

**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**

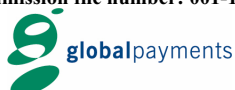
**For the quarterly period ended February 28, 2015**

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 March 31, 2015 was 66,458,271.

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**GLOBAL PAYMENTS INC.**  
**FORM 10-Q**  
**For the quarterly period ended February 28, 2015**

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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	
	February 28, 2015	February 28, 2014
Revenues	\$ 664,983	\$ 616,452
Operating expenses:		
Cost of service	250,255	232,937
Sales, general and administrative	310,113	286,224
	560,368	519,161
Operating income	104,615	97,291
Other income (expense):		
Interest and other income	1,160	2,944
Interest and other expense	(13,429)	(16,457)
	(12,269)	(13,513)
Income before income taxes	92,346	83,778
Provision for income taxes	(23,031)	(23,657)
Net income	69,315	60,121
Less: Net income attributable to noncontrolling interests, net of income tax	(6,747)	(5,000)
Net income attributable to Global Payments	\$ 62,568	\$ 55,121
Earnings per share attributable to Global Payments:		
Basic	\$ 0.94	\$ 0.77
Diluted	\$ 0.93	\$ 0.76

*See Notes to Unaudited Consolidated Financial Statements.*

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

	Nine Months Ended	
	February 28, 2015	February 28, 2014
Revenues	\$ 2,067,169	\$ 1,880,259
Operating expenses:		
Cost of service	767,890	698,852
Sales, general and administrative	946,282	871,825
Processing system intrusion	—	(7,000)
	<u>1,714,172</u>	<u>1,563,677</u>
Operating income	352,997	316,582
Other income (expense):		
Interest and other income	3,634	11,570
Interest and other expense	(34,789)	(32,361)
	<u>(31,155)</u>	<u>(20,791)</u>
Income before income taxes	321,842	295,791
Provision for income taxes	(82,837)	(84,105)
Net income	239,005	211,686
Less: Net income attributable to noncontrolling interest, net of income tax	(26,290)	(18,025)
Net income attributable to Global Payments	<u>\$ 212,715</u>	<u>\$ 193,661</u>
Earnings per share attributable to Global Payments:		
Basic	<u>\$ 3.15</u>	<u>\$ 2.67</u>
Diluted	<u>\$ 3.13</u>	<u>\$ 2.65</u>

*See Notes to Unaudited Consolidated Financial Statements.*

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

	Three Months Ended	
	February 28, 2015	February 28, 2014
Net income	\$ 69,315	\$ 60,121
Other comprehensive income (loss):		
Foreign currency translation adjustments	(103,283)	(10,604)
Income tax benefit related to foreign currency translation adjustments	7,958	4,805
Unrealized losses on hedging activities	(1,859)	—
Reclassification of losses on hedging activities to interest expense	1,750	—
Income tax benefit related to hedging activities	41	—
Other comprehensive loss, net of tax	(95,393)	(5,799)
Comprehensive (loss) income	(26,078)	54,322
Less: comprehensive loss (income) attributable to noncontrolling interests	7,146	(7,181)
Comprehensive (loss) income attributable to Global Payments	\$ (18,932)	\$ 47,141

	Nine Months Ended	
	February 28, 2015	February 28, 2014
Net income	\$ 239,005	\$ 211,686
Other comprehensive income (loss):		
Foreign currency translation adjustments	(221,138)	11,057
Income tax benefit related to foreign currency translation adjustments	15,249	7,058
Unrealized losses on hedging activities	(6,278)	—
Reclassification of losses on hedging activities to interest expense	2,281	—
Income tax benefit related to hedging activities	1,484	—
Other comprehensive (loss) income, net of tax	(208,402)	18,115
Comprehensive income	30,603	229,801
Less: comprehensive income attributable to noncontrolling interests	(338)	(26,823)
Comprehensive income attributable to Global Payments	\$ 30,265	\$ 202,978

*See Notes to Unaudited Consolidated Financial Statements.*

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

	February 28, 2015	May 31, 2014
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 610,148	\$ 581,872
Accounts receivable, net of allowances for doubtful accounts of \$405 and \$401, respectively	170,895	214,574
Claims receivable, net	584	809
Settlement processing assets	744,976	780,917
Inventory	5,587	6,636
Deferred income taxes	11,933	12,963
Prepaid expenses and other current assets	49,027	45,673
Total current assets	1,593,150	1,643,444
Goodwill	1,422,900	1,337,285
Other intangible assets, net	516,083	535,173
Property and equipment, net	355,885	369,753
Deferred income taxes	93,549	101,928
Other	36,753	31,067
Total assets	\$ 4,018,320	\$ 4,018,650
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Lines of credit	\$ 446,800	\$ 440,128
Current portion of long-term debt	62,500	17,677
Accounts payable and accrued liabilities	284,472	290,106
Settlement processing obligations	426,368	451,317
Income taxes payable	22,560	12,390
Total current liabilities	1,242,700	1,211,618
Long-term debt	1,546,000	1,376,002
Deferred income taxes	201,737	209,099
Other long-term liabilities	86,255	89,132
Total liabilities	3,076,692	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; 66,457,816 issued and outstanding at February 28, 2015 and 68,845,643 issued and outstanding at May 31, 2014	—	—
Paid-in capital	147,344	183,023
Retained earnings	861,955	815,980
Accumulated other comprehensive loss	(184,226)	(1,776)
Total Global Payments shareholders' equity	825,073	997,227
Noncontrolling interests	116,555	135,572
Total equity	941,628	1,132,799
Total liabilities and equity	\$ 4,018,320	\$ 4,018,650

*See Notes to Unaudited Consolidated Financial Statements.*

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

	Nine Months Ended	
	February 28, 2015	February 28, 2014
<b>Cash flows from operating activities:</b>		
Net income	\$ 239,005	\$ 211,686
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization of property and equipment	48,628	43,645
Amortization of acquired intangibles	54,184	43,553
Share-based compensation expense	14,827	17,269
Provision for operating losses and bad debts	10,530	14,203
Deferred income taxes	13,479	3,103
Other, net	469	(1,006)
<b>Changes in operating assets and liabilities, net of the effects of acquisitions:</b>		
Accounts receivable	32,124	14,442
Claims receivable	(7,159)	(9,145)
Settlement processing assets and obligations, net	(27,948)	(19,669)
Inventory	(256)	3,811
Prepaid expenses and other assets	(5,431)	18,980
Accounts payable and accrued liabilities	(36,044)	(16,422)
Income taxes payable	10,677	(10,049)
Net cash provided by operating activities	<u>347,085</u>	<u>314,401</u>
<b>Cash flows from investing activities:</b>		
Business, intangible and other asset acquisitions, net of cash acquired	(232,864)	(2,519)
Capital expenditures	(56,746)	(61,270)
Principal collections on financing receivables	219	1,997
Net proceeds from sales of investments and business	10,597	3,521
Net cash used in investing activities	<u>(278,794)</u>	<u>(58,271)</u>
<b>Cash flows from financing activities:</b>		
Net borrowings on short-term lines of credit	44,622	74,594
Proceeds from issuance of long-term debt	1,593,500	2,390,000
Principal payments under long-term debt	(1,378,679)	(2,099,869)
Payment of debt issuance costs	—	(5,961)
Repurchase of common stock	(231,844)	(258,562)
Proceeds from stock issued under share-based compensation plans	18,867	29,740
Common stock repurchased - share-based compensation plans	(16,175)	(5,682)
Tax benefit from share-based compensation plans	3,851	4,782
Distributions to noncontrolling interests	(19,355)	(33,744)
Dividends paid	(4,035)	(4,330)
Net cash provided by financing activities	<u>10,752</u>	<u>90,968</u>
Effect of exchange rate changes on cash	<u>(50,767)</u>	<u>(14,008)</u>
Increase in cash and cash equivalents	28,276	333,090
Cash and cash equivalents, beginning of the period	581,872	680,470
Cash and cash equivalents, end of the period	<u>\$ 610,148</u>	<u>\$ 1,013,560</u>

*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			212,715		212,715	26,290	239,005
Other comprehensive loss, net of tax				(182,450)	(182,450)	(25,952)	(208,402)
Stock issued under employee stock plans	1,011	18,867			18,867		18,867
Common stock repurchased - share-based compensation plans	(321)	(7,389)			(7,389)		(7,389)
Tax benefit from employee share-based compensation, net		3,851			3,851		3,851
Share-based compensation expense		14,827			14,827		14,827
Distributions to noncontrolling interests						(19,355)	(19,355)
Repurchase of common stock	(3,078)	(65,835)	(162,705)		(228,540)		(228,540)
Dividends paid (\$0.06 per share)			(4,035)		(4,035)		(4,035)
Balance at February 28, 2015	66,458	\$ 147,344	\$ 861,955	\$ (184,226)	\$ 825,073	\$ 116,555	\$ 941,628

*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			193,661		193,661	18,025	211,686
Other comprehensive income, net of tax				9,317	9,317	8,798	18,115
Stock issued under employee stock plans	1,557	29,740			29,740		29,740
Common stock repurchased - share-based compensation plans	(361)	(5,682)			(5,682)		(5,682)
Tax benefit from employee share-based compensation, net		4,657			4,657		4,657
Share-based compensation expense		17,269			17,269		17,269
Distributions to noncontrolling interests						(33,744)	(33,744)
Repurchase of common stock	(4,961)	(53,072)	(207,537)		(260,609)		(260,609)
Dividends paid (\$0.06 per share)			(4,330)		(4,330)		(4,330)
Balance at February 28, 2014	71,661	\$ 195,308	\$ 940,545	\$ (5,745)	\$ 1,130,108	\$ 133,601	\$ 1,263,709

*See Notes to Unaudited Consolidated Financial Statements.*

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Business, consolidation and presentation*— We are a leading worldwide provider of payment technology services that delivers innovative solutions to our customers globally. Our partnerships, technologies and employee expertise enable us to provide a broad range of products and services that allow our customers to accept all payment types. We distribute our products and services across a variety of channels to merchants and partners in 28 countries throughout North America, Europe, the Asia-Pacific region and Brazil. We provide payment and digital commerce solutions and operate in two reportable 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 in this report 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 payment solutions for credit cards, debit cards, electronic payments and check-related services. Revenue is recognized as such services are performed. Revenue for 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 independent sales organizations ("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 as Merchant Reserves strengthens our fiduciary standing with banks that sponsor us and is in accordance with guidelines set by the card networks. As of February 28, 2015 and May 31, 2014, our cash and cash equivalents included \$169.8 million and \$124.7 million, respectively, related to Merchant Reserves.

Certain of the banks that sponsor us 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*— We test goodwill for impairment at the reporting unit level 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. Macroeconomic factors such as general economic conditions, fluctuations in foreign exchange rates and other developments in equity and credit markets are monitored for indications that goodwill assigned to one of our reporting units may be impaired. 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 to perform a qualitative assessment is made annually and may vary by reporting unit.

When conducting a qualitative assessment, we consider factors including 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 may be impaired and step two must be performed. Step two measures any 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. As of January 1, 2015, we elected to perform a qualitative assessment of impairment for each of our reporting units, except Russia merchant services. We determined on the basis of qualitative factors, as described above, that the fair values of these five reporting units were not more likely than not less than their respective carrying values. Due to the deterioration of economic conditions in the Russian Federation and the recent devaluation of the Russian Ruble compared to the United States Dollar, we elected to perform a quantitative assessment of impairment for the Russia merchant services reporting unit as of January 1, 2015. Based on this quantitative assessment, we determined that goodwill of our Russia merchant services reporting unit was not impaired. 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 qualitative factors 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.

When applying a quantitative approach, we estimate the fair value of our reporting units using a combination of the income approach and the market approach. The income approach utilizes a discounted cash flow model incorporating management's expectations for future revenue, operating expenses, EBITDA (earnings before interest, taxes, depreciation and amortization), capital expenditures and an anticipated tax rate. We discount the related cash flow forecasts using an estimated weighted-average cost of capital for each reporting unit at the date of valuation. The market approach utilizes comparative market multiples in the valuation estimate. Multiples are derived by relating the value of guideline companies, based on either the market price of publicly traded shares or the prices of companies being acquired in the marketplace, to various measures of their earnings and cash flow. Such multiples are then applied to the historical and projected earnings and cash flow of the reporting unit in developing the valuation estimate.

Preparation of forecasts and the selection of discount rates involve significant judgments about expected future business performance and general market conditions. Significant changes in our forecasts, the discount rates selected or the weighting of the income and market approach could affect the estimated 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*— 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 technologies 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 and trade names are based on our plans to phase out the trademarks and trade names in the applicable markets.

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 and trade names. Acquired technologies are amortized on a straight-line basis over their estimated useful lives.

*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 February 28, 2015 or May 31, 2014.

*Derivative Instruments*— Our long-term debt 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. Consequently, we are exposed to variability in our interest payment cash flows due to changes in interest rates. We use interest rate swaps to manage a portion of this exposure. These financial instruments are recognized at fair value on our consolidated balance sheets, and changes in fair value are recognized in shareholders' equity through accumulated other comprehensive income (loss) ("AOCI"). Our objective in managing our exposure to fluctuation in interest rates is to better control this element of cost and to mitigate the earnings and cash flow volatility associated with changes in applicable rates.

We have established policies and procedures that encompass risk-management philosophy and objectives, guidelines for derivative instrument usage, counterparty credit approval, and the monitoring and reporting of derivative activity. We do not enter into derivative instruments for the purpose of speculation. We formally designate and document instruments at inception that qualify for hedge accounting of underlying exposures in accordance with GAAP.

We formally assess, both at inception and at least quarterly, whether the financial instruments used in hedging transactions are effective at offsetting changes in cash flows of the related underlying exposure. Fluctuations in the value of these instruments generally are offset by changes in the cash flows of the underlying exposures being hedged. This offset is driven by the high degree of effectiveness between the exposure being hedged and the hedging instrument. GAAP requires all derivative instruments to be recognized as either assets or liabilities at fair value in our consolidated balance sheets. We designated our interest rate swap agreements as a cash flow hedge of interest payments on variable rate borrowings. Any ineffective portion of a change in the fair value of a qualifying instrument is immediately recognized in earnings. Please see Note 5-Long-Term Debt and Credit Facilities for more information about our interest rate swaps.

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**Earnings per share**— Basic earnings per share is computed by dividing reported net income attributable to Global Payments by the weighted average shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to Global Payments by the weighted average shares outstanding during the period, including the impact of securities that would have a dilutive effect on earnings per share. All stock options with an exercise price less than the average market share price of our common stock for the period are assumed to have a dilutive effect on earnings per share.

The following table sets forth the computation of diluted weighted average shares outstanding for the three and nine months ended February 28, 2015 and February 28, 2014:

	Three Months Ended		Nine Months Ended	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
	(in thousands)		(in thousands)	
Basic weighted average shares outstanding	66,890	71,835	67,476	72,598
Plus: Dilutive effect of stock options and other share-based awards	416	599	415	554
Diluted weighted average shares outstanding	67,306	72,434	67,891	73,152

**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 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 below, 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 April 2015, the FASB issued Accounting Standards Update ("ASU") 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The update requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. The update requires retrospective application and represents a change in accounting principle. The update is effective for fiscal years beginning after December 15, 2015. Early adoption permitted for financial statements that have not been previously issued. We are evaluating the impact of ASU 2015-03 on our consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. The amendments in this update make changes to consolidation guidance to address concerns of stakeholders that current accounting for certain legal entities might require a reporting entity to consolidate another legal entity in situations in which the reporting entity's contractual rights do not give it the ability to act primarily on its own behalf, the reporting entity does not hold a majority of the legal entity's voting rights, or the reporting entity is not exposed to a majority of the legal entity's economic benefits or obligations. The amendments in this Update are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period.

In January 2015, the FASB issued ASU 2015-01, *Income Statement Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. The amendments in this update eliminate from GAAP the concept of extraordinary items. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 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. ASU 2014-09 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 ASU 2014-09 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 Independent Sales Organization by Visa, which means that member clearing banks ("Member") sponsor us and require our adherence to the standards of the payment 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 payment 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 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 payment

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 payment 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 consolidated balance sheets. 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 funding.
- Receivable from networks - our receivable from a payment network 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 payment 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 a particular payment 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.

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 payment networks and, thus, do not have a direct obligation or any ability to satisfy the payable to fund 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

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the net amount in settlement processing assets on our consolidated 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.

	February 28, 2015	May 31, 2014
	(in thousands)	
<b>Settlement processing assets:</b>		
Interchange reimbursement	\$ 183,973	\$ 217,806
Receivable from Members	189,877	206,322
Receivable from networks	411,997	430,763
Exception items	9,055	5,573
Merchant Reserves	(49,926)	(79,547)
	<u>\$ 744,976</u>	<u>\$ 780,917</u>
<b>Settlement processing obligations:</b>		
Interchange reimbursement	\$ 31,246	\$ 54,459
Liability to Members	(1,710)	(5,490)
Liability to merchants	(338,868)	(407,651)
Exception items	4,299	6,313
Merchant Reserves	(119,919)	(96,622)
Reserve for operating losses	(1,119)	(1,725)
Reserves for sales allowances	(297)	(601)
	<u>\$ (426,368)</u>	<u>\$ (451,317)</u>

**NOTE 3—BUSINESS AND INTANGIBLE ASSET ACQUISITIONS AND JOINT VENTURES****Fiscal 2015***Bank of the Philippine Islands*

On December 17, 2014, we announced an agreement with Bank of the Philippine Islands ("BPI") to provide merchant acquiring and payment services in the Philippines. We believe this arrangement will enable us to expand our direct distribution in the Philippines, further leverage our technological strengths and provide superior product and service offerings to customers in the Philippines. Under this arrangement, BPI will contribute its existing merchant acquiring business to our subsidiary in the Philippines, Global Payments Asia-Pacific Philippines Incorporated ("GPAPPI"), in return for a 49% ownership interest in GPAPPI and a cash payment of \$3.6 million. We will retain a controlling 51% interest in GPAPPI, which is included in our International merchant services segment. The transaction is expected to close late in the fourth quarter of fiscal 2015, subject to receipt of regulatory approvals and satisfaction of customary closing conditions. For fiscal 2015, we expect this transaction to be immaterial to our consolidated revenues and earnings per share.

*Fidelity National Information Services Gaming Business*

On September 30, 2014, we 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) ("FIS"), to acquire its gaming business related to licensed gaming operators (the "FIS Gaming Business"). Pursuant to the terms of the asset purchase agreement, we will acquire substantially all of the assets of the FIS Gaming Business, which includes approximately 260 gaming client locations, for \$236.5 million, subject to certain adjustments at closing. We expect the acquisition to close early in the first quarter of fiscal 2016, subject to the satisfaction of customary closing conditions, and to be funded from borrowings on our credit facility.

At the same time, we entered into a gaming bureau license agreement and an outsourcing agreement with FIS. Under the license agreement, we acquired a perpetual software license for a gaming bureau application that we believe enhances our casino clients' credit decision process. The software license is reflected in property and equipment in our consolidated balance sheet at

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February 28, 2015. Under the outsourcing agreement, which has a term of 10 years, we have engaged FIS to provide a variety of services for our gaming clients, including: check and ACH verification services, collection services, claims management services, billing services and other gaming bureau services. The outsourcing agreement will become effective when the asset purchase agreement closes.

*Ezidebit*

On October 10, 2014, we completed the acquisition of 100% of the outstanding stock of Ezi Holdings Pty Ltd ("Ezidebit") for AU\$305.0 million less working capital of AU\$2.4 million (US\$268.1 million less working capital of US\$2.1 million). This acquisition was funded by a combination of cash on hand and borrowings on our revolving credit facility. Ezidebit is a leading integrated payments company focused on recurring payments verticals in Australia and New Zealand. Ezidebit markets its products through a network of integrated software vendors and direct channels to numerous vertical markets. We acquired Ezidebit to establish a direct distribution channel in Australia and New Zealand 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 intangible assets. Acquisition costs associated with this purchase were not material. The revenue and earnings of Ezidebit for the three and nine months ended February 28, 2015 are not material nor are the historical revenue and earnings of Ezidebit material for the purpose of presenting pro forma information for the current or prior-year periods.

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

Cash	\$	45,826
Goodwill		194,136
Customer-related intangible assets		42,721
Acquired technology		27,954
Trade name		2,901
Other assets		2,337
Total assets acquired		<u>315,875</u>
Liabilities		(49,797)
Deferred income taxes		(96)
Net assets acquired	\$	<u>265,982</u>

The preliminary purchase price allocation resulted in goodwill, included in the International merchant services segment, of \$194.1 million. Goodwill is attributable to expected growth opportunities in Australia and New Zealand, as well as growth opportunities and operating synergies in integrated payments in our existing Asia-Pacific and North America markets. Goodwill associated with this acquisition is not deductible for tax purposes. The customer-related intangible assets have an estimated amortization period of 15 years. The acquired technology has an estimated amortization period of 15 years. The trade name has an estimated amortization period of 5 years.

**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 was equal to funding that we 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. Thereafter, we have applied the equity method of accounting to our retained interest in Global Payments Brazil. We recorded a gain on the transaction of \$2.1 million which was included in interest and other income in the consolidated statement of income for the nine months ended February 28, 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 Global Payments Brazil to fund the operations of the business. During the three months ended February 28, 2015, we advanced an additional \$6.7 million to Global Payments Brazil. We expect this advance will be replaced with permanent financing from CaixaBank and us in the fourth quarter of fiscal 2015.

#### *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 (as defined in Note 5). 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. 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 purchase price allocation (in thousands):

Goodwill	\$ 270,878
Customer-related intangible assets	147,500
Contract-based intangible assets	30,200
Acquired technology	10,800
Property and equipment	1,680
Other assets	3,872
Total assets acquired	464,930
Deferred income taxes	(38,478)
Net assets acquired	\$ 426,452

The purchase price allocation resulted in goodwill, included in the North America merchant services segment, of \$270.9 million. Such goodwill is attributable primarily to operating 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 estimated amortization periods 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 and nine months ended February 28, 2014 as if the PayPros acquisition had occurred on 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			
	Three Months Ended		Nine Months Ended	
	February 28, 2014	February 28, 2014	February 28, 2014	February 28, 2014
	(Actual)	(Pro forma)	(Actual)	(Pro forma)
	(in thousands, except per share data)		(in thousands, except per share data)	
Total revenues	\$ 616,452	\$ 643,086	\$ 1,880,259	\$ 1,954,570
Net income attributable to Global Payments	\$ 55,121	\$ 54,885	\$ 193,661	\$ 189,645
Net income per share attributable to Global Payments, basic	\$ 0.77	\$ 0.76	\$ 2.67	\$ 2.61
Net income per share attributable to Global Payments, diluted	\$ 0.76	\$ 0.76	\$ 2.65	\$ 2.59

**NOTE 4—GOODWILL AND INTANGIBLE ASSETS**

As of February 28, 2015 and May 31, 2014, goodwill and intangible assets consisted of the following:

	February 28, 2015	May 31, 2014
	(in thousands)	
Goodwill	\$ 1,422,900	\$ 1,337,285
Other intangible assets:		
Customer-related intangible assets	\$ 702,037	\$ 714,704
Contract-based intangible assets	131,612	145,967
Acquired technologies	50,337	25,700
Trademarks and trade names	7,015	6,140
	<u>891,001</u>	<u>892,511</u>
Less accumulated amortization:		
Customer-related intangible assets	328,633	317,629
Contract-based intangible assets	35,411	32,031
Acquired technologies	6,839	3,531
Trademarks and trade names	4,035	4,147
	<u>374,918</u>	<u>357,338</u>
	<u>\$ 516,083</u>	<u>\$ 535,173</u>

The following table sets forth the changes in the carrying amount of goodwill for the nine months ended February 28, 2015:

	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
Goodwill acquired	—	194,136	194,136
Adjustment <sup>(1)</sup>	(699)	—	(699)
Effect of foreign currency translation	(12,065)	(95,757)	(107,822)
Balance at February 28, 2015	<u>\$ 773,891</u>	<u>\$ 649,009</u>	<u>\$ 1,422,900</u>

<sup>(1)</sup>During the nine months ended February 28, 2015, we recorded an adjustment to decrease goodwill by \$0.7 million in our North America merchant services segment in connection with the finalization of the intangible asset and deferred tax valuations associated with the purchase price allocation and the working capital settlement for the PayPros acquisition.

#### NOTE 5—LONG-TERM DEBT AND CREDIT FACILITIES

As of February 28, 2015 and May 31, 2014, outstanding debt consisted of the following:

	February 28, 2015	May 31, 2014
	(in thousands)	
Lines of credit:		
Corporate Credit Facility - long-term	\$ 358,500	\$ 140,000
Short-term lines of credit	446,800	440,128
Total lines of credit	805,300	580,128
Notes payable	—	3,679
Term loan	1,250,000	1,250,000
Total debt	<u>\$ 2,055,300</u>	<u>\$ 1,833,807</u>
Current portion	\$ 509,300	\$ 457,805
Long-term debt	1,546,000	1,376,002
Total debt	<u>\$ 2,055,300</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 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 LIBOR or a base rate, in each case plus a leverage-based margin. As of February 28, 2015, the interest rate on the Term Loan was 1.92%. 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% of the original principal balance. 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 February 28, 2015, the outstanding balance on the Corporate Credit Facility was \$358.5 million, and the interest rate was 1.89%. 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 February 28, 2015 and May 31, 2014, we had standby letters of credit of \$7.4 million and \$8.1 million, respectively. Borrowings available to us under the Corporate Credit Facility are further limited by the covenants described below under "Compliance with Covenants." The total available incremental borrowings under our Corporate Credit Facility at February 28, 2015 and May 31, 2014 was \$626.5 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 the Asia-Pacific region 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 February 28, 2015 and May 31, 2014, we had \$901.5 million and \$818.5 million, respectively, 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 and nine months ended February 28, 2015 and as of May 31, 2014.

#### **Interest Rate Swap Agreement**

On October 9, 2014, we entered into an interest rate swap agreement with a major financial institution to hedge changes in cash flows attributable to interest rate risk on a portion of our variable-rate debt instruments. The interest rate swap agreement, which became effective on October 31, 2014, will mature on February 28, 2019. The fair value of our interest rate swap as of February 28, 2015 was a liability of \$4.0 million, which is reflected in accounts payable and accrued liabilities in our consolidated balance sheet. Net amounts to be received or paid under the swap agreement are reflected as adjustments to interest expense. Since we have designated the interest rate swap agreement as a cash flow hedge, unrealized gains or losses resulting from adjusting this swap to its fair value are recorded as elements of AOCI within the consolidated balance sheet except for any ineffective portion of the change in fair value, which would be immediately recorded in interest expense. During the three and nine months ended February 28, 2015, there was no ineffectiveness. The fair value of the swap agreement is determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. This derivative instrument is classified within Level 2 of the valuation hierarchy.

At February 28, 2015, our interest rate swap agreement effectively converted \$500.0 million of our variable-rate debt to a fixed rate of 1.52% plus a leverage-based margin. During the three and nine months ended February 28, 2015, we recognized \$1.8 million and \$2.3 million, respectively, in interest expense related to settlements on the interest rate swap. At February 28, 2015, the

amount in AOCI related to our interest rate swap that is expected to be reclassified into interest expense during the next 12 months is not material.

#### **NOTE 6—INCOME TAX**

Our effective tax rates were 24.9% and 28.2% for the three months ended February 28, 2015 and February 28, 2014, respectively. Our effective tax rates were 25.7% and 28.4% for the nine months ended February 28, 2015 and February 28, 2014, respectively. The effective tax rates for the three and nine months ended February 28, 2014 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%. 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 February 28, 2015 and May 31, 2014, other long-term liabilities included liabilities for unrecognized income tax benefits of \$71.1 million and \$71.2 million, respectively, including interest. \$68.0 million of our liabilities for unrecognized income tax benefits at February 28, 2015 relate to tax positions that are currently under review by tax authorities. It is reasonably possible that the total amounts of unrecognized tax benefits will decrease by between \$0.0 million and \$68.0 million as a result of this review. Based on the nature of the underlying positions, we do not believe that a negative outcome would have any impact on our income or results of operations in the period of change. Further, a negative outcome would not have a significant impact on our financial condition or liquidity. During the three and nine months ended February 28, 2015 and February 28, 2014, 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, 2008 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 and nine months ended February 28, 2015, we repurchased and retired 0.6 million and 3.1 million shares of our common stock at a cost of \$56.6 million and \$228.5 million, or an average of \$88.74 and \$74.25 per share, respectively, including commissions. As of February 28, 2015, we had \$243.4 million of remaining authorized share repurchases.

During the three and nine months ended February 28, 2014, we repurchased and retired 0.3 million and 5.0 million shares of our common stock at a cost of \$21.5 million and \$260.6 million, or an average of \$64.04 and \$52.53 per share, respectively, including commissions.

#### **NOTE 8—SHARE-BASED AWARDS AND OPTIONS**

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 share-based compensation expense and the related income tax benefit recognized for stock options, restricted stock, performance units, TSR units, and shares issued under our employee stock purchase plan (each as described below).

	Three Months Ended		Nine Months Ended	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
	(in millions)		(in millions)	
Share-based compensation expense	\$ 5.7	\$ 5.3	\$ 14.8	\$ 17.3
Income tax benefit	\$ 1.9	\$ 2.0	\$ 4.8	\$ 5.2

We grant various share-based awards pursuant to the Plans under what we refer to as our "long-term incentive plan." The awards are held in escrow and released upon the grantee's satisfaction of conditions of the award certificate.

#### **Restricted Stock**

We grant restricted stock awards and restricted stock units. Restricted stock awards vest over a period of time, provided, however, that if the grantee is not employed by us on the vesting date, the shares are forfeited. Restricted shares cannot be sold or transferred until they have vested. Restricted stock granted before fiscal 2015 vests in equal installments on each of the first four anniversaries of the grant date. Restricted stock granted during fiscal 2015 will either vest in equal installments on each of the first three anniversaries of the grant date or cliff vest at the end of a three-year service period. Restricted shares entitle the holder to vote with common shareholders and receive dividends paid on our common stock during the vesting period. Holders of restricted stock units do not have the right to vote shares or receive dividends. The grant date fair value of restricted stock, which is based on the quoted market value of our common stock at the closing of the award date, is recognized as share-based compensation expense on a straight-line basis over the vesting period.

#### **Performance Units**

Certain of our executives have been granted up to three 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 common shares, which may be restricted. The number of shares is dependent upon the achievement of certain performance measures during the performance period. The target number of performance units and any market-based performance measures ("at threshold," "target," and "maximum") are set by the Compensation Committee of our Board of Directors. Performance units are converted only after the Compensation Committee certifies performance based on 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, 25% of the performance units converted to unrestricted shares. The remaining 75% converted to restricted shares that vest in equal installments on each of the first three anniversaries of the conversion date. The performance units granted to certain executives during fiscal 2015 were based on a three-year performance period. After the Compensation Committee certifies the performance results for the three-year period, performance units earned will convert into unrestricted common stock.

The Compensation Committee may set a range of possible performance-based outcomes for performance units. 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. For awards with only performance conditions, we recognize compensation expense over the performance period using the grant date fair value of the award, which is based on the number of shares expected to be earned according to the level of achievement of performance goals. If the number of shares expected to be earned were to change at any time during the performance period, we would make a cumulative adjustment to share-based compensation expense based on the revised number of shares expected to be earned.

During fiscal 2015, certain executives were granted performance units that we refer to as "leveraged performance units," or "LPUs." LPUs contain a market condition based on our relative stock price growth over a three-year performance period. The LPUs contain a minimum threshold performance, which if not met would result in no payout. The LPUs also contain a maximum award

opportunity set as a fixed dollar and fixed number of shares. After the three-year performance period, one-third of any earned units converts to unrestricted common stock. The remaining two-thirds convert to restricted stock that will vest in equal installments on each of the first two anniversaries of the conversion date. We recognize share-based compensation expense based on the grant date fair value of the LPUs, as determined by use of a Monte Carlo model, on a straight-line basis over the requisite service period for each separately vesting portion of the LPU award.

#### **Total Shareholder Return ("TSR") Units**

Before fiscal 2015, certain of our executives were 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 unrestricted 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. We recognize share-based compensation expense based on the grant date fair value of the TSR units, as determined by use of a Monte Carlo model, on a straight-line basis over the vesting period.

The following table summarizes the changes in unvested share-based awards for the nine months ended February 28, 2015:

	<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
	(in thousands)	
Unvested at May 31, 2014	877	\$ 45
Granted	469	72
Vested	(322)	46
Forfeited	(92)	53
Unvested at February 28, 2015	<u>932</u>	<u>\$ 58</u>

Including the restricted stock, performance units and TSR units described above, the total fair value of share-based awards vested during the nine months ended February 28, 2015 and February 28, 2014 was \$14.9 million and \$15.9 million, respectively.

For these share-based awards, we recognized compensation expense of \$5.4 million and \$5.0 million in the three months ended February 28, 2015 and February 28, 2014, respectively. For the nine months ended February 28, 2015 and February 28, 2014, we recognized compensation expense for these share-based awards of \$13.8 million and \$16.2 million, respectively. As of February 28, 2015, there was \$47.5 million of unrecognized compensation expense related to unvested share-based awards that we expect to recognize over a weighted average period of 2.27 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 February 28, 2015, 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 \$0.1 million in both the three months ended February 28, 2015 and February 28, 2014. We recognized compensation expense for the plan of \$0.5 million and \$0.4 million in the nine months ended February 28, 2015 and February 28, 2014, respectively.

The weighted average grant-date fair value of each designated share purchased under this plan during the nine months ended February 28, 2015 and February 28, 2014 was approximately \$8 and \$7, respectively, which represents the fair value of the 15% discount.

**Stock Options**

Stock options are granted with an exercise price equal to 100% of fair market value on the date of grant and have a term of ten years. Stock options 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 nine months ended February 28, 2015, we granted 0.2 million stock options. We did not grant stock options during the three months ended February 28, 2015 or during the three and nine months ended February 28, 2014. 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 nine months ended February 28, 2015:

	Options (in thousands)	Weight Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at May 31, 2014	766	\$ 41	3.8	\$ 21.3
Granted	153	72		
Forfeited	(23)	56		
Exercised	(366)	41		
Outstanding at February 28, 2015	<u>530</u>	<u>\$ 49</u>	<u>4.9</u>	<u>\$ 22.8</u>
Options vested and exercisable at February 28, 2015	<u>392</u>	<u>\$ 41</u>	<u>3.3</u>	<u>\$ 20.0</u>

We recognized compensation expense for stock options of \$0.2 million in both the three months ended February 28, 2015 and February 28, 2014. We recognized compensation expense for stock options of \$0.5 million and \$0.7 million in the nine months ended February 28, 2015 and February 28, 2014, respectively. The aggregate intrinsic value of stock options exercised during the nine months ended February 28, 2015 and February 28, 2014 was \$11.7 million and \$24.0 million, respectively. As of February 28, 2015, we had \$1.9 million of unrecognized compensation expense related to unvested stock options that we expect to recognize over a weighted average period of 3.3 years.

The weighted average grant-date fair value of each stock option granted during the nine months ended February 28, 2015 was \$17. Fair value was estimated on the date of grant using the Black-Scholes valuation model with the following weighted-average assumptions:

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 are a leading worldwide provider of payment technology services that delivers innovative solutions driven by our customer needs globally. Our partnerships, technologies and employee expertise enable us to provide a broad range of products and services



that allow our customers to accept all payment types across a variety of distribution channels in many markets around the world. We have merchants and partners in 28 countries throughout North America, Europe, the Asia-Pacific region and Brazil. We provide payment and digital commerce solutions and operate in two reportable segments: North America merchant services and International merchant 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.

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 and nine months ended February 28, 2015 and 2014:

	Three Months Ended		Nine Months Ended	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
	(in thousands)		(in thousands)	
<b>Revenues:</b>				
United States	\$ 404,016	\$ 355,880	\$ 1,222,841	\$ 1,081,506
Canada	69,047	73,467	243,004	245,379
North America merchant services	473,063	429,347	1,465,845	1,326,885
Europe	138,378	143,832	461,140	433,886
Asia-Pacific <sup>(1)</sup>	53,542	43,273	140,184	119,488
International merchant services	191,920	187,105	601,324	553,374
Consolidated revenues	\$ 664,983	\$ 616,452	\$ 2,067,169	\$ 1,880,259
<b>Operating income (loss) for segments:</b>				
North America merchant services	\$ 66,723	\$ 61,695	\$ 218,906	\$ 201,831
International merchant services <sup>(2)</sup>	64,902	58,077	214,947	182,085
Corporate	(27,010)	(22,481)	(80,856)	(67,334)
Consolidated operating income	\$ 104,615	\$ 97,291	\$ 352,997	\$ 316,582
<b>Depreciation and amortization:</b>				
North America merchant services	\$ 20,100	\$ 14,422	\$ 61,018	\$ 41,488
International merchant services	11,928	13,790	36,984	40,934
Corporate	1,612	1,594	4,810	4,776
Consolidated depreciation and amortization	\$ 33,640	\$ 29,806	\$ 102,812	\$ 87,198

<sup>(1)</sup> Revenues for Ezidebit, which operates primarily in Australia and New Zealand, are included in the Asia-Pacific region.

<sup>(2)</sup> During the nine months ended February 28, 2015, 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 EVENT**

On March 25, 2015, we acquired approximately 95% of the outstanding shares of Pay and Shop Limited for €108.5 million (\$119.1 million equivalent as of the acquisition date), adjusted for working capital, funded by borrowings on our revolving credit facility. Pay and Shop Limited, which does business as Realex Payments, is a leading European online payment gateway technology provider based in Dublin, Ireland. This transaction furthers our strategy to provide omni-channel solutions that combine gateway services, payment service provisioning and merchant acquiring across Europe. This transaction will be recorded as a business combination, and the purchase price will be allocated to the assets acquired and liabilities assumed based on their estimated fair values. Due to the timing of this transaction, the allocation of purchase price has not been finalized pending valuation of intangible assets acquired. For fiscal 2015, we expect this transaction to be immaterial to our consolidated revenues and earnings per share.

## 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 a leading worldwide provider of payment technology services that delivers innovative solutions to our customers globally. Our partnerships, technologies and employee expertise enable us to provide a broad range of products and services that allow our customers to accept all payment types. We distribute our products and services across a variety of channels to merchants and partners in 28 countries throughout North America, Europe, the Asia-Pacific region and Brazil. We provide payment and digital commerce solutions and operate in two reportable 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 in this report 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 nine months ended February 28, 2015, revenues increased 9.9% to \$2,067.2 million from \$1,880.3 million for the prior year, reflecting growth in most of our markets, despite the impact of unfavorable currency fluctuations.

Consolidated operating income was \$353.0 million for the nine months ended February 28, 2015 compared to \$316.6 million for the prior year. Net income attributable to Global Payments increased \$19.1 million, or 9.8%, to \$212.7 million for the nine months ended February 28, 2015 from \$193.7 million in the prior year. Diluted earnings per share increased \$0.48 to \$3.13 for the nine months ended February 28, 2015 from \$2.65 for the nine months ended February 28, 2014.

North America merchant services segment revenue increased \$139.0 million, or 10.5%, to \$1,465.8 million for the nine months ended February 28, 2015 from \$1,326.9 million for the nine months ended February 28, 2014. North America merchant services segment operating income increased to \$218.9 million for the nine months ended February 28, 2015 from \$201.8 million for the nine months ended February 28, 2014, with operating margins of 14.9% and 15.2% for the nine months ended February 28, 2015 and February 28, 2014, respectively. The growth in the North America merchant services segment for the nine months ended February 28, 2015 was primarily due to growth in our U.S. direct integrated solutions channel, including our acquisition of Payment Processing, Inc. ("PayPros") on March 4, 2014, partially offset by unfavorable currency fluctuations in Canada. Revenue growth in our U.S. ISO channel was less than 1% for the nine months ended February 28, 2015.

International merchant services segment revenue increased \$48.0 million, or 8.7%, to \$601.3 million for the nine months ended February 28, 2015 from \$553.4 million for the nine months ended February 28, 2014. International merchant services operating income increased to \$214.9 million for the nine months ended February 28, 2015 from \$182.1 million for the nine months ended February 28, 2014, with operating margins of 35.7% and 32.9% for the nine months ended February 28, 2015 and February 28, 2014, respectively. Growth in the International merchant services segment for the nine months ended February 28, 2015 was due to growth in Europe, particularly in Spain and our e-commerce channel, and in the Asia-Pacific region. Revenue growth in Europe was driven in part by card transaction and volume growth and a decrease in interchange rates in Spain due to recently effective legislation, partially offset by unfavorable currency fluctuations. Revenue growth in the Asia-Pacific region was primarily due to growth in card transactions and volume, including our acquisition of Ezi Holdings Pty Ltd ("Ezidebit") as described below, partially offset by unfavorable currency fluctuations.

On October 10, 2014, we completed the acquisition of 100% of the outstanding stock of Ezidebit for AU\$305.0 million less working capital of AU\$2.4 million (US\$268.1 million less working capital of US\$2.1 million). This acquisition was funded by a combination of cash on hand and borrowings on our revolving credit facility. Ezidebit is a leading integrated payments company focused on recurring payments verticals in Australia and New Zealand. Ezidebit markets its products through a network of integrated software vendors and direct channels to numerous vertical markets. We acquired Ezidebit to establish a direct distribution channel in Australia and New Zealand and to further enhance our existing integrated solutions offerings.

On September 30, 2014, we 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) ("FIS"), to acquire its gaming business related to licensed gaming operators (the "FIS Gaming Business"). Pursuant to the terms of the asset purchase agreement, we will acquire substantially all of the assets of the FIS Gaming Business, which includes approximately 260 gaming client locations, for \$236.5 million, subject to certain adjustments at closing. We expect the acquisition to close early in the first quarter of fiscal 2016, subject to the satisfaction of customary closing conditions.

On December 17, 2014, we announced an agreement with Bank of the Philippine Islands ("BPI") to provide merchant acquiring and payment services in the Philippines. We believe this arrangement will enable us to expand our direct distribution in the Philippines, further leverage our technological strengths and provide superior product and service offerings to customers in the Philippines. Under this arrangement, BPI will contribute its existing merchant acquiring business to our subsidiary in the Philippines, Global Payments Asia-Pacific Philippines Incorporated ("GPAPPI"), in return for a 49% ownership interest in GPAPPI and a cash payment of \$3.6 million. We will retain a controlling 51% interest in GPAPPI. We expect the acquisition to close late in the fourth quarter of fiscal 2015, subject to receipt of regulatory approvals and satisfaction of customary closing conditions. For fiscal 2015, we expect this transaction to be immaterial to our consolidated revenues and earnings per share.

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On March 25, 2015, we acquired approximately 95% of the outstanding shares of Pay and Shop Limited for €108.5 million (\$119.1 million equivalent as of the acquisition date), adjusted for working capital, funded by borrowings on our revolving credit facility. Pay and Shop Limited, which does business as Realex Payments, is a leading European online payment gateway technology provider based in Dublin, Ireland. This transaction furthers our strategy to provide omni-channel solutions that combine gateway services, payment service provisioning and merchant acquiring across Europe. For fiscal 2015, we expect this transaction to be immaterial to our consolidated revenues and earnings per share.

### **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. These revenues 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 payment services to merchants and fund settlement either directly, in markets where we have direct membership with the payment networks, or through our relationship with a member bank in markets where we are sponsored. Revenue for direct merchant services is recognized in the amount of merchant billing net of interchange. We market our direct merchant services through a variety of sales channels, including a direct sales force, trade associations, agent and enterprise software providers and referral arrangements with value added resellers. We also sell through our ISO channel, in which case, the ISO receives a share of the merchant profitability in the form of a monthly residual payment, which is 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 payment 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 are 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; the cost of transaction processing systems, including third-party services; the cost of 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, administrative employees and management; other selling expenses; occupancy costs 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," which is calculated by subtracting segment direct expenses from segment revenues. Overhead and shared expenses, including share-based compensation, are not allocated to segment operations; they are reported in the caption "Corporate." Similarly, we refer to "operating margin" regarding segment operations, which is calculated by dividing segment revenues by segment operating income.

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The following table shows key selected financial data for the three months ended February 28, 2015 and February 28, 2014, this data as a percentage of total revenues, and the changes between three months ended February 28, 2015 and February 28, 2014 in dollars and as a percentage of the prior year amount.

	Three Months Ended February 28, 2015	% of Revenue <sup>(1)</sup>	Three Months Ended February 28, 2014	% of Revenue <sup>(1)</sup>	Change	% Change
(dollar amounts in thousands)						
<b>Revenues:</b>						
United States	\$ 404,016	60.8%	\$ 355,880	57.7%	\$ 48,136	13.5 %
Canada	69,047	10.4%	73,467	11.9%	(4,420)	(6.0)%
North America merchant services	473,063	71.1%	429,347	69.6%	43,716	10.2 %
Europe	138,378	20.8%	143,832	23.3%	(5,454)	(3.8)%
Asia-Pacific <sup>(2)</sup>	53,542	8.1%	43,273	7.0%	10,269	23.7 %
International merchant services	191,920	28.9%	187,105	30.4%	4,815	2.6 %
Total revenues	<u>\$ 664,983</u>	<u>100%</u>	<u>\$ 616,452</u>	<u>100%</u>	<u>\$ 48,531</u>	<u>7.9 %</u>
<b>Consolidated operating expenses:</b>						
Cost of service	\$ 250,255	37.6%	\$ 232,937	37.8%	\$ 17,318	7.4 %
Sales, general and administrative	310,113	46.6%	286,224	46.4%	23,889	8.3 %
Operating income	<u>\$ 104,615</u>	<u>15.7%</u>	<u>\$ 97,291</u>	<u>15.8%</u>	<u>\$ 7,324</u>	<u>7.5 %</u>
<b>Operating income (loss) for segments:</b>						
North America merchant services	\$ 66,723		\$ 61,695		\$ 5,028	8.1 %
International merchant services	64,902		58,077		6,825	11.8 %
Corporate	(27,010)		(22,481)		(4,529)	20.1 %
Operating income	<u>\$ 104,615</u>		<u>\$ 97,291</u>		<u>\$ 7,324</u>	<u>7.5 %</u>
<b>Operating margin for segments:</b>						
North America merchant services	14.1%		14.4%		(0.3)%	
International merchant services	33.8%		31.0%		2.8 %	

<sup>(1)</sup> Percentage amounts may not sum to the total due to rounding.

<sup>(2)</sup> Revenues for Ezidebit, which operates primarily in Australia and New Zealand, are included in the Asia-Pacific region.

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The following table shows key selected financial data for the nine months ended February 28, 2015 and February 28, 2014, this data as a percentage of total revenues, and the change between nine months ended February 28, 2015 and February 28, 2014, in dollars and as a percentage of the prior year amount.

	Nine Months Ended February 28, 2015		Nine Months Ended February 28, 2014		Change	% Change
		% of Revenue <sup>(1)</sup>		% of Revenue <sup>(1)</sup>		
(dollar amounts in thousands)						
<b>Revenues:</b>						
United States	\$ 1,222,841	59.2%	\$ 1,081,506	57.5 %	\$ 141,335	13.1 %
Canada	243,004	11.8%	245,379	13.1 %	(2,375)	(1.0)%
North America merchant services	1,465,845	70.9%	1,326,885	70.6 %	138,960	10.5 %
Europe	461,140	22.3%	433,886	23.1 %	27,254	6.3 %
Asia-Pacific <sup>(2)</sup>	140,184	6.8%	119,488	6.4 %	20,696	17.3 %
International merchant services	601,324	29.1%	553,374	29.4 %	47,950	8.7 %
Total revenues	\$ 2,067,169	100%	\$ 1,880,259	100 %	\$ 186,910	9.9 %
<b>Consolidated operating expenses:</b>						
Cost of service	\$ 767,890	37.1%	\$ 698,852	37.2 %	\$ 69,038	9.9 %
Sales, general and administrative	946,282	45.8%	871,825	46.4 %	74,457	8.5 %
Processing system intrusion	—	—%	(7,000)	(0.4)%	7,000	(100.0)%
Operating income	\$ 352,997	17.1%	\$ 316,582	16.8 %	\$ 36,415	11.5 %
<b>Operating income (loss) for segments:</b>						
North America merchant services	\$ 218,906		\$ 201,831		\$ 17,075	8.5 %
International merchant services	214,947		182,085		32,862	18.0 %
Corporate <sup>(3)</sup>	(80,856)		(67,334)		(13,522)	20.1 %
Operating income	\$ 352,997		\$ 316,582		\$ 36,415	11.5 %
<b>Operating margin for segments:</b>						
North America merchant services		14.9%		15.2%		(0.3)%
International merchant services		35.7%		32.9%		2.8 %

<sup>(1)</sup> Percentage amounts may not sum to the total due to rounding

<sup>(2)</sup> Revenues for Ezidebit, which operates primarily in Australia and New Zealand, are included in the Asia-Pacific region.

<sup>(3)</sup> Includes a processing system intrusion credit of \$7.0 million in the nine months ended February 28, 2014.

**Revenues**

For the three months ended February 28, 2015, revenues increased 7.9% to \$665.0 million compared to the prior year, reflecting growth in most of our markets. For the nine months ended February 28, 2015, revenues increased 9.9% to \$2,067.2 million compared to the prior year period. The increase in our revenues during the three and nine months ended February 28, 2015 was partially offset by unfavorable fluctuations in foreign currency exchange rates. For the three and nine months ended February 28, 2015, currency exchange rate fluctuations decreased our revenues by \$28.8 million and \$42.9 million, respectively, compared to the prior year, calculated by converting our fiscal 2015 actual revenues using fiscal 2014 rates.

*North America Merchant Services Segment*

For the three months ended February 28, 2015, revenue from our North America merchant services segment increased 10.2% to \$473.1 million compared to the prior year, despite the impact of unfavorable currency fluctuations in Canada. For the nine months ended February 28, 2015, revenue from our North America merchant services segment increased 10.5% to \$1,465.8 million compared to prior year. U.S. revenue growth was driven by growth in our direct integrated solutions channel, including the addition of PayPros. Revenue growth in our U.S. ISO channel was less than 1% for the three and nine months ended February 28, 2015.

For the three months ended February 28, 2015, revenues in Canada decreased 6.0% to \$69.0 million compared to the prior year. For the nine months ended February 28, 2015, revenues in Canada decreased 1.0% to \$243.0 million compared to the prior year. In both periods, our revenues in Canada decreased due to unfavorable changes in exchange rates, which outweighed revenue growth achieved in local currency resulting from stable business performance and selective pricing initiatives.

*International Merchant Services Segment*

For the three months ended February 28, 2015, International merchant services revenue increased 2.6% to \$191.9 million compared to the prior year, despite the impact of unfavorable currency fluctuations in Europe and the Asia-Pacific region. For the nine months ended February 28, 2015, International merchant services revenue increased 8.7% to \$601.3 million compared to the prior year. Our Europe merchant services revenue for the three months ended February 28, 2015 decreased 3.8% to \$138.4 million compared to the prior year due to unfavorable changes in exchange rates, which more than offset revenue growth achieved in local currencies. Europe merchant services revenue for the nine months ended February 28, 2015 increased 6.3% to \$461.1 million compared to the prior year period. Revenue growth in Europe for the nine months ended February 28, 2015 was driven primarily by card transaction and volume growth and a decrease in interchange rates in Spain, as well as growth in our e-commerce channel, partially offset by unfavorable changes in exchange rates.

Asia-Pacific merchant services revenue of \$53.5 million for the three months ended February 28, 2015 represents an increase of 23.7% compared to the prior year. Asia-Pacific merchant services revenue of \$140.2 million for the nine months ended February 28, 2015 represents an increase of 17.3% compared to the prior year period. For the three and nine months ended February 28, 2015, revenue growth in the Asia-Pacific region was due largely to growth in card transactions and volume, including the addition of Ezidebit, partially offset by unfavorable changes in exchange rates.

Operating Expenses

Cost of service increased 7.4% for the three months ended February 28, 2015 compared to the prior year and increased 9.9% for the nine months ended February 28, 2015 compared to the prior year. As a percentage of revenue, cost of service decreased to 37.6% for the three months ended February 28, 2015 from 37.8% in the prior year. As a percentage of revenue, cost of service decreased slightly to 37.1% for the nine months ended February 28, 2015 from 37.2% in the prior year. The increase in cost of service for the three and nine month periods ended February 28, 2015 was driven primarily by an increase in the variable costs associated with revenue growth and additional intangible asset amortization and other incremental cost of service associated with our acquisitions of PayPros and Ezidebit, partially offset by favorable changes in exchange rates.

Sales, general and administrative expenses increased 8.3% for the three months ended February 28, 2015 compared to the prior year and increased 8.5% for the nine months ended February 28, 2015 compared to the prior year. As a percentage of revenues, sales, general and administrative expenses increased slightly to 46.6% for the three months ended February 28, 2015 from 46.4% in the prior year. As a percentage of revenues, sales, general and administrative expenses decreased to 45.8% for the nine months ended February 28, 2015 from 46.4% in the prior year. The increase in sales, general and administrative expenses for the three and nine month periods ended February 28, 2015 was primarily due to an increase in commission payments to third-party sales partners and incremental costs related to our acquisitions of PayPros and Ezidebit, partially offset by favorable changes in exchange rates.

Processing System Intrusion

During the nine months ended February 28, 2014, we recorded a credit of \$7.0 million for insurance recoveries related to a processing system intrusion that occurred in fiscal 2012, which is described in Note 2 to our consolidated financial statements of our Annual Report on Form 10-K for the fiscal year ended May 31, 2014.



*Operating Income and Operating Margin for Segments*

*North America Merchant Services Segment*

Operating income in our North America merchant services segment increased 8.1% for the three months ended February 28, 2015 compared to the prior year, despite the impact of unfavorable currency fluctuations in Canada. Operating income in our North America merchant services segment increased 8.5% for the nine months ended February 28, 2015 compared to the prior year. The increase in operating income was primarily due to the growth in our U.S. direct integrated solutions channel, including PayPros, partially offset by intangible asset amortization and other incremental operating costs associated with PayPros and unfavorable exchange rate fluctuations in Canada. The operating margin was 14.1% and 14.4% for the three months ended February 28, 2015 and February 28, 2014, respectively. The operating margin was 14.9% and 15.2% for the nine months ended February 28, 2015 and February 28, 2014, respectively. Our North America operating margins decreased in the three and nine months ended February 28, 2015 as a result of the incremental intangible asset amortization associated with the acquisition of PayPros.

*International Merchant Services Segment*

Operating income in our International merchant services segment increased 11.8% to \$64.9 million for the three months ended February 28, 2015 compared to the prior year, despite the impact of unfavorable currency fluctuations in Europe and the Asia-Pacific region. Operating income in our International merchant services segment increased 18.0% to \$214.9 million for the nine months ended February 28, 2015 compared to the prior year. The increase in operating income was driven primarily by revenue growth in Spain and in our e-commerce channels, and the incremental revenue and operating margin from our acquisition of Ezidebit in the Asia-Pacific region, partially offset by unfavorable exchange rate fluctuations in Europe and the Asia-Pacific region. The operating margin was 33.8% and 31.0% for the three months ended February 28, 2015 and February 28, 2014, respectively. The operating margin was 35.7% and 32.9% for the nine months ended February 28, 2015 and February 28, 2014, respectively.

*Corporate*

Corporate expenses increased 20.1% to \$27.0 million for the three months ended February 28, 2015 compared to \$22.5 million in the prior year, primarily due to business tax assessments in the United States for prior periods and an increase in professional services expense. Corporate expenses increased 20.1% to \$80.9 million for the nine months ended February 28, 2015 compared to \$67.3 million in the prior year, primarily due to the credit of \$7.0 million associated with the processing system intrusion recorded in the prior year and the settlement of a legal claim in the current year.

*Operating Income*

For the three months ended February 28, 2015, our consolidated operating income increased 7.5% to \$104.6 million from \$97.3 million in the prior year, despite the impact of unfavorable currency fluctuations. For the nine months ended February 28, 2015, our consolidated operating income increased 11.5% to \$353.0 million from \$316.6 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 intangible asset amortization and other incremental operating costs associated with PayPros and Ezidebit, and unfavorable exchange rate fluctuations. In addition, during the nine months ended February 28, 2014, we recorded a processing system intrusion credit of \$7.0 million.

*Other Income/Expense, Net*

Other expense, net, decreased to \$12.3 million for the three months ended February 28, 2015 compared to \$13.5 million in the prior year and increased to \$31.2 million for the nine months ended February 28, 2015 compared to \$20.8 million in the prior year.

For the three months and nine months ended February 28, 2015, interest and other income decreased \$1.8 million and \$7.9 million, respectively, due to a decrease in interest income on cash investments and a decrease in income earned on investments in unconsolidated entities accounted for using the equity method.

For the three months ended February 28, 2015, interest and other expense decreased \$3.0 million due to an increase in interest expense on our long-term debt and credit facilities that was more than offset by a decrease in other expenses. During the three months ended February 28, 2014, we recorded a loss on extinguishment of debt of \$4.8 million in connection with the refinancing of our term loan and revolving credit facilities. In addition, during the three months ended February 28, 2014, we made a final dividend payment to HSBC Asia in the amount of \$3.3 million related to a redeemable noncontrolling interest that HSBC Asia held in Global Payments Asia-Pacific ("GPAP"). The dividend was reflected as interest expense in our consolidated statements of income in the accordance with the provisions of ASC 480. Please see Note 4 - Business and Intangible Asset Acquisitions and Joint Ventures- *Redeemable Noncontrolling Interest Acquisition* in the notes to consolidated financial statements in our Annual Report on Form 10-K for the year ended May 31, 2014 for further discussion.

For the nine months ended February 28, 2015, interest and other expense increased \$2.4 million due to an increase in interest expense on our long-term debt and credit facilities and an increase in equity method losses on investments in unconsolidated entities, partially offset by the loss on extinguishment of debt and the dividend payment to HSBC Asia described above that were recorded in the prior period. The increase for the nine months ended February 28, 2015 also reflects a gain that was recorded in the prior period. During the nine months ended February 28, 2014, we recorded a \$2.1 million gain in connection with the sale of 50% of our subsidiary in Brazil. Please see Note 3 - Business and Intangible Asset Acquisitions and Joint Ventures- *Comercia Global Payments Brazil* in the notes to unaudited consolidated financial statements in this report for further discussion.

#### Provision for Income Taxes

Our effective tax rates were 24.9% and 28.2% for the three months ended February 28, 2015 and February 28, 2014, respectively. Our effective tax rates were 25.7% and 28.4% for the nine months ended February 28, 2015 and February 28, 2014, respectively. The effective tax rate for the nine months ended February 28, 2014 reflects the reduction to certain U.K. deferred tax assets due to enacted corporate tax rate reductions in the U.K. of 3%. 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 \$6.7 million from \$5.0 million for the three months ended February 28, 2015 and February 28, 2014, respectively. Noncontrolling interests, net of tax increased to \$26.3 million from \$18.0 million for the nine months ended February 28, 2015 and February 28, 2014, respectively. The increase in both periods is due primarily to income growth in Spain which is conducted through Comercia Global Payments, of which we own a controlling 51% interest.

#### **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 February 28, 2015, we had cash and cash equivalents totaling \$610.1 million. Of this amount, we consider \$231.7 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 February 28, 2015, our cash and cash equivalents included \$169.8 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 \$218.9 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 provided net cash of \$347.1 million for the nine months ended February 28, 2015 compared to \$314.4 million for the nine months ended February 28, 2014 primarily due to growth in our earnings and favorable changes in working capital, including settlement processing assets and obligations. Fluctuations in settlement processing assets and obligations are largely due to timing of month end.

Net cash used in investing activities increased to \$278.8 million for the nine months ended February 28, 2015 from \$58.3 million for the nine months ended February 28, 2014. During the nine months ended February 28, 2015, we invested net cash of \$218.8 million to acquire Ezidebit, and we made additional investments of \$10.6 million in Global Payments Brazil. Cash used for these investments was partially offset by \$10.4 million of proceeds we received from the sale of a component of our Russia business that leased automated teller machines to our sponsor bank in Russia.

Financing activities provided net cash of \$10.8 million for the nine months ended February 28, 2015 compared to \$91.0 million for the nine months ended February 28, 2014. During the nine months ended February 28, 2015, net borrowings under long-term debt were \$214.8 million compared to \$290.1 million in the prior year. During the nine months ended February 28, 2015, net borrowings on short-term lines of credit used to fund settlement were \$44.6 million compared to \$74.6 million in the prior year. Fluctuations in short-term lines of credit are largely due to timing of month end on settlement. The net proceeds from these borrowing activities were offset by common stock repurchases of \$231.8 million during the nine months ended February 28, 2015 compared to \$258.6 million in the prior year and cash used to fund distributions to noncontrolling interests and dividends.

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. We expect capital expenditures for fiscal 2015 to approximate \$90.0 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 February 28, 2015 and May 31, 2014, outstanding debt consisted of the following:

	February 28, 2015	May 31, 2014
	(in thousands)	
Lines of credit:		
Corporate credit facility - long-term	\$ 358,500	\$ 140,000
Short-term lines of credit	446,800	440,128
Total lines of credit	805,300	580,128
Notes payable	—	3,679
Term loan	1,250,000	1,250,000
Total debt	<u>\$ 2,055,300</u>	<u>\$ 1,833,807</u>
Current portion	\$ 509,300	\$ 457,805
Long-term debt	1,546,000	1,376,002
Total debt	<u>\$ 2,055,300</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 February 28, 2015, the interest rate on the term loan was 1.92%. 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% of the original principal balance. 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 February 28, 2015, the outstanding balance on the corporate credit facility was \$358.5 million, and the interest rate was 1.89%. 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. Borrowings available to us under the corporate credit facility are further limited by the covenants described below under "Compliance with Covenants." February 28, 2015 and May 31, 2014, we had standby letters of credit of \$7.4 million and \$8.1 million, respectively. Borrowings available to us The total available incremental borrowings under our corporate credit facility at February 28, 2015 and May 31, 2014 was \$626.5 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 the Asia-Pacific region 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 February 28, 2015 and May 31, 2014, we had \$901.5 million and \$818.5 million, respectively, 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 and nine months ended February 28, 2015 and as of May 31, 2014.

### **Interest Rate Swap Agreement**

On October 9, 2014, we entered into an interest rate swap agreement with a major financial institution to hedge changes in cash flows attributable to interest rate risk on a portion of our variable-rate debt instruments. The interest rate swap agreement, which became effective on October 31, 2014, will mature on February 28, 2019. The fair value of our interest rate swap as of February 28, 2015 was a liability of \$4.0 million, which is reflected in accounts payable and accrued liabilities in our consolidated balance sheet. Net amounts to be received or paid under the swap agreement are reflected as adjustments to interest expense. Since we have designated the interest rate swap agreement as a cash flow hedge, unrealized gains or losses resulting from adjusting this swap to its fair value are recorded as elements of AOCI within the consolidated balance sheet except for any ineffective portion of the change in fair value, which would be immediately recorded in interest expense. During the three and nine months ended February 28, 2015, there was no ineffectiveness. The fair value of the swap agreement is determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. This derivative instrument is classified within Level 2 of the valuation hierarchy.

At February 28, 2015, our interest rate swap agreement effectively converted \$500.0 million of our variable-rate debt to a fixed rate of 1.52% plus a leverage-based margin. During the three and nine months ended February 28, 2015, we recognized \$1.8 million and \$2.3 million, respectively, in interest expense related to settlements on the interest rate swap. At February 28, 2015, the amount in AOCI related to our interest rate swap that is expected to be reclassified into interest expense during the next 12 months is not material.

### **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 and nine months ended February 28, 2015, 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 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 report.

### **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](http://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](http://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.

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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**

**Interest Rate Risk**

We are exposed to market risk related to changes in interest rates on our long-term 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 and earn a floating rate of interest. These investments are not held for trading or other speculative purposes. Under our current policies, we may selectively use 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 an interest rate swap that reduces a portion of our exposure to market interest rate risk on our LIBOR-based debt as discussed in Note 5 to the unaudited consolidated financial statements. Using the February 28, 2015 balances outstanding under variable-rate debt arrangements, with consideration given to the aforementioned interest rate swap, a hypothetical increase of 100 basis points in applicable interest rates as of February 28, 2015 would increase our annual interest expense by approximately \$11.0 million.

**Foreign Currency Exchange Rate Risk**

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 February 28, 2015, 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(e) 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 February 28, 2015, 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 February 28, 2015 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 third quarter of fiscal 2015, the approximate average price paid per share, including commissions, and the approximate dollar value remaining for share purchases 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>
December 1, 2014 - December 31, 2014	—	\$ —	—	
January 1, 2015 - January 31, 2015	304,600	86.40	304,600	
February 1, 2015 - February 28, 2015	333,274	90.87	333,274	
Total	<u>637,874</u>	<u>\$ 88.74</u>	<u>637,874</u>	<u>\$ 243,402,708</u>

On July 29, 2014 and January 6, 2015, we announced that our Board of Directors authorized up to \$200.0 million and \$102.3 million, respectively, of repurchases of our common stock in addition to any remaining balance of repurchase authorizations announced in previous quarters.

**Item 5. Other Information**

On April 7, 2015, the Board of Directors appointed David M. Sheffield as Senior Vice President and Chief Accounting Officer, effective April 9, 2015. Mr. Sheffield, age 53, has served as Vice President, Accounting and Controller - U.S. Tower Division of American Tower Corporation, a publicly-traded real estate investment trust since January 2012. Mr. Sheffield also served as Vice President, Finance and Chief Accounting Officer of EMS Technologies, Inc. ("EMS"), a publicly-traded technology company, from 2008 to January 2012. EMS was acquired by Honeywell International Inc. in August 2011.

Mr. Sheffield will participate in the Company's compensation program for members of senior management with similar positions. The Company did not enter into any material plan, contract or arrangement with Mr. Sheffield in connection with his appointment other than the following: (i) Mr. Sheffield received a one-time grant of \$150,000 in restricted shares of the Company's common stock, which will vest in equal installments over the first three anniversaries of the grant date; and (ii) the Company entered into a Change in Control, Non-Competition and Non-Solicitation Agreement with Mr. Sheffield (the "Agreement"), pursuant to which Mr. Sheffield is prohibited from competing with the Company or soliciting the Company's employees or customers for 12 months following termination of his employment. In the event Mr. Sheffield's employment is terminated in connection with a change in control of the Company, depending on the reason for the termination and when it occurs, Mr. Sheffield will receive severance benefits as set forth in the Agreement.

There are no family relationships between Mr. Sheffield and any of the Company's directors or executive officers, and the Company has not entered into any transactions with Mr. Sheffield that are required to be disclosed pursuant to Item 404(a) of Regulation S-K. The foregoing description of the Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Agreement, which is attached hereto as Exhibit 10.5 and incorporated herein by reference.



**Item 6. Exhibits**

List of Exhibits

- 2.1\* Asset Purchase Agreement by and among Certegy Check Services, Inc., Global Payments Gaming Services, Inc. and Global Payments Inc.
- 10.1\*+ Form of Restricted Stock Award pursuant to the 2011 Incentive Plan for Executive Officers (fiscal 2015).
- 10.2\*+ Form of Stock Option Award pursuant to the 2011 Incentive Plan for Executive Officers (fiscal 2015).
- 10.3\*+ Form of Performance Unit Award Certificate Award pursuant to the 2011 Incentive Plan for Executive Officers (fiscal 2015).
- 10.4\*+ Form of Performance Unit Award Certificate (Leveraged Performance Units) pursuant to the 2011 Incentive Plan for Executive Officers (fiscal 2015).
- 10.5\*+ Change in Control, Non-Competition and Non-Solicitation Agreement between David M. Sheffield and the Company, dated as of April 6, 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 February 28, 2015, formatted in XBRL (eXtensible Business Reporting Language) and filed electronically herewith: (i) the Unaudited Consolidated Statements of Income; (ii) the Unaudited Consolidated Statements of Comprehensive Income (Loss); (iii) the Consolidated Balance Sheets; (iv) the Unaudited Consolidated Statements of Cash Flows; (v) the Unaudited Consolidated Statements of Changes in Equity; and (vi) the Notes to Unaudited Consolidated Financial Statements.

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\* 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: April 8, 2015

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

Date: April 8, 2015

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

ASSET PURCHASE AGREEMENT  
BY AND AMONG  
CERTEGY CHECK SERVICES, INC.,  
GLOBAL PAYMENTS GAMING SERVICES, INC.,  
AND  
GLOBAL PAYMENTS INC.  
September 30, 2014

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## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is entered into as of September 30, 2014 by and among CERTEGY CHECK SERVICES, INC., a Delaware corporation ("Seller"), GLOBAL PAYMENTS GAMING SERVICES, INC., an Illinois corporation ("Buyer") and GLOBAL PAYMENTS INC., a Georgia corporation ("Parent").

### RECITALS

A. Seller owns certain assets used in connection with the business of providing check and ACH warranty services (including personal and payroll check cashing, rolling limit programs and acceptance of electronic checks and ACH electronic debits) to licensed gaming operators in the United States of America and Native American reservations within its borders (in each case as currently conducted by Seller, the "Business").

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Purchased Assets (as defined below) on the terms and conditions set forth herein.

C. Parent shall be a party to this Agreement for the limited purpose of providing a guarantee for the performance and payment obligations of Buyer under this Agreement, as provided in the Parent Guarantee included above the Parent's signature block at the end of this Agreement.

### AGREEMENTS

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the parties agree as follows:

1. Purchase and Sale of Purchased Assets:

Closing.

1.01 Certain Definitions. For purposes of this Agreement:

- (a) "Affiliate" means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person, (with "control" for such purpose meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities or voting interests, by contract or otherwise).
- (b) "Assignment and Assumption Agreement" means an assignment and assumption agreement substantially in the form attached as Exhibit A.
- (c) "Assumed Contracts" means the contracts set forth on Schedule 1.01(c), provided that any contract entered into between Seller or its Affiliates and a customer between the date of this Agreement and the Closing for the provision of services in connection with the Business shall, as of Closing, be considered an Assumed Contract for the purposes of this Agreement and shall be included in a Supplement to Schedule 1.01(c).
- (d) "Bill of Sale" means a bill of sale substantially in the form attached as Exhibit B.
- (e) "Business Day" means any day, other than a Saturday or Sunday, on which the principal commercial banks in New York, New York are open for commercial banking business during normal banking hours.
- (f) "Closing" means the date of the closing of the purchase and sale of the Purchased Assets, as provided in section 1.06.
- (g) "Code" means the Internal Revenue Code of 1986.
- (h) "Designated Employees" means the individuals listed on Schedule 1.01(h).
- (i) "DOJ" means the U.S. Department of Justice Antitrust Division.
- (j) "Encumbrance" means any mortgage, pledge, lien, conditional sale agreement, security title, encumbrance or other charge.

- (k) "FTC" means the U.S. Federal Trade Commission Bureau of Competition.
- (l) "GAAP" means generally accepted accounting principles as applied in the United States.
- (m) "Governing Documents" means, with respect to any Person (other than an individual): (i) the certificate or articles of formation, incorporation or organization and any joint venture, limited liability company, operating or partnership agreement and other similar documents adopted or filed in connection with the creation, formation or organization of such Person and (ii) all by-laws, voting agreements and similar documents, instruments or agreements relating to the organization or governance of such Person.
- (n) "Government Authority" means any federal, provincial, state, local or non-U.S. government, any governmental, regulatory or administrative authority, agency, bureau or commission or any court, tribunal or judicial or arbitral body.
- (o) "HSR Act" means the Hart Scott Rodino Antitrust Improvements Act of 1976.
- (p) "HSR Filings" means pre-merger notification and report forms under and in compliance with the HSR Act.
- (q) "Knowledge" means the actual knowledge of a particular fact or other matter by Jim Johnson, Srikanth Kothur, Julie Garr, John Crawford, Scott Stiegler and/or Lynn Cravey.
- (r) "Law" means any law, statute, ordinance, rule or regulation of any Government Authority.
- (s) "Losses" of a Person means any and all losses, liabilities, damages, claims, awards, judgments, costs and expenses (including reasonable attorneys' fees) actually suffered or incurred by such Person.
- (t) "Material Adverse Effect" means any material adverse change, event, circumstance with respect to, or material adverse effect on, the Purchased Assets, provided, however, that none of the following by itself constitute a Material Adverse Effect: (i) changes that are the result of factors generally affecting the industries or markets in which Seller operates; (ii) any adverse change, event or circumstance arising out of or resulting from actions contemplated by the parties in connection with this Agreement including the pendency or announcement of the Transactions or any delays or cancellations (including failures to renew) of services or losses of employees, vendors or customers (other than any such change, effect or circumstance resulting from a breach by Seller of its obligations under this Agreement or any Assumed Contract); (iii) changes in Laws or GAAP or the interpretation thereof; (iv) any action taken at the written request of Buyer or any of its Affiliates; (v) any failure to meet any projection or forecast prior to the Closing or to retain the employment of the Designated Employees prior to Closing; (vi) changes in the national, regional or world economy or capital or financial markets; or (vii) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of this Agreement.
- (u) "Permit" means any license, permit, approval, authorization, registration or certification of any Government Authority.
- (v) "Permitted Encumbrance" means any Encumbrance: (i) relating or imposed pursuant to taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty or the amount or validity of which is being contested in good faith; (ii) which are not, individually or in the aggregate, material in character, amount or extent and which do not materially detract from the value or materially interfere with the present or presently contemplated use of the assets subject thereto or affected thereby or which will not otherwise have, individually or in the aggregate, a Material Adverse Effect.
- (w) "Person" means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity or group.
- (x) "Preliminary Purchase Price" shall mean Two Hundred Thirty Six Million Five Hundred Thousand Dollars (\$236,500,000.00).
- (y) "Purchase Price" shall mean the Preliminary Purchase Price as adjusted pursuant to Schedule 1.01(y). The Purchase Price shall in no event be adjusted more than 10% higher or lower than the Preliminary Purchase Price.

- (z) "Purchased Assets" means the Assumed Contracts and the Tangible Assets.
- (aa) "Tangible Assets" means the tangible assets set forth on Schedule 1.01(aa).
- (ab) "Transactions" means the transactions contemplated by this Agreement.

1.02 Transfer of Purchased Assets. Subject to the terms and conditions of this Agreement, Buyer agrees to purchase from Seller, and Seller agrees to sell or cause to be sold to Buyer, all of Seller's right, title and interest in and to the Purchased Assets, to the extent legally transferable.

1.03 Retained Assets. No assets other than the Assumed Contracts and the Tangible Assets will be included in the Purchased Assets, and all such other assets of Seller will be "Retained Assets." For the avoidance of doubt, the Retained Assets include the Purchase Price, Seller's franchise to be a corporation, Seller's Governing Documents, all books and records of Seller (excluding the Assumed Contracts), all cash and cash equivalents (except where pursuant to the reconciliation provisions in section 4.11), all accounts receivable, all intellectual property, all vehicles, all interests in real property and any rights relating to any of the foregoing.

1.04 Liabilities.

(a) Assumed Liabilities. Subject to the terms and conditions of this Agreement and as partial consideration for the purchase of the Purchased Assets, Buyer will, at Closing, assume and thereafter pay, perform and discharge in accordance with their terms the liabilities and obligations of Seller arising after the Closing under the Assumed Contracts, but not including any liability or obligation under any of the Assumed Contracts arising prior to the Closing (collectively, the "Assumed Liabilities").

(b) Retained Liabilities. Except for the Assumed Liabilities, Buyer will not assume, and will not be obligated to pay, perform or discharge any liabilities or obligations of Seller existing at Closing or arising out of pre-Closing operations, which liabilities and obligations will be retained by Seller (collectively, the "Retained Liabilities"). Without limiting the generality of the foregoing, Buyer shall not assume liabilities or obligations (i) relating to any liability or obligation of Seller owed to any Affiliate of Seller; (ii) for taxes with respect to any period before Closing or related to any Retained Assets after Closing; or (iii) relating to, resulting from or arising out of (A) claims made in pending or future suits, actions, investigations or other legal, governmental or administrative proceedings or (B) claims based on violations of law, breach of contract, employment practices, or environmental, health and safety matters or other actual or alleged failure of the Seller to perform any obligation, in each case to the extent arising out of, or relating to, the Purchased Assets prior to the Closing; or (vi) with respect to the Retained Assets.

1.05 Closing Payment. At Closing, in consideration of Seller's sale, assignment and transfer of the Purchased Assets and the performance by Seller of all of the covenants and agreements of this Agreement on its part to be kept and performed, Buyer will assume the Assumed Liabilities and pay the Purchase Price via wire transfer of immediately available funds to the account or accounts designated in writing by Seller.

1.06 Closing. The Closing will take place by e-mail or other electronic communication, upon the close of business on the date that is the later of (a) April 30, 2015 and (b) the second Business Day following the date on which the conditions to Closing set forth in section 5 have been satisfied, or at such other time or such other place as Buyer and Seller may mutually determine. The date of the Closing is referred to herein as the "Closing Date."

2. Representations and Warranties. Seller hereby makes to Buyer the representations and warranties in this section 2 as of the date of this Agreement and at Closing (unless another date is so indicated, and then only as of such date), provided that, no more than 2 days before Closing, Seller shall provide a Supplement with respect to Schedule 1.01(c), Schedule 1.01(aa), Schedule 2.06(a) and Schedule 2.06(b) except with respect to any Seller's default), each of which shall be effective as a qualification to such representations and warranties at Closing, and Schedule 2.08 for March 31, 2015 in conjunction with the definition of the Purchase Price which will be effective as of the date indicated.

2.01 Existence; Good Standing; Authority.

(a) Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Except as will not have, individually or in the aggregate, a Material Adverse Effect, Seller: (i) has all requisite corporate power and authority to own, operate and lease its properties and to carry on its business as currently

conducted and (ii) is duly licensed or qualified to do business under the laws of each jurisdiction in which the character of its properties, or in which the transaction of its business, makes such licensing or qualification necessary.

(b) Seller has the corporate power and authority to execute and deliver this Agreement, and each agreement, document and instrument to be executed and delivered by or on behalf of Seller pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the performance by Seller of its obligations hereunder and the consummation of the Transactions have been duly authorized by all requisite corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller and, assuming the due authorization, execution and delivery of this Agreement by the other parties hereto, this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforcement is sought in a proceeding at law or in equity) (the "Bankruptcy and Equity Exception").

2.02 No Conflict; Required Filings and Consents. The execution, delivery and consummation of this Agreement and the Transactions by Seller will not: (a) violate any of the Governing Documents of Seller or any Law applicable to Seller or by which its assets may be bound or affected; (b) except for the filing of the HSR Filings and the expiration or termination of the applicable waiting period thereunder or as set forth on Schedule 2.02, require any authorization, consent, approval, exemption or other action by or notice to any Person; or (c) except as set forth on Schedule 2.02, violate, result in a default under, permit the acceleration of any obligation under, or create in any party the right to terminate, modify or cancel any Assumed Contract.

2.03 Litigation. Except as set forth on Schedule 2.03, there is no litigation, action, suit, proceeding, claim, arbitration or investigation pending or, to the Knowledge of Seller, threatened in writing against Seller, and Seller is not subject to any outstanding writ, order, judgment, injunction or decree of any Government Authority that, in either case, would, individually or in the aggregate: (a) have a Material Adverse Effect, (b) delay, hinder or prevent the consummation of the Transactions by Seller or (c) have a material adverse effect on the ability of Seller to perform its obligations under this Agreement. Except as set forth on Schedule 2.03, there is no litigation, action, suit, proceeding, claim, arbitration or investigation pending or, to the Knowledge of Seller, threatened, related to the Purchased Assets.

2.04 Brokers. Neither Seller nor any of its Affiliates has entered into any contract, arrangement or understanding with any Person that may result in the obligation of Buyer or any of its Affiliates to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or consummation of the Transactions.

2.05 Tangible Assets. Seller will as of the Closing have good title to, or a valid leasehold interest in or valid rights to use, all of the Tangible Assets, free and clear of any Encumbrances other than Permitted Encumbrances. Schedule 1.01(cc) lists all tangible assets owned by Seller at customer locations and used exclusively in the Business.

2.06 Assumed Contracts. Except as set forth on Schedule 2.02, each Assumed Contract will as of the Closing be the legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms except, in each case, as such enforceability may be limited by the Bankruptcy and Equity Exception. To the Knowledge of Seller, each Assumed Contract is the legal, valid and binding obligation of each party thereto other than Seller, enforceable against such party in accordance with its terms except, in each case, as such enforceability may be limited by the Bankruptcy and Equity Exception. Each Assumed Contract is identified on Schedule 1.01(c) and represents every current customer contract of Seller and its Affiliates with respect to the Business. Except as set forth on Schedule 2.06, Seller has provided Buyer with true and complete copies of each Assumed Contract. With respect to each Assumed Contract:

- (a) Except as set forth on Schedule 2.06(a), to the Knowledge of Seller, no party to an Assumed Contract intends after the date of this Agreement to cease or materially alter in a manner adverse to Seller, such party's relationship with Seller;
- (b) Except as set forth on Schedule 2.06(b), to the Knowledge of Seller, no party to an Assumed Contract is in default of such Assumed Contract; and
- (c) to the Knowledge of Seller, no party to an Assumed Contract has committed fraud or declared, voluntarily or involuntarily, bankruptcy or insolvency.

2.07 Compliance. Except as set forth in Schedule 2.07, Seller is not materially in default or violation of any applicable Law, writ, order, judgment, injunction or decree of any Government Authority with respect to the Business. Except as set forth in Schedule 2.07, Seller has not been charged with, and Seller has not received any written notice that is under investigation with respect to, and to the Knowledge of Seller, Seller is not otherwise now under investigation with respect to, a violation of any Laws with respect to the Purchased Assets or the Business.

2.08 Assumed Contract Financial Information. Schedule 2.08 provides, in the aggregate, revenue received by Seller from the Assumed Contracts for the twelve month period ending on August 31, 2014, in accordance with GAAP and consistent with the past accounting practices of Seller.

2.09 Absence of Conduct. Since August 31, 2014, there has not been any Material Adverse Effect, Seller has conducted the Business in the ordinary course on a basis consistent with past practice, used its reasonable efforts to preserve intact the goodwill of the Purchased Assets and the relationships inherent in the Purchased Assets, and not written down the value of any Assumed Contract.

2.10 Tax Returns. Seller has filed all tax returns applicable to the Purchased Assets that it was required to file. There are no Encumbrances, other than Permitted Encumbrances, for taxes upon any of the Purchased Assets.

2.11 Transactions with Affiliates. No officer or director of Seller, or any person with whom any such officer or director has any direct or indirect relation by blood, marriage or adoption, or any entity controlled by any such person has any interest in any of the Purchased Assets.

2.12 Sufficiency of Assets. The Tangible Assets include all of the tangible assets at its customer locations owned by Seller or its Affiliates related exclusively to the Assumed Contracts and the Business.

2.13 Designated Employees. Schedule 1.01(h) contains a true and complete list of each Designated Employee. Seller has made available to Buyer a true and accurate summary of the compensation, bonuses and benefits received by each Designated Employee since January 1, 2013. As of the date of this Agreement, neither Seller nor its Affiliates has received any written notice from a Designated Employee of his or her intent to leave the employ of Seller or its Affiliates. The employment of each Designated Employee is terminable at will without any penalty, liability or any severance obligation except as may be provided in a severance policy of Seller and its affiliates generally applicable to Seller's employees in accordance with its terms, which policy is not a Purchased Asset or an Assumed Liability.

2.14 Disclaimer of Other Representations and Warranties: Knowledge.

(a) NONE OF SELLER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES HAS MADE OR IS MAKING ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATING TO THE BUSINESS, THE PURCHASED ASSETS OR OTHERWISE IN CONNECTION WITH THE TRANSACTIONS, OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS SECTION 2.

(b) Without limiting the generality of the foregoing, other than those representations and warranties set forth in this section 2, none of Seller or any of its Affiliates or representatives, has made, and will not be deemed to have made, any representations or warranties in any other materials or presentations relating to the Purchased Assets or the Business made available to Buyer or any of its Affiliates, including due diligence materials and the materials made available in the virtual data room operated by Seller or its Affiliates, or in any presentation with respect to the Purchased Assets or the Business in connection with the Transactions, and no statement contained in any such materials or made in any such presentation will be deemed a representation or warranty hereunder or otherwise or deemed to be relied upon by Buyer or any of its Affiliates in executing, delivering and performing this Agreement and the Transactions. It is understood that any cost estimates, projections or other predictions, any data, any financial information or any memoranda or offering materials or presentations, including any offering memorandum or similar materials made available to Buyer and its Affiliates are not and will not be deemed to be or to include representations or warranties of Seller or any of its Affiliates, and are not and will not be deemed to be relied upon by Buyer or any of its Affiliates in executing, delivering and performing this Agreement and the Transactions. None of Seller's representations and warranties contained in this section 2, shall be qualified, other than as stated in this Agreement and the Schedules, by any knowledge of Buyer or its Affiliates or any materials provided by Seller or reviewed by Buyer or its Affiliates.



3. Representations and Warranties of Buyer. Buyer hereby makes to Seller the representations and warranties in this section 3 as of the date of this Agreement (unless another date is so indicated, and then only as of such date).

3.01 Existence; Good Standing; Authority.

(a) Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Illinois. Except as will not have, individually or in the aggregate, a material adverse effect on its ability to perform its obligations under this Agreement, Buyer: (i) has all requisite corporate power and authority to own, operate and lease its properties and to carry on its business as currently conducted and (ii) is duly licensed or qualified to do business under the laws of each jurisdiction in which the character of its properties, or in which the transaction of its business, makes such licensing or qualification necessary.

(b) Buyer has the corporate power and authority to execute and deliver this Agreement, and each agreement, document and instrument to be executed and delivered by or on behalf of Buyer pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the performance by Buyer of its obligations hereunder and the consummation of the Transactions have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and, assuming the due authorization, execution and delivery of this Agreement by the other parties hereto, this Agreement constitutes a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by the Bankruptcy and Equity Exception.

3.02 No Conflict; Required Filings and Consents. The execution, delivery and consummation of this Agreement and the Transactions by Buyer will not: (a) except for the filing of the HSR Filings and the expiration or termination of the applicable waiting period thereunder, violate any of the Governing Documents of Buyer or any Law applicable to Buyer or by which any of its assets may be bound or affected or (b) require any authorization, consent, approval, exemption or other action by or notice to any Person, except for those authorizations, consents, approvals, exemptions or other actions or notices, the failure to be made or obtained would not reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Agreement.

3.03 Litigation. There is no litigation, action, suit, proceeding, claim, arbitration or investigation pending or, to the knowledge of Buyer, threatened in writing against Buyer, and Buyer is not subject to any outstanding writ, order, judgment, injunction or decree of any Government Authority that, in either case, would, individually or in the aggregate: (a) delay, hinder or prevent the consummation of the Transactions by Buyer or (b) have a material adverse effect on the ability of Buyer to perform their respective obligations under this Agreement.

3.04 Brokers. Neither Buyer nor any of its Affiliates has entered into any contract, arrangement or understanding with any Person that may result in the obligation of Seller or any of its Affiliates to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or consummation of the Transactions.

3.05 Available Funds. Buyer (by itself or through its Affiliates) will have at the Closing sufficient immediately available funds to pay the Purchase Price and any amounts payable under section 4.11(a) and to perform its obligations hereunder and to make all other necessary payments in connection with the Transactions and to pay all related fees and expenses. Buyer agrees and acknowledges that the performance of its respective obligations under this Agreement is not in any way contingent upon the availability of any financing. Immediately after the Closing (after taking into account any new indebtedness incurred by Buyer in connection with the Transactions), including the payment of the Purchase Price and any amounts payable under section 4.11(a) and the payment of all related fees and expenses, Buyer's ultimate parent will have a positive net worth (calculated in accordance with GAAP) and will not be insolvent (as defined under the U.S. Bankruptcy Code (the "Bankruptcy Code") and in equity). The Transactions and any borrowing by Buyer or its Affiliates (including the incurring of any obligation or granting of any security by Buyer or any of its Affiliates) will not have the effect of hindering, delaying or defrauding any creditors of Buyer or any of its Affiliates.

3.06 Inspection. Buyer is an informed and sophisticated Person, and has engaged expert advisors experienced in the evaluation of transactions such as the Transactions. Buyer has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement and the Transactions.

4. Certain Agreements.

4.01 Conduct Prior to Closing. Between the date of this Agreement and the Closing Date, Seller, with respect to the Purchased Assets and the Business, will operate in the ordinary course of business, consistent with past practices, except as described in Schedule 4.01 or as otherwise contemplated by this Agreement. In furtherance of the foregoing, Seller will refrain from undertaking any of the following without first obtaining (or being deemed to have obtained) Buyer's prior written consent:

- business; (a) modifying, amending or terminating any of the Assumed Contracts, except as specifically provided in this Agreement or in the ordinary course of business;
- business; (b) waiving, releasing, selling or assigning any material rights or claims with respect to the Purchased Assets, other than in the ordinary course of business;
- (c) modifying, amending or terminating any Permit under which Seller operates the Business;
- (d) entering into any agreements which would materially and adversely restrict the manner in which either Seller currently performs under the Assumed Contracts or Buyer is anticipated to perform under the Assumed Contracts following the Closing;
- (e) increasing the rates of salary or bonus compensation payable or to become payable to any Designated Employee, except: (i) one-time annual increases not in excess of 5% per annum or (ii) as disclosed or contemplated in this Agreement or the Schedules hereto; or
- (f) entering into any executory agreement, commitment or undertaking to do any of the activities prohibited by the foregoing provisions.

With respect to any of the foregoing actions, Buyer's prior written consent will be deemed given if Buyer does not deliver a written refusal to Seller within five (5) Business Days following Seller's written request for such consent by email to Jay Rising, Hank Boughner or David Green of Buyer. Any response by Buyer's representative shall be made by email to the representative of Seller making the request for such consent, with a copy to Jim Johnson and Marc Mayo.

4.02 Access to Information.

(a) Without undue disruption of Seller's operations, between the date of this Agreement and the Closing Date, Seller will, and will cause each of its officers, employees and agents to, give Buyer and its representatives reasonable access upon reasonable notice and during times mutually convenient to Buyer and Seller to the facilities, properties, employees, books and records of Seller that relate to the Purchased Assets and the Designated Employees as from time to time may be reasonably requested.

(a) Any such investigation by Buyer will not unreasonably interfere with any of the businesses or operations of Seller. Buyer and its Affiliates will not, prior to the Closing Date, have any contact whatsoever with respect to the Transactions or this Agreement with any partner, lender, lessor, client, customer, vendor, supplier, employee or consultant of Seller, except in consultation with Seller and then only with the express prior written consent of Seller; provided, that the foregoing clause will not prohibit contacts by Buyer and its Affiliates with their respective clients and customers in the ordinary course of business that do not relate to the Transactions or this Agreement. All requests by Buyer for access or information will be submitted or directed exclusively to an individual or individuals designated in writing by Seller.

4.03 Confidentiality. Subject to section 4.05, and except for any communications by Seller or its Affiliates in connection with obtaining any consents, authorizations, approvals or orders in furtherance of this Agreement and the Transactions, or in response to requests from or information provided in the ordinary course to any Government Authority, the parties will adhere to the terms and conditions of that certain Mutual Confidentiality Agreement dated June 19, 2014 between the parties (the "Confidentiality Agreement"), and agree that notwithstanding section 18 thereof, such terms and conditions will continue to apply until the Closing, at which point the parties will be deemed to have "entered into a definitive agreement in connection with the Purpose" as provided therein.

4.04 HSR Filings.

Seller and Buyer will use commercially reasonable efforts to obtain the authorizations, consents, orders and approvals necessary for their execution and delivery of, and the performance of their obligations pursuant to, this Agreement, subject to the further provisions of this section 4.04. As promptly as practicable after the date of this Agreement, but in no event more than fifteen (15) Business Days thereafter, each of Buyer and Seller will file the HSR Filings with the

DOJ and the FTC with respect to the Transactions. The parties will cooperate in the timely preparation and submission of, including furnishing to the other party or its counsel information required for, any necessary HSR Filings. Buyer will pay all filing fees in connection with any such HSR Filings, and Seller will promptly reimburse Buyer for 50% of the HSR filing fee. Each party shall bear any other fees it incurs in connection with HSR filings.

(a) Seller and Buyer hereby covenant and agree to use commercially reasonable efforts to secure, and not to take any action intended to delay, impair or impede, the early termination or expiration of any waiting periods under the HSR Act or any other applicable Law and the approval of any Government Authority, as applicable. The parties will each cooperate reasonably with one another in connection with resolving any inquiry or investigation by any Government Authority relating to their respective HSR Filings or the Transactions. Without limiting the foregoing, each party will, except as prohibited or restricted by applicable Law or Government Authority: (i) promptly inform the other party of any written or oral communication received from any Government Authority relating to its HSR Filing or the Transactions (and if in writing, furnish the other party with a copy of such communication); (ii) use commercially reasonable efforts to respond as promptly as practicable to any request from any Government Authority for information, documents or other materials in connection with the review of the HSR Filings or the Transactions; (iii) provide to the other party, to the extent reasonably practicable, in advance of submission, all proposed correspondence, filings, and written communications to any Government Authority with respect to the Transactions; and (iv) not participate in any substantive meeting or discussion with any Government Authority in respect of investigation or inquiry concerning the Transactions unless it notifies the other party in advance and gives the other party the opportunity to attend and participate thereat. The parties will consult and cooperate with each other, and consider in good faith the views of one another, in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party in connection with proceedings under or relating to any applicable Law, except as may be prohibited or restricted by applicable Law or Government Authority. Notwithstanding any other provision of this Agreement, Buyer shall have no obligation to propose or agree to accept any undertaking or condition, to enter into any consent decree, to make any divestiture, to accept any operational restriction, or take any other action that, in the reasonable judgment of Buyer, could be expected to limit the right of Buyer or its Affiliates to own or operate all or any portion of their respective businesses or assets. With regard to any Government Authority, neither the Seller nor any of its respective affiliates shall, without Buyer's written consent, commit to any divestiture transaction which would adversely alter the Business.

(b) Each party hereby covenants and agrees to use commercially reasonable efforts to promptly comply with or, if appropriate, modify any requests for additional information by any Government Authority.

4.05 Press Releases. The parties will issue a mutually acceptable joint press release promptly after the date of this Agreement. Thereafter, the parties will consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statement with respect to the Transactions, and will not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law or any listing agreement of Buyer or Seller. Notwithstanding the foregoing, nothing in this section 4.05 will preclude any party from making any disclosures, announcements, filings or applications required by Law (including the rules of the New York Stock Exchange) or necessary and proper in conjunction with the filing of any tax return or other document required to be filed with any Government Authority and Seller may make such disclosures, announcements, filings and applications consistent with such party's past practices and Securities Exchange Commission guidance regarding transaction disclosures; provided, that the party required to make such a disclosure, announcement, filing or application will allow the other party reasonable time to review and comment thereon in advance of the issuance thereof. Notwithstanding the foregoing, each party shall be entitled, without the other party's consent, to discuss the Transactions in response to questions from investors and shareholders, in all cases in accordance with applicable law.

#### 4.06 Employee Benefit Arrangements.

(a) Hire of Designated Employees. Buyer will offer, or cause its Affiliates to offer, comparable employment as of the Closing Date to each Designated Employee who is employed by Seller or any of its Affiliates immediately prior to the Closing Date. Such Designated Employees who receive and accept an employment offer from Buyer or any of its Affiliates as of the Closing Date are referred to as the "Hired Designated Employees." Buyer covenants and agrees that each Hired Designated Employee will, while and if employed during the one year period beginning on the Closing Date, receive at least the same salary or hourly wage rate and the same target amount of cash bonus opportunity as provided to such employee immediately prior to the Closing. For a period of one year following the Closing Date or such longer period of time required by applicable Law (the "Benefit Period"), Buyer will, or will cause one of its Affiliates to, provide Hired Designated Employees with employee benefits substantially equivalent to similarly situated employees of Buyer or its Affiliates, commencing on the Closing Date; without limiting the generality of the foregoing, for the Benefit Period, each Hired

Designated Employee will be entitled to severance benefits that are no less favorable than the severance benefits to which such Hired Designated Employee would have been entitled if terminated under similar circumstances immediately prior to Closing, provided that nothing in this Agreement shall obligate Buyer or its Affiliates to continue to employ Hired Designated Employees for any specific period of time following the Closing. Notwithstanding the foregoing, subject to applicable Law, neither Buyer nor any of its Affiliates will be obligated to continue to employ any Hired Designated Employee for any specific period of time following the Closing Date, and neither Seller nor any of its Affiliates will be obligated to continue to employ any Designated Employee at any time prior to the Closing Date.

(b) Benefits. For purposes of eligibility, vesting and, to the extent applicable, calculation of the amount of vacation or severance benefits, Buyer will, or will cause one of its Affiliates to, credit each Hired Designated Employee with his or her years of service with Seller and its Affiliates and any predecessor entities, to the same extent as such Hired Designated Employee was entitled immediately prior to the Closing to credit for such service under any employee benefit plan of Seller and its Affiliates. The employee benefit plans of Buyer and its Affiliates providing benefits to Hired Designated Employees (the "Buyer Plans") will not deny Hired Designated Employees coverage on the basis of pre-existing conditions and will credit such Hired Designated Employees for any deductibles and out-of-pocket expenses previously paid by Hired Designated Employees in the year of initial participation in the Buyer Plans.

(c) Vacation Pay. Seller shall be responsible for any and all payments for accrued but unused vacation with respect to pre-Closing periods in connection with any Hired Designated Employee's cessation of employment with Seller.

(d) Liability. Buyer will be responsible for any and all liabilities and obligations (contingent or otherwise) with respect to employment or termination of employment of any Hired Designated Employee arising following Closing.

4.07 Books and Records. Buyer will, until the seventh anniversary of the Closing Date, retain all books, records and other documents pertaining to the Purchased Assets that are in existence on the Closing Date and that are transferred to Buyer and make the same available for inspection and copying by Seller or any of the representatives of Seller at the expense of Seller during the normal business hours of Buyer upon reasonable request and upon reasonable notice.

4.08 Insurance. Buyer acknowledges and agrees that all insurance coverage provided with respect to the Purchased Assets and the Business is provided by Seller as part of a group coverage insurance program and that such insurance coverage will not be transferred to Buyer and will terminate with respect to the Purchased Assets and the Business effective as of the Closing.

4.09 Transfer Taxes. Buyer will be liable for and will hold Seller harmless against any transfer, value added, excise, stock transfer, stamp, recording, registration and similar taxes that become payable in connection with the Transactions, if any ("Transfer Taxes"). The applicable parties will cooperate in filing such forms and documents as may be necessary to permit any such Transfer Tax to be assessed and paid on or prior to the Closing Date in accordance with any available pre sale filing procedure, and to obtain any exemption or refund of any such Transfer Tax.

4.10 Permits. Seller and its Affiliates will reasonably cooperate with Buyer and its Affiliates in connection with any effort by Buyer to obtain Permits required in order for Buyer or its Affiliates to utilize the Purchased Assets following Closing, but shall not be responsible for Buyer or its Affiliates obtaining such Permits.

#### 4.11 Post-Closing Reconciliation.

(a) Any rights with respect to checks or ACH electronic debits authorized by or on behalf of Seller prior to Closing ("Seller Checks") will be for the benefit of Seller, any payments received after Closing with respect to any Seller Checks will be Retained Assets and any liabilities or obligations (including collection costs) with respect to Seller Checks will be Retained Liabilities. To the extent Buyer receives any payments or notices or other communications with respect to any Seller Checks, Buyer will remit the same to Seller as soon as practicable following Buyer's receipt thereof, but in all cases within ten (10) Business Days of Buyer's receipt thereof.

(b) Any rights with respect to checks or ACH electronic debits authorized by or on behalf of Buyer after Closing ("Buyer Checks") will be for the benefit of Buyer, any payments received after Closing with respect to any Buyer Checks will be for the benefit of Buyer and any liabilities or obligations (including collection costs) with respect to Buyer Checks will be Assumed Liabilities. To the extent Seller receives any payments or notices or other communications with respect to any Buyer Checks, Seller will remit the same to Buyer as soon as practicable following Seller's receipt thereof, but in

all cases within ten (10) Business Days of Seller's receipt thereof. Buyer will reimburse Seller as soon as practicable, but in all events within five Business Days, for any debit or liability against Seller's accounts caused by a Buyer Check.

(c) Upon the other party's request, on reasonable notice, a party will appoint a representative to discuss any outstanding reconciliation issues.

(d) Each party agrees to provide the other with such information as reasonably necessary for the reconciliation described in this section 4.11.

4.12 Updating of Schedules. From and after the date of this Agreement until the Closing Date, Seller may, at its option, supplement or amend the Schedules (each, a "Supplement") if Seller becomes aware of any matter heretofore existing or hereafter arising that, if existing, occurring or known at the date of this Agreement would have been required to be set forth or described in such Schedules or would otherwise be necessary or appropriate to correct any information in such Schedules that has been rendered inaccurate thereby. Each Supplement will be in writing and will be delivered in accordance with section 8.01. Such Supplement will have the following effect on the rights of the parties under this Agreement:

(a) any matters disclosed in a Supplement will not qualify Seller's representations and warranties in this Agreement except with respect to a Supplement with respect to Schedule 1.01(c), Schedule 1.01(aa), Schedule 2.06(a), Schedule 2.06(b)(except with respect to any Seller's default) and the Assumed Contract Financial Information included in Schedule 2.08; and

(b) if the matters disclosed in a Supplement, individually or in the aggregate, would result in a Material Adverse Effect, then Buyer will have the right to either: (i) terminate this Agreement by written notice to Seller within ten days after receipt of such Supplement but prior to the Closing pursuant to section 7.01(c) (and subject to the cure period therein) or (ii) consummate the Transactions. If Buyer elects to consummate the Transactions, then section 4.12(a) will control with regards to the effect of the Supplement.

4.13 Further Action. Each of the parties hereto will use its respective commercially reasonable efforts to take or cause to be taken all appropriate action, do or cause to be done all things necessary, proper or advisable and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the Transactions.

## 5. Conditions to Closing

5.01 Conditions to the Obligations of Seller and Buyer. The respective obligations of each of Seller and Buyer to consummate the Transactions will be subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions (each of which is provided for the benefit of each of the parties hereto and may be waived by a party with respect to the other in whole or in part):

(a) Hart Scott Rodino Act. The waiting period (and any extension thereof) applicable to the consummation of the Transactions under the HSR Act will have expired or been terminated.

(b) No Injunctions, Orders or Restraints: Illegality. No preliminary or permanent injunction or other writ, order, judgment, injunction or decree of any Government Authority or any Law will be in effect which would have the effect of: (i) making the consummation of the Transactions illegal or (ii) otherwise prohibiting the consummation of the Transactions.

5.02 Conditions to Obligations of Seller. The obligations of Seller to consummate the Transactions will be subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions (each of which is provided for the exclusive benefit of Seller and may be waived solely by Seller in whole or in part):

(a) All covenants contained in this Agreement to be complied with by Buyer on or before the Closing will have been complied with in all material respects.

(b) Each of the representations and warranties of Buyer contained in section 3 will be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date, except that those representations and warranties that address matters only as of a particular date will remain true and correct as of such date.

(c) Employment offers will have been made to all Designated Employees, the terms of which are consistent with section 4.06.

(d) At or prior to the Closing, Buyer will have delivered or caused to be delivered to Seller the following items, duly executed by all parties thereto other than Seller or its Affiliates:

- (i) a certificate of Buyer, dated as of the Closing Date, to the effect that each of the conditions specified in section 5.02(a) and 5.02(b) is satisfied in all respects;
- (ii) the wire transfer described in section 1.05, in accordance with the wire transfer instructions received from Seller;
- (iii) the Assignment and Assumption Agreement;

and

(iv) a certified copy of the resolutions adopted by the board of directors of Buyer authorizing: [a] the execution and delivery of this Agreement by Buyer and consummation of the Transactions and [b] the execution and delivery by Buyer of all other documents contemplated hereby which are to be executed and delivered by Buyer.

5.03 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the Transactions will be subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions (each of which is provided for the exclusive benefit of Buyer and may be waived solely by Buyer in whole or in part):

(a) All covenants contained in this Agreement to be complied with by Seller on or before the Closing will have been complied with in all material respects.

(b) Each of the representations and warranties in section 2 will be true and correct in all material respects as of the Closing Date, as supplemented per section 4.12, as though made on and as of the Closing Date, except that those representations and warranties that address matters only as of a particular date will remain true and correct as of such date.

(c) All required approvals or consents for those Assumed Contracts identified on Schedule 5.03(c) as requiring the counterparty's consent shall have been obtained.

(d) Seller shall have completed the tasks described on Schedule 5.03(d) related to development work agreed upon by the parties to allow for processing work related to the Purchased Assets, contingent upon Buyer's cooperation with such development work.

(e) At or prior to the Closing, Seller will have delivered or caused to be delivered to Buyer the following items, duly executed by all parties thereto other than Buyer or its Affiliates:

- (i) a certificate of Seller, dated as of the Closing Date, to the effect that each of the conditions specified in section 5.03(a) and 5.03(b) is satisfied in all respects;
- (ii) the Assignment and Assumption Agreement;
- (iii) the Bill of Sale; and

(iv) a certified copy of the resolutions adopted by the board of directors of Seller authorizing: [a] the execution and delivery of this Agreement by such Seller and consummation of the Transactions and [b] the execution and delivery by such Seller of all other documents contemplated hereby which are to be executed and delivered by such Seller.

6. Survival of Representations and Warranties; Indemnification.

6.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties of the parties hereto contained herein, as the case may be, will survive the Closing and will remain in full force and effect until the date that is 18 months after the Closing Date (the "Indemnification Termination Date"), after which such time they will expire and terminate and be of no further force and effect; provided, however, that the representations and warranties

in section 2.01 (Existence; Good Standing; Authority), section 2.10 (Tax Returns) and section 3.01 (Existence; Good Standing; Authority) will survive until the date that is 24 months after the Closing Date (the representations and warranties identified in this section 6.01 being referred to as the "Fundamental Representations" and such date being referred to as the "Fundamental Representations Termination Date").

#### 6.02 Indemnification by Seller.

(a) Seller agrees, subject to the other terms and conditions of this Agreement, to indemnify Buyer and its officers, directors and Affiliates (each, a "Buyer Indemnified Party") against and hold them harmless to the extent of any Losses resulting from: (i) the breach of any representation or warranty contained in section 2 (as determined after giving effect to any Supplement); (ii) any breach of any covenant or agreement of Seller contained in this Agreement; (iii) any Retained Liabilities; or (iv) any Retained Assets.

(b) Except for claims of actual intentional fraud, the indemnification obligations of Seller pursuant to section 6.02 will be limited as follows:

(i) Seller will have no obligation to provide any indemnification until the aggregate dollar amount of all Losses that would otherwise be indemnifiable pursuant to section 6.02 exceeds 0.75% of the Purchase Price (the "Deductible Amount"), and then only to the extent such aggregate amount exceeds the Deductible Amount; provided, however, that Seller will have no obligation to provide any indemnification for any individual claim for Losses of less than \$25,000, and this section 6.02(b)(i) will not apply to any claims with respect to the breach of Fundamental Representations;

(ii) Seller will not be obligated to indemnify any Buyer Indemnified Party pursuant to section 6.02 for any amount of indemnifiable Losses in excess of 15% of the Purchase Price in the aggregate; and

(iii) No indemnification will be payable to a Buyer Indemnified Party with respect to claims asserted by such Buyer Indemnified Party pursuant to section 6.02 after the Indemnification Termination Date, regardless of when the claim accrued or the circumstances that resulted in the claim being asserted after the Indemnification Termination Date; provided, that in the case of such claims that arise from or result from, or are directly or indirectly connected with, any breach of any of the Fundamental Representations, no indemnification will be payable after the Fundamental Representations Termination Date, regardless of when the claim accrued or the circumstances that resulted in the claim being asserted after the Fundamental Representations Termination Date. In the event a claim has been properly made on or prior to the Indemnification Termination Date or Fundamental Representations Termination Date, as applicable, and such claim is unresolved as of the Indemnification Termination Date or Fundamental Representations Termination Date, as applicable, then the right to indemnification with respect to such claim will remain in effect until such matter has been finally determined.

(c) The amount of any and all Losses recoverable under this section 6.02 will be determined net of any amounts actually recovered by any Buyer Indemnified Party under or pursuant to any insurance policy, indemnity, reimbursement arrangement or contract pursuant to which or under which such Buyer Indemnified Party is a party or has rights.

(d) A Buyer Indemnified Party will give Seller written notice of any claim, assertion, event or proceeding by or in respect of a third party as to which such Buyer Indemnified Party may request indemnification hereunder or as to which the Deductible Amount may be applied as soon as is practicable and in any event within 15 days of the time that such Buyer Indemnified Party learns of such claim, assertion, event or proceeding; provided, however, that the failure to so notify Seller will not affect rights to indemnification hereunder except to the extent that Seller is prejudiced by such failure. Seller will have the right to direct, through counsel of its own choosing, the defense or settlement of any such claim or proceeding at its own expense; provided that Seller will not be entitled to assume such defense if such claim involves or is reasonably likely to result in a criminal proceeding or an investigation by a Government Authority against a Buyer Indemnified Party (a "Seller Excluded Matter"). If Seller elects to assume the defense of any claim or proceeding pursuant to this section 6.02(d), Seller will consult with the Buyer Indemnified Party for the purpose of allowing the Buyer Indemnified Party to participate in such defense, but in such case the expenses of the Buyer Indemnified Party will be paid by the Buyer Indemnified Party. A Buyer Indemnified Party will provide Seller with reasonable access to their records and personnel relating to any such claim, assertion, event or proceeding during normal business hours and will otherwise cooperate with Seller in the defense or settlement thereof, and Seller will reimburse the Buyer Indemnified Party for its reasonable out of pocket expenses in connection therewith. If Seller elects to direct the defense of any such claim or proceeding, the Buyer Indemnified Party will not pay, or permit to be paid, any part of any claim or demand arising from such asserted liability, unless Seller consents in writing to such payment. If Seller fails to defend (including on account of a claim being a Seller Excluded Matter) or if, after commencing or undertaking any such defense, Seller fails to prosecute or withdraws from such defense, the Buyer Indemnified Party will have the right to undertake the defense or settlement thereof, at Seller's expense. If the Buyer Indemnified Party

assumes the defense of any such claim or proceeding pursuant to this section 6.02(d) and proposes to settle such claim or proceeding prior to a final judgment thereon or to forego any appeal with respect thereto, then the Buyer Indemnified Party will give Seller prompt written notice thereof and Seller will have the right to participate in the settlement or assume or reassume the defense of such claim or proceeding.

(e) Each Buyer Indemnified Party will take all commercially reasonable steps to mitigate Losses for which indemnification may be claimed by them pursuant to this Agreement upon and after becoming aware of any event that could reasonably be expected to give rise to any such Losses.

(f) Anything herein to the contrary notwithstanding, no breach of any representation, warranty, covenant or agreement contained herein will give rise to any right on the part of Buyer or a Buyer Indemnified Party, after the consummation of the Transactions, to rescind this Agreement or any of the Transactions.

(g) Buyer Indemnified Parties will not be entitled to recover or make a claim for Losses with respect to liabilities to a third party or Government Authority if such third party claim was instigated or encouraged by the actions of Buyer or any of its Affiliates.

(h) Anything herein to the contrary notwithstanding, Seller will not have any liability under any provision of this Agreement for any consequential, incidental or indirect damages, diminution in value damages, lost profits or punitive, special or exemplary damages, and in particular, without limitation, no "multiple of profits" or "multiple of cash flow" or similar valuation methodology will be used in calculating the amount of any Losses. Any liability for indemnification under this section 6.02 will be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement. For clarity, nothing in this section 6.02(h) shall preclude a recovery by Seller under this section 6.02 with regards to direct and foreseeable Losses.

(i) Anything herein to the contrary notwithstanding, any indemnification provided to any Buyer Indemnified Party with respect to taxes will be limited to taxes attributable to pre-Closing periods.

### 6.03 Indemnification by Buyer.

(a) Buyer agrees, subject to the other terms and conditions of this Agreement, to indemnify Seller and its officers, directors and Affiliates (each, a "Seller Indemnified Party") against and hold them harmless to the extent of any Losses resulting from: (i) the breach of any representation or warranty of Buyer contained herein; (ii) any breach of any covenant or agreement of Buyer contained in this Agreement; or (iii) any Assumed Liabilities.

(b) Except for claims of actual intentional fraud, the indemnification obligations of Buyer pursuant to section 6.03 will not be effective until the aggregate dollar amount of all Losses that would otherwise be indemnifiable pursuant to section 6.03 exceeds the Deductible Amount, and then only to the extent such aggregate amount exceeds the Deductible Amount, provided, that this section 6.03(b) will not apply to any claims with respect to the breach of Fundamental Representations. No indemnification will be payable to a Seller Indemnified Party with respect to claims asserted by such Seller Indemnified Party pursuant to section 6.03 after the Indemnification Termination Date, regardless of when the claim accrued or the circumstances that resulted in the claim being asserted after the Indemnification Termination Date; provided, that in the case of such claims that arise from or result from, or are directly or indirectly connected with, any breach of any of the Fundamental Representations, no indemnification will be payable after the Fundamental Representations Termination Date, regardless of when the claim accrued or the circumstances that resulted in the claim being asserted after the Fundamental Representations Termination Date. In the event a claim has been properly made on or prior to the Indemnification Termination Date or Fundamental Representations Termination Date, as applicable, and such claim is unresolved as of the Indemnification Termination Date or Fundamental Representations Termination Date, as applicable, then the right to indemnification with respect to such claim will remain in effect until such matter has been finally determined.

(c) The amount of any and all Losses recoverable under this section 6.03 will be determined net of any amounts actually recovered by any Seller Indemnified Party under or pursuant to any insurance policy, indemnity, reimbursement arrangement or contract pursuant to which or under which such Seller Indemnified Party is a party or has rights.

(d) A Seller Indemnified Party will give Buyer written notice of any claim, assertion, event or proceeding by or in respect of a third party as to which such Seller Indemnified Party may request indemnification hereunder or as to which the Deductible Amount may be applied as soon as is practicable and in any event within 15 days of the time that such Seller Indemnified Party learns of such claim, assertion, event or proceeding; provided, however, that the failure to so notify Buyer will not affect rights to indemnification hereunder except to the extent that Buyer is prejudiced by such failure.



Buyer will have the right to direct, through counsel of its own choosing, the defense or settlement of any such claim or proceeding at its own expense; provided that Buyer will not be entitled to assume such defense if such claim involves or is reasonably likely to result in a criminal proceeding or an investigation by a Government Authority against a Seller Indemnified Party (a "Buyer Excluded Matter"). If Buyer elects to assume the defense of any claim or proceeding pursuant to this section 6.03(d), Buyer will consult with the Seller Indemnified Party for the purpose of allowing the Seller Indemnified Party to participate in such defense, but in such case the expenses of the Seller Indemnified Party will be paid by the Seller Indemnified Party. A Seller Indemnified Party will provide Buyer with reasonable access to its records and personnel relating to any such claim, assertion, event or proceeding during normal business hours and will otherwise cooperate with Buyer in the defense or settlement thereof, and Buyer will reimburse the Seller Indemnified Party for its reasonable out of pocket expenses in connection therewith. If Buyer elects to direct the defense of any such claim or proceeding, the Seller Indemnified Party will not pay, or permit to be paid, any part of any claim or demand arising from such asserted liability, unless Buyer consents in writing to such payment. If Buyer fails to defend (including on account of a claim being a Buyer Excluded Matter) or if, after commencing or undertaking any such defense, Buyer fails to prosecute or withdraws from such defense, the Seller Indemnified Party will have the right to undertake the defense or settlement thereof, at Buyer's expense. If the Seller Indemnified Party assumes the defense of any such claim or proceeding pursuant to this section 6.03(d) and proposes to settle such claim or proceeding prior to a final judgment thereon or to forego any appeal with respect thereto, then the Seller Indemnified Party will give Buyer prompt written notice thereof and Buyer will have the right to participate in the settlement or assume or reassume the defense of such claim or proceeding.

(e) Each Seller Indemnified Party will take all commercially reasonable steps to mitigate Losses for which indemnification may be claimed by them pursuant to this Agreement upon and after becoming aware of any event that could reasonably be expected to give rise to any such Losses.

(f) Anything herein to the contrary notwithstanding, Buyer will not have any liability under any provision of this Agreement for any consequential, incidental or indirect damages, diminution in value damages, lost profits or punitive, special or exemplary damages, and in particular, without limitation, no "multiple of profits" or "multiple of cash flow" or similar valuation methodology will be used in calculating the amount of any Losses. Any liability for indemnification under this section 6.03 will be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement. For clarity, nothing in this section 6.03(f) shall preclude a recovery by Seller under this section 6.03 with regards to direct and foreseeable Losses.

6.04 Treatment of Indemnity Payments. All payments made by Seller or Buyer, as the case may be, directly or indirectly to one of the other parties pursuant to this section 6 will be treated as adjustments to the Purchase Price for tax purposes unless otherwise required by Law. Notwithstanding the foregoing, this section 6.04 will not affect the determination of those limitations based on a percentage of the Purchase Price provided for in section 6.02(b).

6.05 Remedies Exclusive. From and after the Closing, the rights of the parties to indemnification relating to this Agreement or the Transactions will be strictly limited to those contained in this section 6, and such indemnification rights will be the exclusive remedies of the parties subsequent to the Closing Date with respect to any matter in any way relating to this Agreement or arising in connection herewith. In furtherance of the foregoing and subject to the following sentence, but without limiting the rights of indemnification set forth in this section 6 or any other rights provided in or contemplated by this Agreement, the parties hereby waive, from and after the Closing, to the maximum extent permitted by Law, any and all rights, claims and causes of action it may have with respect to any matter in any way relating to this Agreement or arising in connection herewith, whether under any laws, at common law or otherwise. Except as provided in this section 6, no claim, action or remedy will be brought or maintained by any party against any other party, and no recourse will be brought or granted against any of them, by virtue of or based upon any alleged misstatement or omission respecting an inaccuracy in or breach of any of the representations, warranties or covenants of any of the parties hereto set forth or contained in this Agreement. Further, the parties hereto agree that, notwithstanding anything herein to the contrary, in no event will any officer, director, employee or Affiliate of Seller have any liability or obligation to Buyer or any of its Affiliates relating to or arising out of this Agreement or any document executed and delivered pursuant to this Agreement or the Transactions unless such party is a successor or assign to Seller under this Agreement.

6.06 Subrogation. After any indemnification payment is made to any indemnified party pursuant to this section 6, the indemnifying party will, to the extent of such payment, be subrogated to all rights, if any, of the indemnified party against any third party in connection with the Losses to which such payment relates. Without limiting the generality of the preceding sentence, any indemnified party receiving an indemnification payment pursuant to the preceding sentence will execute, upon the written request of the indemnifying party, any instrument reasonably necessary to evidence such subrogation rights.

7. Termination.

7.01 Termination. Subject to section 7.02, this Agreement may be terminated:

(a) at any time, by the mutual written consent of Buyer and Seller;

(b) by Seller, if Seller is not then in material breach of any term of this Agreement, upon written notice to Buyer, upon a breach of any representation, warranty or covenant of Buyer contained in this Agreement which breach would give rise to the failure of a condition set forth in sections 5.02(a) or 5.02(b) which could reasonably be expected to materially adversely affect Buyer's ability to consummate the Transactions; provided that such breach is not capable of being cured or has not been cured within 30 days after the giving of written notice thereof by Seller to Buyer;

(c) by Buyer, if Buyer is not then in material breach of any term of this Agreement, upon written notice to Seller, upon a breach of any representation, warranty or covenant of Seller contained in this Agreement which breach would give rise to the failure of a condition set forth in sections 5.03(a) or 5.03(b) and which could reasonably be expected to have a Material Adverse Effect; provided that such breach is not capable of being cured or has not been cured within 30 days after the giving of written notice thereof by Buyer to Seller;

(d) by Buyer or Seller at any time after April 30, 2015 if the Closing has not occurred as of such date and the party exercising such right of termination is not then in material breach of any representation, warranty, covenant or closing condition, as applicable, contained in this Agreement; provided, however, that notwithstanding anything to the contrary in this Agreement, if on April 30, 2015 the condition to Closing set forth in section 5.01(a) has not been satisfied but all other conditions to Closing have been satisfied or waived (other than those conditions that by their nature are to be satisfied by actions taken at the Closing), then each of Buyer and Seller will have the right to extend such date to the second Business Day following the satisfaction of the condition to Closing set forth in section 5.01(a) by providing written notice of such election to the other party; provided that it is reasonably likely at such time that such condition will be satisfied in the then-foreseeable future; and

(e) by Buyer, if all other conditions to Closing contained in sections 5.01 and 5.02 have been satisfied and Seller has not satisfied the conditions set forth in section 5.03(d) on or before April 28, 2015.

7.02 Effect of Termination. In the event of termination of this Agreement as provided in section 7.01, this Agreement will forthwith become void and there will be no further liability or obligations hereunder on the part of any party hereto or their respective Affiliates except for the obligations of the parties pursuant to this section 7, section 4.03 (Confidentiality) and section 8.10 (Fees and Expenses); provided, however, that nothing herein will relieve either party from liability for any willful and material breach of this Agreement existing at the time of such termination; provided further that, notwithstanding the foregoing, in the event that Buyer terminates this Agreement in accordance with section 7.01(e), Seller shall pay Buyer a termination fee of \$10 million within five (5) Business Days of such termination

8. General Provisions.

8.01 Notices. All notices, requests, claims, demands and other communications under this Agreement will be written in English and will be deemed given if delivered personally, sent by overnight courier (providing proof of delivery) or via facsimile to the parties at the following addresses (or at such other address for a party as specified by like notice):

If to Buyer:

Global Payments Inc.  
10 Glenlake Parkway  
Atlanta, GA 30328  
Attn: Corporate Secretary  
Facsimile No. (770) 829-8265

If to Seller:

Certegy Check Services, Inc.  
601 Riverside Ave., T12  
Jacksonville, FL 32204  
Attn: General Counsel  
Facsimile No. (904) 438-6032

8.02 Schedules. Certain information set forth in the Schedules to this Agreement is included solely for informational purposes and may not be required to be disclosed pursuant to this Agreement. The disclosure of any information will not be deemed to constitute an acknowledgment that such information is required to be disclosed in connection with the representations and warranties made by Buyer or Seller, as applicable, in this Agreement or that such information is material, nor will such information be deemed to establish a standard of materiality, nor will it be deemed an admission of any liability of, or concession as to any defense available to, Buyer or Seller, as applicable. The section number headings in the Schedules correspond to the section numbers in this Agreement and any information disclosed in any section of the Schedules will be

deemed to be disclosed and incorporated into any other section of the Schedules where such disclosure would be appropriate and reasonably apparent.

8.03 Non-Compete; Non-Solicitation. From the Closing Date through and including the date that is five (5) years immediately following the Closing Date, Seller and its Affiliates shall not, directly or indirectly, without Buyer's prior written consent:

(a) Engage in or operate, manage, or own an interest in any Person that provides services that compete with the Business; provided, however, that notwithstanding the above, it shall not be a violation of this non-competition covenant if: (i) Seller and its Affiliates provide products or services: [a] to third party competitors of Buyer or other third parties (but not including end users similar to Seller's counterparties to the Assumed Contracts) through an outsourcing, services or information technology agreement; or [b] to current and potential customers of the Business that are not competitive with the Business (including services of the type and nature currently provided by Affiliates of Seller to current customers of the Business pursuant to global commercial services agreements); (ii) any acquisition of, or investment in, and subsequent operation by Seller or any of its Affiliates of any Person or business will not violate this section 8.03(a) and any non-competition obligation thereunder as long as the operations of such Person or business do not materially involve the provision of services that compete with the Business; or (iii) Seller and its Affiliates may own, directly or indirectly, solely as an investment, securities of any Person engaged in activities that directly compete with the Business if such Seller or Affiliate, as applicable, [a] is not a controlling person of, or a member of a group which controls, such Person and [b] does not, directly or indirectly, own 10% or more of any class of securities of such Person.

(b) Solicit or induce, directly or indirectly, any customer under an Assumed Contract to terminate or modify its Assumed Contract, or relationship with sole respect to the Business, with Buyer or its Affiliates;

(c) Solicit or induce, directly or indirectly, any Hired Designated Employee to terminate his or her employment relationship with Buyer or its Affiliate, except that this section 8.03(c) shall not prevent Seller or its Affiliates from soliciting or recruiting any Person: (i) that approaches Seller or its Affiliates; (ii) whose employment is terminated by Buyer or its Affiliates; or (iii) through general solicitations, provided such solicitation or recruitment does not target Hired Designated Employees.

(d) Seller specifically acknowledges and agrees that the covenants and agreements in this section 8.03 are made and given by Seller in connection with the sale of the Business and the goodwill associated therewith and in order to protect and preserve to Buyer the benefit of its bargain in the purchase of the Business and good will. Seller further agrees that the restrictions herein (including the scope of activity to be restrained, the geographic scope and the duration) are reasonable in scope, area and time, and will not prevent Seller or any of its Affiliates from pursuing other non-competitive business ventures or otherwise cause any of them a financial hardship. If, however, any portion of this section 8.03 is determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too long a period of time or too large a geographic area or by reason of its being too extensive in any other respect or for any other reason, it will be interpreted to extend only over the longest period of time for which it may be enforceable and/or over the largest geographical area as to which it may be enforceable and/or to the maximum extent in all other aspects as to which it may be enforceable, all as determined by such court and in such action.

(e) Seller acknowledges and agrees that the breach or threat of breach of the covenants, or any of them, contained in this section 8.03 may result in immediate and irreparable injury to Buyer. Seller further agrees that Buyer's remedies at law for any breach or threat of breach by Seller of any provision of this section 8.03 may be inadequate, and that Buyer, in addition to any other relief available to it, may be entitled to an injunction or injunctions, without the necessity for the posting of a bond or other collateral security, to prevent breaches of the provisions of this section 8.03 and to enforce specifically the terms and provisions hereof.

8.04 Entire Agreement. This Agreement, together with the Schedules and Exhibits hereto, and any documents executed by the parties simultaneously herewith or pursuant thereto constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, written and oral, between the parties with respect to the subject matter hereof.

8.05 No Other Representations, Warranties, Covenants and Agreements. No party hereto has made any representations, warranties, covenants or agreements, express or implied, of any nature whatsoever other than those representations, warranties, covenants and agreements expressly set forth in this Agreement.

8.06 Amendment; Waivers. This Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by each of the parties hereto, or in the case of a waiver, the party that is waiving compliance. Waiver of any term or condition of this Agreement by a party will not be construed as a waiver of any subsequent breach or waiver of the same term or condition by such party, or a waiver of any other term or condition of this Agreement by such party.

8.07 Assignment. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned by any of the parties hereto without the prior written consent of the other parties.

8.08 No Agreement Until Executed. Irrespective of negotiations between the parties or the exchanging of drafts of this Agreement, this Agreement will not constitute or be deemed to evidence a contract, agreement, arrangement or understanding between the parties hereto unless and until this Agreement is executed by the parties hereto.

8.09 Interpretation. The parties hereto are sophisticated and have been represented by attorneys throughout the Transactions who have carefully negotiated the provisions hereof. As a consequence, the parties do not intend that the presumptions of laws or rules relating to the interpretation of contracts against the drafter should be applied to this Agreement or any agreement or instrument executed in connection herewith, and therefore waive application of the same. Unless the context otherwise requires, as used in this Agreement: (a) an accounting term not otherwise defined herein has the meaning ascribed to it in accordance with GAAP as in effect on the Closing Date; (b) "including" and its variants mean "including, without limitation" and its variants; (c) references to "days" mean calendar days; (d) words defined in the singular have the parallel meaning in the plural and vice versa; (e) references to "written" or "in writing" include in electronic form; (f) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the Schedules; (g) whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms; (h) references to "dollars" or "\$" in this Agreement means United States dollars; (i) any definition of or reference to any agreement, instrument or other document herein will be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (j) reference to a particular Law means such Law as amended or otherwise modified from time to time prior to the date hereof (or, if the Closing occurs, prior to the Closing Date); (k) to the extent that a representation or warranty contained in this Agreement or any Exhibit, document, certificate or Schedule in connection therewith to be furnished to Buyer on the date hereof or at the Closing addresses a particular issue with specificity, and no breach by Seller exists thereunder, Seller will not be deemed to be in breach of any other representation or warranty that addresses such issue with less specificity; and (l) all sections, Schedules and Exhibits referred to herein are, respectively, sections of, and Schedules and Exhibits to, this Agreement. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

8.10 Fees and Expenses. Whether or not the Transactions are consummated, all fees and expenses incurred by any party in connection with this Agreement and the Transactions will be borne solely and entirely by the party that has incurred the same.

8.11 Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict of laws.

8.12 Equitable Relief.

(a) Buyer agrees that: (i) any breach of its obligation to consummate the Transactions on the Closing Date following satisfaction (or, as applicable, waiver by Buyer) of the conditions to Closing set forth in section 5.01 and section 5.03 will result in irreparable injury to Seller for which a remedy at law would be inadequate and (ii) in addition to any relief at law that may be available to Seller for such breach and regardless of any other provision contained in this Agreement, Seller will be entitled to injunctive and other equitable relief as a court may grant, without the need to post a bond. This section 8.12 will not be construed to limit Seller's right to obtain equitable relief for other breaches of this Agreement under general equitable standards.

(b) Seller agrees that: (i) any breach of its obligation to consummate the Transactions on the Closing Date following satisfaction (or, as applicable, waiver by Seller) of the conditions to Closing set forth in section 5.01 and section 5.02 will result in irreparable injury to Buyer for which a remedy at law would be inadequate and (ii) in addition to any relief at law that may be available to Buyer for such breach and regardless of any other provision contained in this Agreement, Buyer will be entitled to injunctive and other equitable relief as a court may grant, without the need to post a bond. This section 8.12

will not be construed to limit Buyer's right to obtain equitable relief for other breaches of this Agreement under general equitable standards.

8.13 Miscellaneous. This Agreement will be binding upon and inure to the benefits of the parties hereto and their respective successors and assigns. Each party hereto intends that this Agreement will not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission or by electronic mail in PDF format will constitute effective execution and delivery of this agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile and by electronic mail in PDF format will be deemed to be their original signatures for all purposes.

8.14 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to other persons or circumstances, will not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable.

*[remainder of page intentionally left blank; signatures begin on next page]*

IN WITNESS WHEREOF, the parties have executed this Asset Purchase Agreement as of the date first written above.

SELLER:

CERTEGY CHECK SERVICES, INC.

BY/s/ Srikanth Kothur

Srikanth Kothur, President

BUYER:

GLOBAL PAYMENTS GAMING SERVICES, INC.

BY/s/ David L. Green

David L. Green, Authorized Signatory

**Parent Guarantee**

GLOBAL PAYMENTS INC., a Georgia corporation, effective as of the Closing, unconditionally and irrevocably guarantees each and every representation, warranty, covenant, agreement and obligation of Buyer, and the full and timely performance of Buyer's obligations (including all payment obligations), in each case under the provisions of this Asset Purchase Agreement. This is a guarantee of payment and performance and Parent acknowledges and agrees that this guarantee is full and unconditional, and no release or extinguishment of Buyer's obligations or liabilities (other than in accordance with the terms of this Agreement), whether by decree in any bankruptcy proceeding or otherwise, will affect the continuing validity and enforceability of this guarantee.

PARENT:

GLOBAL PAYMENTS INC.

BY/s/ David L. Green

David L. Green, Executive Vice President and Corporate Secretary

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EXHIBITS

<b>Exhibit</b>	<b>Title</b>
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Exhibit B	Form of Bill of Sale

SCHEDULES

<b>Schedule</b>	<b>Title</b>
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[Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be furnished to the SEC upon request.]



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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:

<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.

Grant Date:  
Grant Number:

Global Payments Inc.

Accepted by Grantee: \_\_\_\_\_

By: \_\_\_\_\_  
Its: Authorized Officer

\_\_\_\_\_

## 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 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.

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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. Clawback. Notwithstanding anything to the contrary in this Certificate, the Plan, or any employment, key position, or change-in-control agreement with Grantee, the award granted hereunder is subject to the provisions of the following clawback policy established by the Committee prior to the grant of the Restricted Shares hereunder. The Committee may seek to recoup all or any portion of the value of any annual or long-term incentive awards provided to any current or former executive officers in the event that the Company's financial statements are restated due to the Company's material noncompliance with any financial reporting requirement under the securities laws (the "Restatement"). The Committee may seek recoupment from any current or former executive officer who received incentive-based compensation, granted after the date hereof, during the three (3) year period preceding the date that the Company was required to prepare the Restatement. The Committee may seek to recover the amount by which the individual executive's incentive payments exceeded the lower payment that would have been made based on the restated financial results and the Committee may determine whether the Company shall effect such

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recovery: (i) by seeking repayment from the executive; (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the executive under any compensatory plan, program or arrangement maintained by the Company; or (iii) a combination of foregoing. The Grantee hereby acknowledges that this award is subject to the foregoing policy and agrees to make any repayment required in connection therewith.

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 or an Affiliate, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's or its Affiliate'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 16 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 twenty-four (24) 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, or otherwise engage in Competitive Services, in the geographic area in which the Company or an Affiliate 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 (a) 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 or an Affiliate; and (b) the time period of the non-compete in this Section shall not be longer than the time period of the non-compete in a written employment agreement between Grantee and the Company.

16.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twenty-four (24) 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 or an Affiliate 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 16.2 hereof, and/or (b) for whom Grantee was responsible for supervising or coordinating the business dealings between the Company or an Affiliate 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 16.2 hereof.

16.3 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of twenty-four (24) 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 Protected Employee with whom Grantee worked or otherwise had material contact with through employment with the Company or an Affiliate to terminate his or her employment relationship with the Company or an Affiliate 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 this Section 16, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company or an Affiliate 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

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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 or an Affiliate 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 16 hereof.

(d) “Protected Employee” means any employee of the Company or an Affiliate who was employed by Company or an Affiliate at any time within six (6) months prior to the termination of Grantee’s employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 18 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

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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)

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(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.

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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. Optionee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Georgia and waives objection to such jurisdiction.

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.

21. Clawback. Notwithstanding anything to the contrary in this Certificate, the Plan, or any employment, key position, or change-in-control agreement with Optionee, the options granted hereunder are subject to the provisions of the following clawback policy established by the Committee prior to the grant of the Options hereunder. The Committee may seek to recoup all or any portion of the value of any annual or long-term incentive awards provided to any current or former executive officers in the event that the Company's financial statements are restated due to the Company's material noncompliance with any financial reporting requirement under the securities laws (the "Restatement"). The Committee may seek recoupment from any current or former executive officer who received incentive-based compensation, granted after the date hereof, during the three (3) year period preceding the date that the Company was required to prepare the Restatement. The Committee may seek to recover the amount by which the individual executive's incentive payments exceeded the lower payment that would have been made based on the restated financial results and the Committee may determine whether the Company shall effect such recovery: (i) by seeking repayment from the executive; (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the executive under any compensatory plan, program or arrangement maintained by the Company; or (iii) a combination of foregoing. The Optionee hereby acknowledges that this award is subject to the foregoing policy and agrees to make any repayment required in connection therewith.

22. Non-Competition and Non-Solicitation. As a condition of Optionee's receipt of this Award, Optionee agrees to the following restrictions. Optionee acknowledges and agrees that as a result of Optionee's employment with the Company or an Affiliate, Optionee's knowledge of and access to confidential and proprietary information, and Optionee's relationships with the Company's or its Affiliate's customers and employees, Optionee would have an unfair competitive advantage if Optionee were to engage in activities in violation of this Agreement. Optionee also acknowledges and agrees that the covenants in this Section 22 are necessary to protect the trade secrets of Company.

22.1 Non-Competition. During the term of Optionee's employment and for a period of twenty-four (24) months immediately following the termination of Optionee's employment for any reason, Optionee shall not, directly or indirectly, seek or obtain any employment or independent contractor relationship with a Competitor, or otherwise engage in Competitive Services, in the geographic area in which the Company or an Affiliate conducts business, in which Optionee 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 Optionee for the Company; provided, however, that (a) nothing in this Section 22.1 shall prohibit Optionee 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 or an Affiliate; and (b) the time period of the non-compete in this Section shall not be longer than the time period of the non-compete in a written employment agreement between Optionee and the Company.

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**22.2 Non-Solicitation of Customers.** During the term of Optionee's employment and for a period of twenty-four (24) months immediately following the termination of Optionee's employment for any reason, Optionee shall not, directly or indirectly, on Optionee'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 22.2 shall only apply to those Protected Customers (a) with whom Optionee, alone or in conjunction with others, had business dealings with on behalf of the Company or an Affiliate during the twelve (12) month period immediately preceding the termination of Optionee's employment or any earlier date of any alleged breach by Optionee of the restriction in Section 22.2 hereof, and/or (b) for whom Optionee was responsible for supervising or coordinating the business dealings between the Company or an Affiliate and the Protected Customer during the twelve (12) month period immediately preceding the termination of Optionee's employment or any earlier date of any alleged breach by Optionee of the restriction in Section 22.2 hereof.

**22.3 Non-Solicitation of Employees.** During the term of Optionee's employment and for a period of twenty-four (24) months immediately following the termination of Optionee's employment for any reason, Optionee shall not, directly or indirectly, on Optionee'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 Protected Employee with whom Optionee worked or otherwise had material contact with through employment with the Company or an Affiliate to terminate his or her employment relationship with the Company or an Affiliate or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

**22.4 Definitions.** For purposes of this Section 22, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company or an Affiliate as of the date of termination of Optionee's employment for any reason or any earlier date of an alleged breach by Optionee of the restrictions in Section 22 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 or an Affiliate 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 Optionee's employment for any reason or any earlier date of an alleged breach by Optionee of the restrictions in Section 22 hereof.

(d) "Protected Employee" means any employee of the Company or an Affiliate who was employed by Company or an Affiliate at any time within six (6) months prior to the termination of Optionee's employment for any reason or any earlier date of an alleged breach by Optionee of the restrictions in Section 22 hereof.

**22.5 Rights and Remedies Upon Breach.** Optionee agrees that, in the event that Optionee breaches or threatens to breach the covenants set forth in Section 22 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Optionee from violating or threatening to violate the covenants set

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forth in Section 22 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 Optionee breaches any of the covenants set forth in Section 22 hereof, all unvested Options 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.

22.6 Severability. Optionee acknowledges and agrees that the covenants set forth in Section 22 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 Optionee 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 PERFORMANCE UNIT AWARD CERTIFICATE

Non-transferable

G R A N T T O

\_\_\_\_\_  
("Grantee")

by Global Payments Inc. (the "Company") of Performance Units (the "Performance Units") representing the right to earn, on a one-for-one basis, shares of the Company's no par value common stock ("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 "Certificate").

The target number of Shares subject to this award is \_\_\_\_ (the "Target Award"). Depending on the Company's year over year Annual Adjusted Cash EPS Growth over the Performance Period (each as defined herein), Grantee may earn \_\_\_\_% to \_\_\_\_% of the Target Award, in accordance with the matrix attached hereto as Exhibit A and the terms and conditions of this Certificate.

By accepting this Award, Grantee shall be deemed to have agreed to the terms and conditions of this Certificate and the Plan.

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

Global Payments Inc.

By: \_\_\_\_\_  
Its: Authorized Officer

Grant Date:  
Grant Number:

Accepted by Grantee: \_\_\_\_\_

\_\_\_\_\_

## TERMS AND CONDITIONS

1. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan. In addition, for purposes of this Certificate:

(i) “Conversion Date” means August 18, 2017, provided that the Committee has previously certified the Company’s year over year Annual Adjusted Cash EPS Growth, as more fully described in Exhibit A hereto.

(ii) “Performance Period” means the three year period beginning on June 1, 2014 and ending on May 31, 2017.

(iii) “Performance Multiplier” means the percentage, from \_\_\_% to \_\_\_%, that will be applied to the Target Award to determine the number of Performance Awards that will convert to Shares on the Conversion Date, as more fully described in Exhibit A hereto.

2. Performance Units. The Performance Units have been credited to a bookkeeping account on behalf of Grantee. The Performance Units will be earned in whole, in part, or not at all, as provided on Exhibit A attached hereto. Any Performance Units that fail to vest in accordance with the terms of this Certificate will be forfeited and reconveyed to the Company without further consideration or any act or action by Grantee.

3. Conversion to Shares. Except as otherwise provided in Section 4 below, 100% of the Performance Units that are earned based on performance will be converted to actual unrestricted Shares (one Share per vested Performance Unit) on the Conversion Date. These shares will be registered on the books of the Company in Grantee’s name as of the Conversion Date and stock certificates for the Shares shall be delivered to Grantee or Grantee’s designee upon request of the Grantee.

4. Termination of Employment. If Grantee’s employment is terminated during the Performance Period, the following provisions of this Section 4 shall govern the vesting of the Performance Units:

(i) Death or Disability. If Grantee’s employment is terminated by reason of death or Disability, the number of Performance Units earned shall be determined at the end of the Performance Period based on actual performance as of the end of the Performance Period.

(ii) Any Other Reason. If Grantee’s employment is terminated for any other reason, all of the Performance Units shall be forfeited; provided, however, that in the case of Grantee’s Retirement or a termination of Grantee’s employment by the Company without Cause or by Grantee for Good Reason, the Committee may, but shall not be required to, determine that some or all of the Performance Units shall be earned at the end of the Performance Period based on actual performance as of the end of the Performance Period.

5. Restrictions on Transfer and Pledge. No right or interest of Grantee in the Performance 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 Performance Units may not be sold, assigned, transferred or otherwise disposed of by Grantee other than by will or the laws of descent and distribution.

6. Restrictions on Issuance of Shares. If at any time the Committee shall determine, in its discretion, that registration, listing or qualification of the Shares underlying the Performance 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 Performance Units, stock units

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will not be converted to Shares 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.

7. Limitation of Rights. The Performance Units do not confer to Grantee or Grantee's beneficiary, executors or administrators any rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with the units. Nothing in this Certificate shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in employment of the Company or any Affiliate.

8. No Entitlement to Future Awards. The grant of the Performance 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.

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 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 or settlement of the Performance 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 all restrictions on the Performance Units hereunder had expired) on the date of such amendment or termination.

11. Plan Controls. The terms contained in the Plan shall be and are hereby 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 Performance Units, including the number of shares and the class or series of capital stock which may be delivered upon settlement of the Performance Units, are subject to adjustment as provided in Article 15 of the Plan. In the event of any 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.

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.

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14. Relationship to Other Benefits. The Performance Units 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. Clawback. Notwithstanding anything to the contrary in this Certificate, the Plan, or any employment, key position, or change-in-control agreement with Grantee, the award granted hereunder is subject to the provisions of the following clawback policy established by the Committee prior to the grant of the Performance Units hereunder. The Committee may seek to recoup all or any portion of the value of any annual or long-term incentive awards provided to any current or former executive officers in the event that the Company's financial statements are restated due to the Company's material noncompliance with any financial reporting requirement under the securities laws (the "Restatement"). The Committee may seek recoupment from any current or former executive officer who received incentive-based compensation, granted after the date hereof, during the three (3) year period preceding the date that the Company was required to prepare the Restatement. The Committee may seek to recover the amount by which the individual executive's incentive payments exceeded the lower payment that would have been made based on the restated financial results and the Committee may determine whether the Company shall effect such recovery: (i) by seeking repayment from the executive; (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the executive under any compensatory plan, program or arrangement maintained by the Company; or (iii) a combination of foregoing. The Grantee hereby acknowledges that this award is subject to the foregoing policy and agrees to make any repayment required in connection therewith.

16. 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.

17. 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 or an Affiliate, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's or its Affiliate'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 17 are necessary to protect the trade secrets of Company.

17.1 Non-Competition. During the term of Grantee's employment and for a period of twenty-four (24) 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, or otherwise engage in Competitive Services, in the geographic area in which the Company or an Affiliate 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 (a) nothing in this Section 17.1 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 or an Affiliate; and (b) the time period of the non-compete in this Section shall not be longer than the time period of the non-compete in a written employment agreement between Grantee and the Company.

17.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twenty-four (24) 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 17.2 shall only apply to those Protected Customers (a) with whom Grantee, alone or in conjunction with others, had business dealings

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with on behalf of the Company or an Affiliate 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 17.2 hereof, and/or (b) for whom Grantee was responsible for supervising or coordinating the business dealings between the Company or an Affiliate 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 17.2 hereof.

17.3 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of twenty-four (24) 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 Protected Employee with whom Grantee worked or otherwise had material contact with through employment with the Company or an Affiliate to terminate his or her employment relationship with the Company or an Affiliate or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

17.4 Definitions. For purposes of this Section 17, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company or an Affiliate 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 17 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 or an Affiliate 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 17 hereof.

(d) "Protected Employee" means any employee of the Company or an Affiliate who was employed by Company or an Affiliate at any time within six (6) months prior to the termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 17 hereof.

17.5 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 17 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 17 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 17 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.

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17.6 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 17 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.

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**EXHIBIT A**

Grantee may earn a percentage of the Target Award based on the Company's year over year Annual Adjusted Cash EPS Growth for the Performance Period, as follows:

- A. If FY 2015 Operating Income is \_\_\_\_\_ or below, the Performance Multiplier will be 0% and all of the Performance Units will be forfeited to the Company without further consideration or any act or action by Grantee.
- B. If FY 2015 Operating Income is above \_\_\_\_\_, the Performance Multiplier will be \_\_\_\_%, subject to the Committee's discretion to determine that a lower Performance Multiplier shall apply to this Award. In exercising such discretion, the Committee shall consider and be guided by the Company's year over year Annual Adjusted Cash EPS Growth (as defined herein) based upon the following Performance Matrices with respect to Annual Adjusted Cash EPS Growth for each of FY 2015, 2016 and 2017.

**Performance Matrix for FY 2015 Annual Adjusted Cash EPS Growth**

Degree of Performance Attainment	Annual Adjusted Cash EPS Growth	Annual Multiple <sup>(1)</sup>
Maximum	____%	____%
Target	____%	____%
Threshold	____%	____%
Less than Threshold	Below ____%	____%

(1) Payouts between performance levels will be determined based on straight line interpolation.

**Performance Matrix for FY 2016 Annual Adjusted Cash EPS Growth**

Degree of Performance Attainment	Annual Adjusted Cash EPS Growth	Annual Multiple <sup>(1)</sup>
Maximum	____%	____%
Target	____%	____%
Threshold	____%	____%
Less than Threshold	Below ____%	____%

(1) Payouts between performance levels will be determined based on straight line interpolation.

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**Performance Matrix for FY 2017 Annual Adjusted Cash EPS Growth**

Degree of Performance Attainment	Annual Adjusted Cash EPS Growth	Annual Multiple <sup>(1)</sup>
Maximum	____%	____%
Target	____%	____%
Threshold	____%	____%
Less than Threshold	Below ____%	____%

(1) Payouts between performance levels will be determined based on straight line interpolation.

C. The resulting Annual Multiples for each of FY 2015, 2016 and 2017 are averaged together to determine the Performance Multiplier. For example:

- If actual FY 2015 Annual Adjusted Cash EPS Growth results in an Annual Multiple of \_\_\_\_%, actual FY 2016 Annual Adjusted Cash EPS Growth results in an Annual Multiple of \_\_\_\_%, and actual FY 2017 Annual Adjusted Cash EPS Growth results in an Annual Multiple of \_\_\_\_%, then the Performance Multiplier shall be \_\_\_\_%.
- For the avoidance of doubt, no Performance Units shall be earned prior to the Conversion Date.

D. For purposes of this Certificate, the following terms shall have the following meanings:

- (1) “FY 2015” or “2015 fiscal year” means the twelve month period commencing on June 1, 2014 and ending May 31, 2015.
  - (2) “FY 2016” or “2016 fiscal year” means the twelve month period commencing on June 1, 2015 and ending May 31, 2016.
  - (3) “FY 2017” or “2017 fiscal year” means the 12 month period commencing on June 1, 2016 and ending May 31, 2017.
  - (4) “Annual Adjusted Cash EPS” means “diluted earnings per share” as described and quantified in the Company’s fiscal 2015, 2016, and 2017 year-end earnings press releases, respectively, except that for purposes of this Certificate, Annual Adjusted Cash EPS shall exclude the after-tax impact of foreign currency exchange as calculated based on foreign currency exchange rates established at the Grant Date of this Award.
  - (5) “Annual Adjusted Cash EPS Growth” means the percentage increase in Annual Adjusted Cash EPS for each fiscal year in the Performance Period. For purposes of the 2015 fiscal year, the beginning point for measurement of Annual Adjusted Cash EPS growth shall be actual Annual Adjusted Cash EPS for the 2014 fiscal year. For purposes of the 2016 and 2017 fiscal years, the beginning point for measurement of Annual Adjusted Cash EPS growth shall be actual Annual Adjusted Cash EPS for the 2015 and 2016 fiscal years, respectively, as measured in accordance with this Certificate.
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- (6) “FY 2015 Operating Income” means “operating income” as shown in the Company’s Consolidated Statements of Income for the fiscal year ended May 31, 2015, as filed with the Securities and Exchange Commission on the Company’s Form 10-K for FY 2015, except that for the purpose of this Certificate, FY 2015 Operating Income will be rounded up or down to the nearest whole million dollar level and shall exclude the impact of restructuring, acquisition-related intangible amortization expense, foreign exchange, and other non-recurring charges that are specifically excluded from the calculation of the Company’s “cash” operating income for such year, as described and quantified in the Company’s FY 2015 year-end earnings press release.

**GLOBAL PAYMENTS INC.**

**FORM OF PERFORMANCE UNIT AWARD CERTIFICATE**

*Non-transferable*

G R A N T T O

\_\_\_\_\_

("Grantee")

by Global Payments Inc. (the "Company") of Performance Units (the "Performance Units") representing the right to earn, on a one-for-one basis, shares of the Company's no par value common stock ("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 "Certificate").

The target number of Shares subject to this award is \_\_\_\_\_ (the "Target Award"). Depending on the Company's Annualized Stock Price Growth over the Performance Period (each as defined herein), Grantee may earn a percentage of the Target Award (subject to the Award Maximum (as defined herein)) in accordance with the performance metric described in Exhibit A attached hereto and the terms and conditions of this Certificate.

By accepting this Award, Grantee shall be deemed to have agreed to the terms and conditions of this Certificate and the Plan.

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: \_\_\_\_\_

\_\_\_\_\_

## TERMS AND CONDITIONS

1. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan. In addition, for purposes of this Certificate:

- (i) "Change in Control" means the occurrence of a "change in control event" as defined in Treas. Reg. §1.409A-3(i)(5)(i), with respect to the Company.
- (ii) "Earned Unit" shall have the meaning set forth on Exhibit A attached hereto.
- (iii) "First Conversion Date" shall have the meaning set forth on Exhibit A attached hereto.
- (iv) "Performance Period" shall have the meaning set forth on Exhibit A attached hereto.

2. Performance Units. The Performance Units have been credited to a bookkeeping account on behalf of Grantee. The Performance Units will be earned in whole, in part, or not at all, as provided on Exhibit A attached hereto. Any Performance Units that fail to vest in accordance with the terms of this Certificate will be forfeited and reconveyed to the Company without further consideration or any act or action by Grantee.

3. Conversion to Shares. Except as otherwise provided in Sections 4 and 5 below:

(i) thirty-three percent (33%) of the Earned Units will be converted to actual unrestricted Shares (one Share per Earned Unit) on the First Conversion Date. These shares will be registered on the books of the Company in Grantee's name as of the First Conversion Date and stock certificates for the Shares shall be delivered to Grantee or Grantee's designee upon request of the Grantee; and

(ii) the remaining sixty-six percent (66%) of the Earned Units will be converted to service-based Restricted Stock (one share of Restricted Stock per Earned Unit) on the First Conversion Date. Such shares of Restricted Stock will be subject to the terms and conditions set forth in a Restricted Stock Award Certificate in the form attached hereto as Exhibit B.

4. Termination of Employment. If Grantee's employment is terminated during the Performance Period, the following provisions of this Section 4 shall govern the vesting of the Performance Units:

(i) Death or Disability. If Grantee's employment is terminated by reason of death or Disability during the Performance Period, then the number of Performance Units earned, if any, shall be determined by multiplying (a) the number of Performance Units earned based on actual performance as of the date of Grantee's termination of employment, by (b) a fraction, the numerator of which is the number of days in the original 3-year Performance Period preceding the employment termination date and the denominator of which is 1,095. One hundred percent (100%) of any Performance Units so earned shall be converted to actual unrestricted Shares (one Share per earned Performance Unit) on the First Conversion Date. These shares will be registered on the books of the Company in Grantee's name (or the name of Grantee's beneficiary) as of the First Conversion Date and stock certificates for the Shares shall be delivered to Grantee or Grantee's designee upon request of the Grantee (or Grantee's beneficiary, as the case may be).

(ii) Termination by the Company without Cause; Resignation by Grantee for Good Reason; Retirement. If, during the Performance Period, Grantee's employment is terminated (A) by the Company without Cause, or (B) by Grantee for Good Reason, or (C) by reason of Grantee's Retirement, then the number of Performance Units earned, if any, shall be determined by multiplying (x) the number of Performance Units that would otherwise have been earned based on actual performance as of the end of the Performance Period as if Grantee had remained employed during the Performance Period, by (y) a fraction, the numerator of which is the number of days in the original 3-year Performance Period preceding the employment termination date and the denominator of which is 1,095. One hundred percent (100%) of any Performance Units so earned shall be converted to actual unrestricted Shares (one Share per earned Performance Unit) on the First Conversion Date. These shares will be registered on the books of the Company in Grantee's name as of the First Conversion Date and stock certificates for the Shares shall be delivered to Grantee or Grantee's designee upon request of the Grantee.

(iii) Any Other Reason. If Grantee's employment is terminated for any reason other than as provided in (i) or (ii) of this Section 4, then all of the Performance Units shall be forfeited and reconveyed to the Company without further consideration or any act or action by Grantee.

5. Change in Control. If a Change in Control occurs during the Performance Period and while Grantee remains employed, then the number of Performance Units earned shall be the greater of (A) the number of Performance Units that would have been earned based on actual performance as of the effective date of the Change in Control, as determined by the Committee, or (B) the Target Award. One hundred percent (100%) of any Performance Units so earned will be converted to service-based Restricted Stock

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(one share of Restricted Stock per earned Performance Unit) on the effective date of the Change in Control. Such Restricted Stock will be subject to the terms and conditions set forth in a Restricted Stock Award Certificate in the form attached hereto as Exhibit B.

6. Restrictions on Transfer and Pledge. No right or interest of Grantee in the Performance 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 Performance Units may not be sold, assigned, transferred or otherwise disposed of by Grantee other than by will or the laws of descent and distribution.

7. Restrictions on Issuance of Shares. If at any time the Committee shall determine, in its discretion, that registration, listing or qualification of the Shares underlying the Performance 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 Performance Units, stock units will not be converted to Shares 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.

8. Limitation of Rights. The Performance Units do not confer to Grantee or Grantee's beneficiary, executors or administrators any rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with the units. Nothing in this Certificate shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in employment of the Company or any Affiliate.

9. No Entitlement to Future Awards. The grant of the Performance 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.

10. 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 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 or settlement of the Performance 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.

11. 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 Performance Units hereunder had expired) on the date of such amendment or termination.

12. Plan Controls. The terms contained in the Plan shall be and are hereby 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 Performance Units, including the number of shares and the class or series of capital stock which may be delivered upon settlement of the Performance Units, are subject to adjustment as provided in Article 15 of the Plan and are subject to Section 17.3 of the Plan related to Code Section 409A. 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. In the event of any conflict between the provisions of this Certificate and the terms of a written employment, key position, or change-in-control agreement with Grantee, the provisions of this Certificate shall be controlling and determinative.

13. 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.

14. 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.

15. Relationship to Other Benefits. The Performance Units 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.

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16. Clawback. Notwithstanding anything to the contrary in this Certificate, the Plan, or any employment, key position, or change-in-control agreement with Grantee, the award granted hereunder is subject to the provisions of the following clawback policy established by the Committee prior to the grant of the Performance Units hereunder. The Committee may seek to recoup all or any portion of the value of any annual or long-term incentive awards provided to any current or former executive officers in the event that the Company's financial statements are restated due to the Company's material noncompliance with any financial reporting requirement under the securities laws (the "Restatement"). The Committee may seek recoupment from any current or former executive officer who received incentive-based compensation, granted after the date hereof, during the three (3) year period preceding the date that the Company was required to prepare the Restatement. The Committee may seek to recover the amount by which the individual executive's incentive payments exceeded the lower payment that would have been made based on the restated financial results and the Committee may determine whether the Company shall effect such recovery: (i) by seeking repayment from the executive; (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the executive under any compensatory plan, program or arrangement maintained by the Company; or (iii) a combination of foregoing. The Grantee hereby acknowledges that this award is subject to the foregoing policy and agrees to make any repayment required in connection therewith.

17. 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.

18. 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 or an Affiliate, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's or its Affiliate'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 18 are necessary to protect the trade secrets of Company or its Affiliate.

18.1 Non-Competition. During the term of Grantee's employment and for a period of twenty-four (24) 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, or otherwise engage in Competitive Services, in the geographic area in which the Company or an Affiliate 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 (a) nothing in this Section 18.1 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 or an Affiliate; and (b) the time period of the non-compete in this Section shall not be longer than the time period of the non-compete in a written employment agreement between Grantee and the Company.

18.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twenty-four (24) 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 18.2 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 or an Affiliate 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 18.2 hereof, and/or (b) for whom Grantee was responsible for supervising or coordinating the business dealings between the Company or the Affiliate 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 18.2 hereof.

18.3 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of twenty-four (24) 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 Protected Employee with whom Grantee worked or otherwise had material contact with through employment with the Company or an Affiliate to terminate his or her employment relationship with the Company or an Affiliate or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

18.4 Definitions. For purposes of this Section 18, the following definitions shall apply:

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(a) “Competitive Services” means services competitive with the business activities engaged in by the Company or an Affiliate 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 18 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 Lync, 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 or an Affiliate 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 18 hereof.

(d) “Protected Employee” means any employee of the Company or an Affiliate who was employed by Company or an Affiliate at any time within six (6) 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 18 hereof.

18.5 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 18 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 18 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 18 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.

18.6 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 18 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.

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- 3) "First Conversion Date" means the date of the Committee's certification of the Company's Annualized Stock Price Growth (as defined herein) over the Performance Period; provided, however, that the First Conversion Date shall not be prior to September 30, 2017 or later than October 30, 2017. Notwithstanding the foregoing, if Grantee's employment is terminated by reason of death or Disability during the Performance Period, then the First Conversion Date shall mean the date of the Committee's certification of the Company's Annualized Stock Price Growth (as defined herein) over the Performance Period; provided, however, that the First Conversion Date shall be a date within the sixty (60) day period immediately following Grantee's employment termination date.
  - 4) "Performance Period" means the three year period beginning on September 30, 2014 and ending on September 30, 2017. Notwithstanding the foregoing, if Grantee's employment is terminated by reason of death or Disability during the Performance Period, then, for purposes of determining the number of Earned Units, if any, the Performance Period shall mean the period beginning on September 30, 2014 and ending on Grantee's employment termination date.
  - 5) "Relative Modifier" means that the Company's Annualized Stock Price Growth is less than the S&P 500 Annualized Stock Price Growth.
  - 6) "S&P 500 Annualized Stock Price Growth" means the increase in the average closing price of the S&P 500 index for the twenty (20) trading days immediately preceding the first day of the Performance Period compared to the average closing price of the S&P 500 index for the last twenty (20) trading days of the Performance Period, expressed as a percentage.
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**EXHIBIT B**

**GLOBAL PAYMENTS INC.**

**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>
50%	[Year 1]
50%	[Year 2]

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: \_\_\_\_\_

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## 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) or (c) 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
- (c) Termination of Grantee's employment (i) by the Company without Cause, or (ii) by Grantee for Good Reason, or (iii) by reason of Grantee's Retirement (each a "Qualifying Termination)."

4. **Holding Period.** Notwithstanding anything to the contrary in this Certificate, if Grantee has a Qualifying Termination, then his or her Shares shall be subject to a mandatory holding period (the "Share Holding Period"), pursuant to which the Shares may not be sold, pledged, encumbered or hypothecated to or in favor of any party other than the Company or an Affiliate, or be subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an Affiliate. Pursuant to the Share Holding Period, Grantee must hold, on an after-tax basis: (i) 100% of the Shares through the first anniversary of the Grant Date; and (ii) 50% of the Shares through the second anniversary of the Grant Date. Notwithstanding the foregoing, if Grantee's Qualifying Termination occurs within the two-year period immediately following the effective date of a Change in Control, then the Share Holding Period shall not apply.

5. **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.

6. **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.

7. **No Right of Continued Employment.** Nothing in the Plan or this Certificate 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.

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8. 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.

9. 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.

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 all restrictions on the Restricted Shares hereunder had expired) 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 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. In the event of any conflict between the provisions of this Certificate and the terms of a written employment, key position, or change-in-control agreement with Grantee, the provisions of this Certificate shall be controlling and determinative.

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; 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. Clawback. Notwithstanding anything to the contrary in this Certificate, the Plan, or any employment, key position, or change-in-control agreement with Grantee, the award granted hereunder is subject to the provisions of the following clawback policy established by the Committee prior to the grant of the Restricted Shares hereunder. The Committee may seek to recoup all or any portion of the value of any annual or long-term incentive awards provided to any current or former executive officers in the event that the Company's financial statements are restated due to the Company's material noncompliance with any financial reporting requirement under the securities laws (the "Restatement"). The Committee may seek recoupment from any current or former executive officer who received incentive-based compensation, granted after the date hereof, during the three (3) year period preceding the date that the Company was required to prepare the Restatement. The Committee may seek to recover the amount by which the individual executive's incentive payments exceeded the lower payment that would have been made based on the restated financial results and the Committee may determine whether the Company shall effect such recovery: (i) by seeking repayment from the executive; (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the executive under any compensatory plan, program or arrangement maintained by the Company; or (iii) a combination of foregoing. The Grantee hereby acknowledges that this award is subject to the foregoing policy and agrees to make any repayment required in connection therewith.

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17. 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 or an Affiliate, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's or its Affiliate'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 17 are necessary to protect the trade secrets of Company.

17.1 Non-Competition. During the term of Grantee's employment and for a period of twenty-four (24) 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, or otherwise engage in Competitive Services, in the geographic area in which the Company or an Affiliate 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 (a) nothing in this Section 17.1 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 or an Affiliate; and (b) the time period of the non-compete in this Section shall not be longer than the time period of the non-compete in a written employment agreement between Grantee and the Company.

17.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twenty-four (24) 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 17.2 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 or an Affiliate 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 17.2 hereof, and/or (b) for whom Grantee was responsible for supervising or coordinating the business dealings between the Company or an Affiliate 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 17.2 hereof.

17.3 Non-Solicitation of Employees. During the term of Grantee's employment and for a period of twenty-four (24) 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 Protected Employee with whom Grantee worked or otherwise had material contact with through employment with the Company or an Affiliate to terminate his or her employment relationship with the Company or an Affiliate or to enter into employment with any other individual, corporation, partnership, joint venture, limited liability company, association or other entity.

17.4 Definitions. For purposes of this Section 17, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company or an Affiliate 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 17 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 or an Affiliate 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 17 hereof.

(d) "Protected Employee" means any employee of the Company or an Affiliate who was employed by Company or an Affiliate at any time within six (6) months prior to the termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 18 hereof.

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17.5 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 17 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 17 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 17 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.

17.6 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 17 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.

**CHANGE IN CONTROL, NON-COMPETITION AND  
NON-SOLICITATION AGREEMENT**

In consideration of his or her employment with Global Payments Inc. or its affiliate (“Company”), his or her continued employment with the Company, and the mutual covenants and agreements contained herein, David M. Sheffield (hereinafter “Employee”) and Company hereby as of April 6, 2015 (the “Effective Date”) agree as follows:

1. Definitions. The following definitions shall apply to this Change in Control, Non-competition and Non-solicitation Agreement (the “Agreement”) and shall have the following meanings:

(a) “Cause” shall mean:

(i) the failure of Employee to perform substantially Employee’s duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Employee by the Company which specifically identifies the manner in which the Company believes that Employee has not substantially performed Employee’s duties; or

(ii) any act of fraud, misappropriation, embezzlement or similar dishonest or wrongful act by Employee, including, without limitation, any violation of the Sarbanes-Oxley Act or similar laws or legal standards; or

(iii) Employee’s abuse of alcohol, prescription drugs or any substance which materially interferes with Employee’s ability to perform services on behalf of the Company or Employee’s use of illegal drugs; or

(iv) Employee’s violation of any laws, agreements or Company policies or codes prohibiting employment discrimination, harassment, conflicts of interest, retaliation, bribery, competition with the Company, solicitation of Company customers or employees on behalf of anyone other than Company, improper use or disclosure of trade secrets, confidential information or other proprietary information of the Company; or

(v) Employee’s commission of, conviction for, or plea of guilty or *nolo contendere* to, a felony or a misdemeanor involving moral turpitude.

(a) “Change in Control” means:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (b)(i), the following acquisitions shall not constitute a Change in Control: any acquisition by a Person who is on the date of Employee’s execution of this Agreement the beneficial owner of 35% or more of the Outstanding Company Voting Securities; any acquisition directly from the Company; any acquisition by the Company which reduces the number of Outstanding Company Voting Securities and thereby results in any Person having beneficial ownership of more than 35% of the Outstanding Company Voting Securities; any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or, any acquisition by any corporation pursuant to a transaction which complies with clauses (x) and (y) of subsection (b)(ii) below; or

(ii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (x) all or substantially all of the individuals and entities who were the beneficial

owners, respectively, of the outstanding Company common stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the outstanding Company common stock and Outstanding Company Voting Securities, as the case may be, and (y) no Person (excluding the Company or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; provided, however, that

(iii) Notwithstanding anything in this definition to the contrary, a restructuring and/or separation of any line of business or business unit from the Company will not of itself constitute a Change in Control.

(c) "*Company*" shall be deemed to include Global Payments Inc. and all of its affiliates and subsidiaries.

(d) "*Competitive Position*" means any employment, consulting or independent contractor relationship with a Competitor in which Employee has duties for (or provides services to) such Competitor that relate to Competitive Services and that are the same or similar to those services actually performed by Employee for the Company.

(e) "*Competitive Services*" means services competitive with the business activities engaged in by the Company as of the Date of Termination or any earlier date of an alleged breach by Employee of the restrictions in Sections 3, 4 or 5, as applicable, 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.

(f) "*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 and all of their parents, subsidiaries, affiliates, and successors-in-interest who engage in Competitive Services: TSYS Acquiring Solutions, Chase Paymentech Solutions, First Data Corporation, Elavon Inc., 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

(g) "*Date of Termination*" means the date of termination of Employee's employment with the Company for any reason whatsoever.

(h) "*Disability*" means the inability of Employee, as determined by the Company, to substantially perform the essential functions of his or her regular duties and responsibilities with or without reasonable accommodation due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months.

(i) "*Good Reason*" shall mean:

(i) a reduction by the Company in Employee's base salary as in effect on the Effective Date or as the same may be increased from time to time, unless a similar reduction is made in the base salary of similarly-situated senior executives which reduction is not rescinded within ten (10) days after the Company receives written

notice from Employee that he or she believes that the reduction constitutes Good Reason and that he or she intends to resign if it is not rescinded; or

(ii) a reduction by the Company in Employee's annual bonus opportunity as in effect on the Effective Date or as the same may be increased from time to time, unless a similar reduction is made in the annual bonus opportunity of similarly-situated senior executives which reduction is not rescinded within ten (10) days after the Company receives written notice from Employee that he or she believes that the reduction constitutes Good Reason and that he or she intends to resign if it is not rescinded, provided, however that, notwithstanding the foregoing, this clause shall not be triggered where Employee receives an annual bonus payout below his or her total bonus opportunity and such payout is based on the Company's and/or Employee's performance as determined in the sole discretion of the Company; or

(iii) a requirement that Employee be based in any office or location other than in the greater metropolitan area of Atlanta, Georgia which requirement is not rescinded within ten (10) days after the Company receives written notice from Employee that he or she believes that the requirement constitutes Good Reason and that he or she intends to resign if it is not rescinded.

(j) "*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 or attempted to sell or provide its products or services during the twelve (12) months prior to the Date of Termination or any earlier date of an alleged breach by Employee of the restrictions in Sections 3, 4 or 5, as applicable, hereof.

(k) "*Protected Employees*" means employees of the Company who were employed by the Company at any time during the twelve (12) months immediately preceding the Date of Termination or any earlier date of an alleged breach by Employee of the restrictions in Section 3, 4 or 5, as applicable, hereof.

(l) "*Restricted Area*" means the geographic area in which the Company conducts business, which includes the entire United States.

2. Termination. If there occurs a Change in Control and, within twelve (12) months following such Change in Control, the Company or its successor terminates Employee's employment other than for Cause or Disability or Employee terminates his or her employment for Good Reason within twelve (12) months following such Change in Control, then (and with respect to the payments and benefits described in subsections (a) through (f) below, only if Employee executes (and does not revoke) a Release in substantially the form of Exhibit A hereto (the "Release") within 60 days of the Date of Termination):

(a) on the day that follows the six (6) month anniversary of the Date of Termination (the "Pay Date"), the Company shall pay Employee a lump sum equal to the amount of the base salary (as in effect on the Date of Termination) Employee would have earned if he or she had been continuously employed by Company from the Date of Termination until the Pay Date provided, however, that the Company shall have no obligation to make the payment described in this section if Employee has violated Sections 3, 4 or 5 of this Agreement or Sections 5 or 6 of the attached Confidentiality Agreement and failed to remedy such violation to the satisfaction of the Company within ten (10) days of notice of such violation;

(b) commencing on the Pay Date, the Company will continue to pay Employee an amount equal to his or her monthly base salary for a period of up to six (6) consecutive months, payable in equal monthly or more frequent installments as are customary under the Company's payroll practices from time to time; provided, however that the Company's obligation to make or continue such payments shall cease if Employee becomes employed with a subsequent employer or earns an income which will be reportable as non-employee compensation on a 1099 form provided that such non-employee compensation is reasonably anticipated to be more than \$100,000 per year or if Employee violates Section 3, 4 or 5 of this Agreement or Sections 5 or 6 of the attached Confidentiality Agreement and fails to remedy such violation to the satisfaction of the Company within 10 days of notice of such violation; and

(c) on the Pay Date, the Company shall pay Employee a pro-rated bonus for the Company's fiscal year in which the Date of Termination occurs equal to (i) 100% of Employee's annual bonus opportunity, times (ii) a fraction, the numerator of which is the number of full or partial months elapsed in the Company's fiscal year in which the Date of Termination occurs as of the Date of Termination and the denominator of which is 12; and

(d) if the Date of Termination occurs after the end of one of Company's fiscal years but before annual bonuses are paid for such preceding fiscal year, the Company shall, within sixty (60) days of the Date of Termination, also pay Employee a bonus equal to the greater of (i) the actual amount earned by Employee for such preceding fiscal year or (ii) 75% of Employee's annual bonus opportunity applicable for such preceding fiscal year; and

(e) all grants of restricted stock of the Company held by Employee as of the Date of Termination will become immediately vested as of the Date of Termination; and,

(f) all of Employee's options to acquire common stock of the Company ("Options") held by Employee as of the Date of Termination will become immediately vested and exercisable as of the Date of Termination; and,

(g) all of Employee's vested but unexercised Options as of the Date of Termination (including those with accelerated vesting pursuant to Section 2(f) above) shall remain exercisable through the earliest of (i) the original expiration date of the Option, or (ii) the 90th day following the Date of Termination, or (iii) the date that is the 10th anniversary of the original date of grant of the Option.

3. Non-competition with the Company. During the term of Employee's employment with the Company and for a period of twelve (12) months immediately following the Date of Termination, Employee agrees that he or she will not, without prior written consent of the Company, directly or indirectly seek or obtain a Competitive Position in the Restricted Area; provided, however, that nothing in this Section 3 shall prohibit Employee 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. This section (and definitions incorporated herein) shall survive the termination of Employee's employment with the Company.

4. Non-solicitation of Employees. During the term of Employee's employment with the Company and for a period of twelve (12) months immediately following the Date of Termination, Employee agrees that he or she will not, directly or indirectly, on his or her 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 Protected Employees with whom he or she 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. This section (and definitions incorporated herein) shall survive the termination of Employee's employment with the Company.

5. Non-solicitation of Customers. During the term of Employee's employment with the Company and for a period of twelve (12) months immediately following the Date of Termination, Employee agrees that he or she will not, directly or indirectly, on his or her 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 a Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this section shall only apply to those Protected Customers (a) with whom Employee, alone or in conjunction with others, had business dealings with on behalf of the Company during the twelve (12) month period immediately preceding the Date of Termination or any earlier date of any alleged breach by Employee of the restriction in Section 5 hereof or (b) for whom Employee was responsible for supervising or coordinating the dealings between the Company and the

Protected Customer during the twelve (12) month period immediately preceding the Date of Termination or any earlier date of any alleged breach by Employee of the restriction in Section 5 hereof. This section (and definitions incorporated herein) shall survive the termination of Employee's employment with the Company.

6. Relief. Employee agrees that the breach of the covenants or promises contained in Sections 3, 4, or 5 of this Agreement or Sections 5 or 6 of the attached Confidentiality Agreement will leave the Company with no adequate remedy at law and will cause the Company to suffer irreparable damage and injury. Employee further agrees that the breach of these covenants and promises will entitle the Company to injunctive relief in any court of competent jurisdiction without the necessity of posting any bond. Employee also agrees that any such injunctive relief shall be in addition to any damages that may be recoverable by the Company as a result of such breach. Employee agrees that he or she will be liable to the Company for all reasonable attorney's fees and expenses which might be incurred by the Company in enforcing its rights hereunder. Employee further agrees that no failure or delay by Company in exercising, enforcing or asserting any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any such right, power or privilege.

7. Severability of Covenants. Employee acknowledges and agrees that the covenants set forth in Sections 3, 4, and 5 of this Agreement and Sections 5 and 6 of the attached Confidentiality Agreement are reasonable and valid in time and scope and in all other respects. These covenants shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, 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 Employee in agreeing to the provisions of this Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

8. Section 409A. This Agreement is intended to comply with Section 409A of the Code and applicable regulations. This Agreement shall be interpreted in such a way so as to comply, to the extent necessary, with Section 409A and the regulations thereunder.

9. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Georgia.

10. Entire Agreement(d) Entire Agreement. This Agreement contains the entire agreement between the Company and Employee with respect to the subject matter hereof and shall supersede any other agreement between the parties with respect to the subject matter hereof.

11. Amendments and Modifications. This Agreement may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to this Agreement.

12. Waiver. No waiver shall be effective against Company or Employee unless such waiver is in writing and signed by the waiving party. The Company's failure to insist upon strict compliance with any of the terms or conditions of this Agreement at any one time shall not be deemed a waiver of such term or condition at any other time; nor shall any waiver or relinquishment of any right or power granted herein at any time be deemed a waiver or relinquishment of the same or any other right or power at any other time.

AGREED TO BY:

By: /s/ David M. Sheffield  
David M. Sheffield  
April 6, 2015

GLOBAL PAYMENTS INC.

By: /s/ David L. Green  
David L. Green  
April 6, 2015



## EXHIBIT A

### Form of Release

This Release is granted effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_ (“Employee”) in favor of Global Payments Inc. (the “Company”). This is the Release referred to in the Change in Control, Non-competition and Non-solicitation Agreement (the “Agreement”) signed by Employee on \_\_\_\_\_, 2015. Employee gives this Release in consideration of the Company’s promises and covenants as recited in the Agreement, with respect to which this Release is an integral part.

1. Release of the Company. Employee, for himself or herself, his or her successors, assigns, attorneys, and all those entitled to assert his or her rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, employees, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (“the Released Parties”), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorney's fees and costs, or liabilities whatsoever, in law or in equity, which Employee ever had or now has against the Released Parties, including, without limitation, any claims arising by reason of or in any way connected with any employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors, and Employee. It is understood and agreed that this Release is intended to cover all actions, causes of action, claims or demands for any damage, loss or injury, whether known or unknown, of any nature whatsoever, including those which may be traced either directly or indirectly to the aforesaid employment relationship, or the termination of that relationship, that Employee has, had or purports to have, from the beginning of time to the date of this Release, and including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2 below; claims arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq., Title VII of the Civil Rights Act, 42 U.S.C. § 2000(e), et seq. or the Americans With Disabilities Act, 42 U.S.C. § 12101 et seq.; claims for statutory or common law wrongful discharge; claims arising under the Fair Labor Standards Act, 29 U.S.C. § 201 et seq.; claims for attorney’s fees, expenses and costs; claims for defamation; claims for emotional distress; claims for wages or vacation pay; claims for benefits, including any claims arising under the Employee Retirement Income Security Act, 29 U.S.C. § 1001, et seq.; and claims under any other applicable federal, state or local laws or legal concepts.
2. Release of Claims Under Age Discrimination in Employment Act. Without limiting the generality of the foregoing, Employee agrees that by executing this Release, he or she has released and waived any and all claims he or she has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq. (“ADEA”). Employee acknowledges and agrees Employee has been, and hereby is, advised by Company to consult with an attorney prior to executing this Release. Employee further acknowledges and agrees that Company has offered Employee the opportunity, before executing this Release, to consider this Release for a period of twenty-one (21) calendar days; and that the consideration he or she receives for this Release is in addition to amounts to which he or she was already entitled. It is further understood that this Release is not effective until seven (7) calendar days after the execution of this Release and that Employee may revoke this Release within seven (7) calendar days from the date of execution hereof.
3. Non-Admission. It is understood and agreed by Employee that the payment made to him or her is not to be construed as an admission of any liability whatsoever on the part of the Company or any of the other Released Parties, by whom liability is expressly denied.
4. Acknowledgement and Revocation Period. Employee agrees that he or she has carefully read this Release and is signing it voluntarily. Employee acknowledges that he or she has had twenty one (21) days from receipt of this Release to review it prior to signing or that, if Employee is signing this Release prior to the expiration of such 21-day period, Employee is waiving his or her right to review the Release for such full 21-day period prior to signing it. Employee has the right to revoke this release within seven (7) days following the date of its execution by him or her. In order to revoke this Release, Employee must deliver notice of the revocation in writing to Company’s

General Counsel before the expiration of the seven (7) day period. However, if Employee revokes this Release within such seven (7) day period, no payment or benefit will be payable to him or her under the Agreement and he or she shall return to the Company any such payment or benefit received prior to that date.

5. No Revocation After Seven Days. Employee acknowledges and agrees that this Release may not be revoked at any time after the expiration of the seven (7) day revocation period and that he or she will not institute any suit, action, or proceeding, whether at law or equity, challenging the enforceability of this Release. Employee further acknowledges and agrees that, with the exception of an action to challenge the waiver of claims under the ADEA, Employee shall not ever attempt to challenge the terms of this Release, attempt to obtain an order declaring this Release to be null and void, or institute litigation against the Company or any other Releasee based upon a claim that is covered by the terms of the release contained herein. Furthermore, with the exception of an action to challenge his or her waiver of claims under the ADEA, if Employee does not prevail in an action to challenge this Release, to obtain an order declaring this Release to be null and void, or in any action against the Company or any other Releasee based upon a claim that is covered by the release set forth herein, Employee shall pay to the Company and/or the appropriate Releasee all their costs and attorneys' fees incurred in their defense of Employee's action.

6. Governing Law and Severability. This Release and the rights and obligations of the parties hereto shall be governed and construed in accordance with the laws of the State of Georgia. If any provision hereof is unenforceable or is held to be unenforceable, such provision shall be fully severable, and this document and its terms shall be construed and enforced as if such unenforceable provision had never comprised a part hereof, the remaining provisions hereof shall remain in full force and effect, and the court or tribunal construing the provisions shall add as a part hereof a provision as similar in terms and effect to such unenforceable provision as may be enforceable, in lieu of the unenforceable provision.

EMPLOYEE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS HAD A FULL OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS OR HER CHOOSING CONCERNING HIS OR HER EXECUTION OF THIS RELEASE AND THAT HE OR SHE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

**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: April 8, 2015

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.

Date: April 8, 2015

By: /s/ Cameron M. Bready \_\_\_\_\_

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 February 28, 2015 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.**

**April 8, 2015**

*/s/ Cameron M. Bready*

\_\_\_\_\_  
**Cameron M. Bready**  
**Chief Financial Officer**  
**Global Payments Inc.**

**April 8, 2015**

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.