successors. This Certificate shall be binding upon any successor of the Company, in accordance with the terms of this Certificate and the Plan.

17. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles of conflict of laws.

18. Severability. If any one or more of the provisions contained in this Certificate is invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

19. Relationship to Other Benefits. The Shares shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

20. Notice. Notices and communications under this Certificate must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 10 Glenlake Parkway, North Tower, Atlanta, Georgia 30328, USA, Attn: Secretary, or any other address designated by the Company in a written notice to Optionee. Notices to Optionee will be directed to the address of Optionee then currently on file with the Company, or at any other address given by Optionee in a written notice to the Company.

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey S. Sloan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Payments Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Jeffrey S. Sloan

Date: October 2, 2014

Jeffrey S. Sloan
Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Cameron M. Bready, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Payments Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Cameron M. Bready _____

Date: October 2, 2014

Cameron M. Bready
Chief Financial Officer

**CERTIFICATION 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. on Form 10-Q for the period ended August 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jeffrey S. Sloan, Chief Executive Officer of Global Payments Inc. (the "Company"), and Cameron M. Bready, 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:

- 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/ Jeffrey S. Sloan

Jeffrey S. Sloan
Chief Executive Officer
Global Payments Inc.
October 2, 2014

/s/ Cameron M. Bready

Cameron M. Bready
Chief Financial Officer
Global Payments Inc.
October 2, 2014

A signed original of this written statement required by Section 906 has been provided to Global Payments Inc. and will be retained by Global Payments Inc. and furnished to the Securities and Exchange Commission upon request.