

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

**For the quarterly period ended November 30, 2016**

**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 January 4, 2017 was 152,263,156.

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**GLOBAL PAYMENTS INC.**  
**FORM 10-Q**  
**For the quarterly period ended November 30, 2016**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART I - FINANCIAL INFORMATION</b>	
ITEM 1.	<a href="#">Unaudited Consolidated Statements of Income for the three months and six months ended November 30, 2016 and 2015</a>
	<a href="#">3</a>
	<a href="#">Unaudited Consolidated Statements of Comprehensive Income (Loss) for the three months and six months ended November 30, 2016 and 2015</a>
	<a href="#">5</a>
	<a href="#">Consolidated Balance Sheets at November 30, 2016 (unaudited) and May 31, 2016</a>
	<a href="#">6</a>
	<a href="#">Unaudited Consolidated Statements of Cash Flows for the six months ended November 30, 2016 and 2015</a>
	<a href="#">7</a>
	<a href="#">Unaudited Consolidated Statements of Changes in Equity for the six months ended November 30, 2016 and 2015</a>
	<a href="#">8</a>
	<a href="#">Notes to Unaudited Consolidated Financial Statements</a>
	<a href="#">10</a>
ITEM 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>
	<a href="#">23</a>
ITEM 3.	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>
	<a href="#">32</a>
ITEM 4.	<a href="#">Controls and Procedures</a>
	<a href="#">32</a>
<b>PART II - OTHER INFORMATION</b>	
ITEM 1.	<a href="#">Legal Proceedings</a>
	<a href="#">33</a>
ITEM 1A.	<a href="#">Risk Factors</a>
	<a href="#">33</a>
ITEM 2.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>
	<a href="#">33</a>
ITEM 6.	<a href="#">Exhibits</a>
	<a href="#">34</a>
	<a href="#">Signatures</a>
	<a href="#">35</a>

**PART 1 - FINANCIAL INFORMATION****ITEM 1—FINANCIAL STATEMENTS**

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

	<b>Three Months Ended</b>	
	<b>November 30, 2016</b>	<b>November 30, 2015</b>
Revenues	\$ 941,821	\$ 722,350
Operating expenses:		
Cost of service	468,383	270,565
Selling, general and administrative	368,171	328,620
	<u>836,554</u>	<u>599,185</u>
Operating income	<u>105,267</u>	<u>123,165</u>
Interest and other income	1,353	1,292
Interest and other expense	(52,448)	(14,126)
	<u>(51,095)</u>	<u>(12,834)</u>
Income before income taxes	54,172	110,331
Provision for income taxes	(1,557)	(27,253)
Net income	<u>52,615</u>	<u>83,078</u>
Less: Net income attributable to noncontrolling interests, net of income tax	(3,163)	(4,307)
Net income attributable to Global Payments	<u>\$ 49,452</u>	<u>\$ 78,771</u>
Earnings per share attributable to Global Payments:		
Basic earnings per share	<u>\$ 0.32</u>	<u>\$ 0.61</u>
Diluted earnings per share	<u>\$ 0.32</u>	<u>\$ 0.60</u>

*See Notes to Unaudited Consolidated Financial Statements.*

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

	Six Months Ended	
	November 30, 2016	November 30, 2015
Revenues	\$ 1,881,313	\$ 1,471,146
Operating expenses:		
Cost of service	931,009	543,231
Selling, general and administrative	723,931	666,978
	<u>1,654,940</u>	<u>1,210,209</u>
Operating income	<u>226,373</u>	<u>260,937</u>
Interest and other income	43,826	2,434
Interest and other expense	<u>(95,524)</u>	<u>(27,369)</u>
	<u>(51,698)</u>	<u>(24,935)</u>
Income before income taxes	174,675	236,002
Provision for income taxes	<u>(29,601)</u>	<u>(59,876)</u>
Net income	145,074	176,126
Less: Net income attributable to noncontrolling interests, net of income tax	<u>(10,529)</u>	<u>(10,708)</u>
Net income attributable to Global Payments	<u>\$ 134,545</u>	<u>\$ 165,418</u>
Earnings per share attributable to Global Payments:		
Basic earnings per share	<u>\$ 0.88</u>	<u>\$ 1.27</u>
Diluted earnings per share	<u>\$ 0.87</u>	<u>\$ 1.27</u>

*See Notes to Unaudited Consolidated Financial Statements.*

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

	Three Months Ended	
	November 30, 2016	November 30, 2015
Net income	\$ 52,615	\$ 83,078
Other comprehensive income (loss):		
Foreign currency translation adjustments	(58,008)	(35,582)
Income tax provision related to foreign currency translation adjustments	—	(2,256)
Unrealized gains (losses) on hedging activities	7,089	(3,968)
Reclassification of losses on hedging activities to interest expense	1,768	2,467
Income tax (expense) benefit related to hedging activities	(3,328)	562
Other	(246)	—
Other comprehensive loss, net of tax	(52,725)	(38,777)
Comprehensive income	(110)	44,301
Comprehensive loss attributable to noncontrolling interests	5,356	1,965
Comprehensive income attributable to Global Payments	\$ 5,246	\$ 46,266

	Six Months Ended	
	November 30, 2016	November 30, 2015
Net income	\$ 145,074	\$ 176,126
Other comprehensive income (loss):		
Foreign currency translation adjustments	(76,789)	(72,599)
Income tax benefit related to foreign currency translation adjustments	—	8,844
Unrealized gains (losses) on hedging activities	3,884	(4,000)
Reclassification of losses on hedging activities to interest expense	3,665	4,201
Income tax expense related to hedging activities	(2,810)	(60)
Other	(139)	—
Other comprehensive loss, net of tax	(72,189)	(63,614)
Comprehensive income	72,885	112,512
Comprehensive income attributable to noncontrolling interests	(2,007)	(6,336)
Comprehensive income attributable to Global Payments	\$ 70,878	\$ 106,176

*See Notes to Unaudited Consolidated Financial Statements.*

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

	November 30, 2016	May 31, 2016
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 995,816	\$ 1,044,728
Accounts receivable, net of allowances for doubtful accounts of \$294 and \$353, respectively	266,245	281,612
Claims receivable, net of allowances for doubtful accounts of \$4,771 and \$4,868, respectively	8,772	6,799
Settlement processing assets	1,117,666	1,336,326
Prepaid expenses and other current assets	186,464	181,848
Total current assets	2,574,963	2,851,313
Goodwill	4,823,756	4,829,405
Other intangible assets, net	2,115,842	2,264,708
Property and equipment, net	520,714	493,678
Deferred income taxes	20,419	22,719
Other	57,420	48,129
Total assets	\$ 10,113,114	\$ 10,509,952
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Settlement lines of credit	\$ 467,293	\$ 378,436
Current portion of long-term debt	177,759	135,542
Accounts payable and accrued liabilities	681,356	696,414
Settlement processing obligations	883,447	1,220,315
Total current liabilities	2,209,855	2,430,707
Long-term debt	4,316,391	4,379,744
Deferred income taxes	695,258	744,862
Other noncurrent liabilities	89,773	77,235
Total liabilities	7,311,277	7,632,548
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; 152,267,428 issued and outstanding at November 30, 2016 and 154,421,585 issued and outstanding at May 31, 2016	—	—
Paid-in capital	1,818,487	1,976,715
Retained earnings	1,146,844	1,015,811
Accumulated other comprehensive loss	(309,717)	(246,050)
Total Global Payments shareholders' equity	2,655,614	2,746,476
Noncontrolling interests	146,223	130,928
Total equity	2,801,837	2,877,404
Total liabilities and equity	\$ 10,113,114	\$ 10,509,952

*See Notes to Unaudited Consolidated Financial Statements.*

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

	Six Months Ended	
	November 30, 2016	November 30, 2015
Cash flows from operating activities:		
Net income	\$ 145,074	\$ 176,126
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	45,681	35,697
Amortization of acquired intangibles	166,188	41,809
Share-based compensation expense	16,366	13,472
Provision for operating losses and bad debts	19,024	11,257
Amortization of capitalized customer acquisition costs	12,291	—
Deferred income taxes	(52,710)	2,900
Gain on sale of investments	(41,150)	—
Other, net	18,784	2,198
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	9,693	(4,271)
Claims receivable	(14,067)	(18,723)
Settlement processing assets and obligations, net	(113,359)	208,446
Prepaid expenses and other assets	(5,846)	(14,097)
Accounts payable and other liabilities	(12,426)	(744)
Net cash provided by operating activities	<u>193,543</u>	<u>454,070</u>
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(35,260)	(241,934)
Capital expenditures	(83,268)	(36,246)
Proceeds from sale of investments	37,717	—
Net cash used in investing activities	<u>(80,811)</u>	<u>(278,180)</u>
Cash flows from financing activities:		
Net borrowings on settlement lines of credit	94,757	101,464
Proceeds from issuance of long-term debt	1,289,000	3,030,175
Principal payments of long-term debt	(1,314,799)	(2,852,175)
Payment of debt issuance costs	(9,279)	(4,934)
Repurchase of common stock	(172,405)	(71,748)
Proceeds from stock issued under share-based compensation plans	4,882	6,317
Common stock repurchased - share-based compensation plans	(20,390)	(11,579)
Tax benefit from share-based compensation plans	13,017	6,521
Purchase of subsidiary shares from noncontrolling interest	—	(7,550)
Distributions to noncontrolling interests	(12,365)	(8,158)
Dividends paid	(3,069)	(2,602)
Net cash (used in) provided by financing activities	<u>(130,651)</u>	<u>185,731</u>
Effect of exchange rate changes on cash	<u>(30,993)</u>	<u>(23,903)</u>
(Decrease) increase in cash and cash equivalents	(48,912)	337,718
Cash and cash equivalents, beginning of the period	1,044,728	650,739
Cash and cash equivalents, end of the period	<u>\$ 995,816</u>	<u>\$ 988,457</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, 2016	154,422	\$ 1,976,715	\$ 1,015,811	\$ (246,050)	\$ 2,746,476	\$ 130,928	\$ 2,877,404
Net income			134,545		134,545	10,529	145,074
Other comprehensive loss, net of tax				(63,667)	(63,667)	(8,522)	(72,189)
Stock issued under share-based compensation plans	671	4,882			4,882		4,882
Common stock repurchased - share-based compensation plans	(267)	(20,531)			(20,531)		(20,531)
Tax benefit from employee share-based compensation		13,017			13,017		13,017
Share-based compensation expense		16,366			16,366		16,366
Contribution of subsidiary shares to noncontrolling interest related to a business combination					—	25,653	25,653
Distributions to noncontrolling interest					—	(12,365)	(12,365)
Repurchase of common stock	(2,559)	(171,962)	(443)		(172,405)		(172,405)
Dividends paid (\$0.02 per share)			(3,069)		(3,069)		(3,069)
Balance at November 30, 2016	<u>152,267</u>	<u>\$ 1,818,487</u>	<u>\$ 1,146,844</u>	<u>\$ (309,717)</u>	<u>\$ 2,655,614</u>	<u>\$ 146,223</u>	<u>\$ 2,801,837</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, 2015	130,558	\$ 148,742	\$ 795,226	\$ (185,992)	\$ 757,976	\$ 105,577	\$ 863,553
Net income			165,418		165,418	10,708	176,126
Other comprehensive loss, net of tax				(59,242)	(59,242)	(4,372)	(63,614)
Stock issued under employee stock plans	644	6,317			6,317		6,317
Common stock repurchased - share-based compensation plans	(195)	(11,997)			(11,997)		(11,997)
Tax benefit from employee share-based compensation		6,521			6,521		6,521
Share-based compensation expense		13,472			13,472		13,472
Purchase of subsidiary shares from noncontrolling interest		(11)			(11)	(7,539)	(7,550)
Contribution of subsidiary shares to noncontrolling interest related to a business combination		4,673			4,673	24,727	29,400
Distributions to noncontrolling interest					—	(8,158)	(8,158)
Repurchase of common stock	(1,645)	(35,316)	(40,053)		(75,369)		(75,369)
Dividends paid (\$0.02 per share)			(2,602)		(2,602)		(2,602)
Balance at November 30, 2015	<u>129,362</u>	<u>\$ 132,401</u>	<u>\$ 917,989</u>	<u>\$ (245,234)</u>	<u>\$ 805,156</u>	<u>\$ 120,943</u>	<u>\$ 926,099</u>

*See Notes to Unaudited Consolidated Financial Statements.*

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Business, consolidation and presentation*— We are a leading worldwide provider of payment technology services delivering innovative solutions to our customers globally. Our technologies, partnerships and employee expertise enable us to provide a broad range of services that allow our customers to accept various payment types. We distribute our services across a variety of channels to merchants and partners in 30 countries throughout North America, Europe, the Asia-Pacific region and in Brazil and operate in three reportable segments: North America, Europe and Asia-Pacific.

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

These unaudited consolidated financial statements include our accounts and those of our majority-owned subsidiaries, and all intercompany balances and transactions have been eliminated in consolidation. These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The consolidated balance sheet as of May 31, 2016 was derived from the audited financial statements for the year ended May 31, 2016 included in our Annual Report on Form 10-K for the year ended May 31, 2016 but does not include all disclosures required by GAAP for annual financial statements.

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 affect the carrying amount of assets and liabilities. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended May 31, 2016.

On July 27, 2016, the Board of Directors authorized a change in our fiscal year-end from May 31 to December 31. As a result of the change, we will file a Transition Report on Form 10-K for the seven-month transition period ended December 31, 2016.

*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 materially from those estimates.

*Recently Adopted Accounting Pronouncements*

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-05, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*." The amendments in this update provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance does not change GAAP for a customer's accounting for service contracts. We adopted this standard as of June 1, 2016 on a prospective basis, and it was not material to our balance sheet and/or our results of operations or cash flows.

*Recently Issued Accounting Pronouncements Not Yet Adopted*

*Accounting Standard Codification ("ASC") 606 - New Revenue Standard*

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 to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will replace most

existing revenue recognition guidance in GAAP and permits the use of either the retrospective or modified retrospective transition method. The update requires significant 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. ASU 2014-09, as amended by ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): *Deferral of the Effective Date*," is effective for years beginning after December 15, 2017, including interim periods, with early adoption permitted for years beginning after December 15, 2016. Since the issuance of ASU 2014-09, the FASB has issued additional interpretive guidance, including new accounting standards updates, that clarify certain points of the standard and modifies certain requirements.

We have performed a review of the requirements of the new revenue standard and are monitoring the activity of the FASB and the transition resource group as it relates to specific interpretive guidance. We are reviewing customer contracts and are in the process of applying the five-step model of the new standard to each contact category we have identified and will compare the results to our current accounting practices. We plan to adopt ASU 2014-09, as well as other clarifications and technical guidance issued by the FASB related to this new revenue standard, on January 1, 2018. We will likely apply the modified retrospective transition method, which would result in an adjustment to retained earnings for the cumulative effect, if any, of applying the standard to contracts in process as of the adoption date. Under this method, we would not restate the prior financial statements presented, therefore the new standard requires us to provide additional disclosures of the amount by which each financial statement line item is affected in the current reporting period during 2018, as compared to the guidance that was in effect before the change, and an explanation of the reasons for significant changes, if any.

The new standard could change the amount and timing of revenue and costs under certain arrangement types and could increase the administrative burden on our operations to properly account for customer contracts and provide the more expansive required disclosures. We have not yet determined what effect, if any, the new guidance will have on our consolidated financial statements and/or related disclosures.

#### ***Other Accounting Standards Updates***

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): *Intra-Entity Transfers of Assets Other Than Inventory*." The amendments in this update state that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory, such as intellectual property and property and equipment, when the transfer occurs. The amendments in this update will be effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those periods. Early adoption is permitted as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued. The amendments in this update should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We are evaluating the effect of ASU 2016-16 on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*," which makes clarifications to how cash receipts and cash payments in certain transactions are presented and classified in the statement of cash flows. ASU 2016-15 will be effective for years beginning after December 15, 2017, including interim periods, and will require adoption on a retrospective basis unless it is impracticable to apply, in which case we would be required to apply the amendments prospectively as of the earliest date practicable. Early adoption is permitted. We are evaluating the effect of ASU 2016-15 on our consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*." The amendments in this update change how companies measure and recognize credit impairment for many financial assets. The new expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets (including trade receivables) that are in the scope of the update. The update also made amendments to the current impairment model for held-to-maturity and available-for-sale debt securities and certain guarantees. The guidance will be effective for years beginning after December 15, 2019 and interim periods within those years. Early adoption is permitted for annual and interim periods in years beginning after December 15, 2018. We are evaluating the effect of ASU 2016-13 on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718): *Improvements to Employee Share-Based Payment Accounting*." The amendments in this update will change how companies account for certain aspects of share-based payments to employees. Entities will be required to recognize the income tax effects the excess deficiencies or shortfalls of awards in the statement of income when the awards vest or are settled. This update also changes the guidance on employers' accounting

for an employee's use of shares to satisfy the employer's statutory income tax withholding obligation and permits entities to elect to recognize forfeitures based on actuals or estimates. Finally, the update eliminates the hypothetical additional paid-in capital pool, permits stock option deductions even if not realized in the current year on a return, requires companies to present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity and potentially has a dilutive effect on earnings per share ("EPS") to the extent that excess tax benefits have historically been included in the calculation of diluted EPS. We will adopt the various amendments in ASU 2016-09 in our consolidated financial statements for the quarterly period ending March 31, 2017 with an effective date of January 1, 2017. As required, we will use the modified retrospective transition method for amendments related to the timing of when excess tax benefits are recognized by means of a cumulative-effect adjustment to shareholders' equity as of January 1, 2017. In addition, the excess tax benefits from our share-based compensation plans are currently presented as a financing activity in our consolidated statement of cash flows and will be presented as an operating activity using a retrospective transition method. We do not expect the adoption of these amendments will have a material effect on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "*Leases*." The amendments in this update require lessees to recognize, on the balance sheet, assets and liabilities for the rights and obligations created by leases. Accounting by lessors will remain largely unchanged. The guidance will be effective for years, including interim periods, beginning after December 15, 2018, with early adoption permitted. Adoption will require a modified retrospective transition where the lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented. We are evaluating the effect of ASU 2016-02 on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments - Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*." The amendments in this update address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The amendments in this update supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities (including other ownership interests, such as partnerships, unincorporated joint ventures and limited liability companies) to be measured at fair value with changes in the fair value recognized through earnings. Equity investments that are accounted for under the equity method of accounting or result in consolidation of an investee are not included within the scope of this update. The amendments allow equity investments that do not have readily determinable fair values to be remeasured at fair value either upon the occurrence of an observable price change or upon identification of an impairment. The amendments also require enhanced disclosures about those investments. The guidance will be effective for years beginning after December 15, 2017, including interim periods within those years. Except for specific aspects of this pronouncement, early adoption of the amendments in this update is not permitted. We are evaluating the effect of ASU 2016-01 on our consolidated financial statements.

## NOTE 2—ACQUISITIONS

### *Heartland*

On December 15, 2015, we entered into a merger agreement with Heartland, pursuant to which we merged with Heartland in a cash-and-stock transaction that we completed on April 22, 2016 for total purchase consideration of \$3.9 billion.

This transaction was accounted for as a business combination, which requires that we record the assets acquired and liabilities assumed at fair value as of the acquisition date. The initial accounting for these acquisitions was not complete as of November 30, 2016. The fair values of the assets acquired and the liabilities assumed have been determined provisionally and are subject to adjustment as we obtain additional information. See Note 4 - *Goodwill and Other Intangible Assets* for measurement-period adjustments by segment during the six months ended November 30, 2016. Additional time is needed to refine and review the results of the valuation of assets and liabilities and to evaluate the basis differences for assets and liabilities for financial reporting and tax purposes. Also, we are still in the process of assigning goodwill to our reporting units.

[Table of Contents](#)

The provisional estimated acquisition-date fair values of major classes of assets acquired and liabilities assumed, including a reconciliation to the total purchase consideration, are as follows (in thousands):

Cash and cash equivalents	\$	304,747
Accounts receivable		68,585
Prepaid expenses and other assets		106,442
Identified intangible assets		1,639,040
Property and equipment		106,525
Debt		(437,933)
Accounts payable and accrued liabilities		(454,225)
Settlement processing obligations		(20,978)
Deferred income taxes		(553,454)
Other liabilities		(58,542)
Total identifiable net assets		700,207
Goodwill		3,222,613
Total purchase consideration	\$	<u>3,922,820</u>

*FIS Gaming Business*

On June 1, 2015, we acquired certain assets of Certegy Check Services, Inc., a wholly owned subsidiary of Fidelity National Information Services, Inc. ("FIS"). Under the purchase agreement, we acquired substantially all of the assets of its gaming business related to licensed gaming operators (the "FIS Gaming Business"), including approximately 260 gaming client locations, for \$237.5 million, funded from borrowings on our revolving credit facility and cash on hand. We acquired the FIS Gaming Business to expand our direct distribution and service offerings in the gaming industry. This transaction was accounted for as a business combination. We recorded the assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. Transaction costs associated with this business combination were not material. The revenue and earnings of the FIS Gaming Business for the year ended May 31, 2016 were not material nor were the historical revenue and earnings of the acquired business material for the purpose of presenting pro forma information.

The estimated acquisition-date fair values of major classes of assets acquired and liabilities assumed including a reconciliation to the total purchase consideration, are as follows (in thousands):

Customer-related intangible assets	\$	143,400
Liabilities		(150)
Total identifiable net assets		143,250
Goodwill		94,250
Total purchase consideration	\$	<u>237,500</u>

Goodwill arising from the acquisition, included in the North America segment, was attributable to expected growth opportunities, including cross-selling opportunities at existing and acquired gaming client locations, operating synergies in the gaming business and assembled workforce. Goodwill associated with this acquisition is deductible for income tax purposes. The customer-related intangible assets have an estimated amortization period of 15 years.

**NOTE 3—SETTLEMENT PROCESSING ASSETS AND OBLIGATIONS**

As of November 30, 2016 and May 31, 2016, settlement processing assets and obligations consisted of the following:

	November 30, 2016	May 31, 2016
(in thousands)		
<b>Settlement processing assets:</b>		
Interchange reimbursement	\$ 260,227	\$ 150,644
Liability to Members	(120,422)	(14,997)
Receivable from networks	1,003,108	1,203,308
Exception items	5,420	3,003
Merchant Reserves	(30,667)	(5,632)
	<u>\$ 1,117,666</u>	<u>\$ 1,336,326</u>
<b>Settlement processing obligations:</b>		
Interchange reimbursement	\$ 66,519	\$ 193,989
Liability to Members	(33,566)	(261,945)
Liability to merchants	(771,239)	(1,005,009)
Exception items	8,742	5,827
Merchant Reserves	(150,260)	(149,667)
Reserves for operating losses and sales allowances	(3,643)	(3,510)
	<u>\$ (883,447)</u>	<u>\$ (1,220,315)</u>

**NOTE 4—GOODWILL AND OTHER INTANGIBLE ASSETS**

As of November 30, 2016 and May 31, 2016, goodwill and other intangible assets consisted of the following:

	November 30, 2016	May 31, 2016
(in thousands)		
Goodwill	\$ 4,823,756	\$ 4,829,405
<b>Other intangible assets:</b>		
Customer-related intangible assets	\$ 1,867,753	\$ 1,864,709
Acquired technologies	548,007	549,293
Trademarks and trade names	188,360	188,763
Contract-based intangible assets	158,103	159,890
	<u>2,762,223</u>	<u>2,762,655</u>
<b>Less accumulated amortization:</b>		
Customer-related intangible assets	476,322	414,979
Acquired technologies	79,263	26,403
Trademarks and trade names	21,835	7,830
Contract-based intangible assets	68,961	48,735
	<u>646,381</u>	<u>497,947</u>
	<u>\$ 2,115,842</u>	<u>\$ 2,264,708</u>

The following table sets forth the changes in the carrying amount of goodwill for these six months ended November 30, 2016:

	North America	Europe	Asia-Pacific	Total
	(in thousands)			
Balance at May 31, 2016	\$ 4,086,430	\$ 471,773	\$ 271,202	\$ 4,829,405
Goodwill acquired	—	28,820	—	28,820
Effect of foreign currency translation	(1,925)	(41,863)	2,924	(40,864)
Measurement-period adjustments	6,395	—	—	6,395
Balance at November 30, 2016	<u>\$ 4,090,900</u>	<u>\$ 458,730</u>	<u>\$ 274,126</u>	<u>\$ 4,823,756</u>

There was no accumulated impairment loss as of November 30, 2016 or May 31, 2016.

#### NOTE 5—OTHER ASSETS

Through certain of our subsidiaries in Europe, we were a member and shareholder of Visa Europe Limited ("Visa Europe"). On June 21, 2016, Visa Inc. ("Visa") acquired all of the membership interests in Visa Europe, including ours, upon which we recorded a gain of \$41.2 million included in interest and other income in our consolidated statement of income for the six months ended November 30, 2016. We received up-front consideration comprised of €33.5 million (\$37.7 million equivalent at June 21, 2016) in cash and Series B and C convertible preferred shares whose initial conversion rate equates to Visa common shares valued at \$22.9 million as of June 21, 2016. However, the preferred shares, which we account for using the cost method, have been assigned a value of zero as of June 21, 2016, based on transfer restrictions, Visa's ability to adjust the conversion rate, and the estimation uncertainty associated with those factors. The fair value was determined using inputs classified as Level 3 within the fair value hierarchy due to the absence of quoted market prices, lack of liquidity and the fact that inputs used to measure fair value are unobservable and require management's judgment. The preferred shares will convert into Visa common shares at periodic intervals over a 12-year period. Based on the outcome of potential litigation involving Visa Europe in the United Kingdom and elsewhere in Europe, the conversion rate of the preferred shares could be adjusted down such that the number of Visa common shares ultimately received could be as low as zero, and approximately €25.6 million (\$28.8 million equivalent at June 21, 2016) of the up-front cash consideration could be refundable. On the third anniversary of the closing of the acquisition by Visa, we will also receive €3.1 million (\$3.5 million at June 21, 2016) of deferred consideration (plus compounded interest at a rate of 4.0% per annum).

#### NOTE 6—LONG-TERM DEBT AND CREDIT FACILITIES

As of November 30, 2016 and May 31, 2016, long-term debt consisted of the following:

	November 30, 2016	May 31, 2016
	(in thousands)	
Term loans (face amounts of \$3,730,213 and \$3,530,000 at November 30, 2016 and May 31, 2016, respectively, less unamortized debt issuance costs of \$47,102 and \$51,770 at November 30, 2016 and May 31, 2016, respectively)	\$ 3,683,111	\$ 3,478,230
Revolving credit facility	811,000	1,037,000
Capital lease obligations	39	56
Total long-term debt	<u>4,494,150</u>	<u>4,515,286</u>
Less current portion of long-term debt (face amounts of \$187,274 and \$145,938 at November 30, 2016 and May 31, 2016, respectively, less unamortized debt issuance costs of \$9,551 and \$10,442 at November 30, 2016 and May 31, 2016, respectively) and current portion of capital lease obligations of \$36 and \$46 at November 30, 2016 and May 31, 2016, respectively	<u>177,759</u>	<u>135,542</u>
Long-term debt, excluding current portion	<u>\$ 4,316,391</u>	<u>\$ 4,379,744</u>

Maturity requirements on long-term debt as of November 30, 2016 are as follows (in thousands):

<b>Fiscal years ending May 31,</b>	
2017	\$ 93,637
2018	187,274
2019	214,674
2020	214,674
2021	214,674
2022	3,103,724
2023 and thereafter	512,556
Total	<u>\$ 4,541,213</u>

#### **July 2015 Refinancing**

On July 31, 2015, we entered into a second amended and restated term loan agreement (the "2015 Term Loan Agreement") and a second amended and restated credit agreement (the "2015 Revolving Credit Facility Agreement" and collectively, the "2015 Credit Facility Agreements") to provide for a \$1.75 billion term loan (the "Term A Loan") and a \$1.25 billion revolving credit facility (the "Revolving Credit Facility"), each with a syndicate of financial institutions. We used the proceeds of approximately \$2.0 billion to repay the then-outstanding balances on our previously existing term loan and revolving credit facility.

#### **February 2016 Refinancing**

On February 26, 2016, we entered into an amendment to the 2015 Credit Facility Agreements (as amended, the "2016 Credit Facility Agreement") to, among other things, (i) accelerate our repayment schedule for the Term A Loan, effective as of February 26, 2016, and (ii) provide security for the Term A Loan and the Revolving Credit Facility and modify the applicable financial covenants and interest rate margins. In addition, the 2016 Credit Facility Agreement provided for a \$735 million delayed draw term loan facility (the "Delayed Draw Facility").

We also entered into a \$1.045 billion term B loan ("Term B Loan"). The Delayed Draw Facility and Term B Loan were issued on April 22, 2016 in connection with our merger with Heartland, resulting in total financing of approximately \$4.78 billion. The incremental proceeds from the new loans were used, among other things, to repay certain portions of Heartland's existing indebtedness and to finance, in part, the cash consideration and the merger-related costs. Substantially all of the assets of our domestic subsidiaries are pledged as collateral under the 2016 Credit Facility Agreement.

#### **October 2016 Refinancing**

On October 31, 2016, we entered into the Second Amendment to the 2016 Credit Facility Agreement (the "October 2016 Refinancing"), which (i) increased our borrowing capacity under the Delayed Draw Facility (which we now refer to as "Term A-2 Loan") by \$750 million to \$1.48 billion, (ii) decreased our outstanding borrowings under the Term B Loan by \$500 million to \$542 million, (iii) extended the maturity dates for the Term A Loan, the Term A-2 Loan and the Revolving Credit Facility and (iv) decreased the interest rate margin on our term loans and Revolving Credit Facility. The October 2016 Refinancing increased the total financing capacity available under the 2016 Credit Facility Agreement from \$4.78 billion to \$5.03 billion; although, the aggregate outstanding debt did not change as we repaid \$250 million outstanding under the Revolving Credit Facility in connection with the October 2016 Refinancing.

The 2016 Credit Facility Agreement provides for an interest rate, at our election, of either London Interbank Offered Rate ("LIBOR") or a base rate, in each case plus a leverage-based margin. As of November 30, 2016, the interest rates on the Term A Loan, the Term A-2 Loan and the Term B Loan were 2.86%, 2.71% and 3.11%, respectively.

The Term A Loan must be repaid in equal quarterly installments of \$43.8 million through August 2021, with the remaining principal balance due upon maturity in October 2021. The Term A-2 Loan must be repaid in quarterly installments of \$1.7 million, the first installment of which was made in August 2016, increasing to quarterly installments of \$8.6 million in August 2018 and



ending in August 2021, with the remaining balance due upon maturity in October 2021. The Term B Loan must be repaid in quarterly installments of \$1.4 million, the first installment commencing in December 2016, ending in March 2023, with the remaining principal balance due upon maturity in April 2023.

As of November 30, 2016, the outstanding balance on the Revolving Credit Facility was \$811.0 million. The 2016 Credit Facility Agreement allows us to issue standby letters of credit of up to \$100 million in the aggregate under the Revolving Credit Facility. Outstanding letters of credit under the Revolving Credit Facility reduce the amount of borrowings available to us. Borrowings available to us under the Revolving Credit Facility are further limited by the covenants described below under "Compliance with Covenants." At November 30, 2016 and May 31, 2016, we had outstanding standby letters of credit of \$20.5 million and \$8.5 million, respectively. The total available commitments under the Revolving Credit Facility at November 30, 2016 and May 31, 2016 were \$418.5 million and \$204.5 million, respectively. As of November 30, 2016, the interest rate on the Revolving Credit Facility was 2.71%. In addition, we are required to pay a quarterly commitment fee on the unused portion of the Revolving Credit Facility. The Revolving Credit Facility expires in October 2021.

We incurred fees and expenses associated with the July 2015 refinancing, the February 2016 refinancing and October 2016 refinancing of \$74.5 million, in the aggregate. The portion of the debt issuance costs related to the Revolving Credit Facility is included in other noncurrent assets, and the portion of the debt issuance costs related to the Term A Loan, the Term B Loan and the Delayed Draw Facility is reported as a reduction to the carrying amount of the debt. Debt issuance costs are amortized as an adjustment to interest expense over the terms of the respective facilities.

#### **Settlement Lines of Credit**

We have lines of credit with banks in various markets where we do business. The lines of credit, which are restricted for use in funding settlement, generally have variable 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 available credit is increased by the amount of cash we have on deposit in specific accounts with the lender. Accordingly, the amount of the outstanding line of credit may exceed the stated credit limit. As of November 30, 2016 and May 31, 2016, a total of \$49.6 million and \$42.9 million, respectively, of cash on deposit was used to determine the available credit.

As of November 30, 2016 and May 31, 2016, respectively, we had \$467.3 million and \$378.4 million outstanding under these lines of credit with additional capacity of \$776.6 million as of November 30, 2016 to fund settlement. The weighted-average interest rate on these borrowings was 2.05% and 1.80% at November 30, 2016 and May 31, 2016, respectively.

During the three months ended November 30, 2016, the maximum and average outstanding balances under these lines of credit were \$691.7 million and \$402.4 million, respectively.

#### **Compliance with Covenants**

The 2016 Credit Facility Agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on our leverage and fixed charge coverage ratios. Financial covenants require a leverage ratio no greater than (i) 4.75 to 1.00 as of the end of any fiscal quarter ending during the period from September 1, 2016 through February 28, 2017, (ii) 4.50 to 1.00 as of the end of any fiscal quarter ending during the period from March 1, 2017 through August 31, 2017, (iii) 4.25 to 1.00 as of the end of any fiscal quarter ending during the period from September 1, 2017 to February 28, 2018 and (iv) 4.00 to 1.00 as of the end of any fiscal quarter ending thereafter. The fixed charge coverage ratio is required to be no less than 2.25 to 1.00. The 2016 Credit Facility Agreement and settlement lines of credit also include various other covenants that are customary in such borrowings. The 2016 Credit Facility Agreement includes covenants, subject in each case to exceptions and qualifications, that may restrict certain payments, including in certain circumstances, the payment of cash dividends in excess of our current rate of \$0.01 per share per quarter.

The 2016 Credit Facility Agreement also includes customary events of default, the occurrence of which, following any applicable cure period, would permit the lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable. We were in compliance with all applicable covenants as of and for the six months ended November 30, 2016.

### Interest Rate Swap Agreements

We have interest rate swap agreements with financial institutions to hedge changes in cash flows attributable to interest rate risk on a portion of our variable-rate debt instruments. A \$500 million notional interest rate swap agreement, which became effective on October 31, 2014, effectively converted \$500 million of our variable-rate debt to a fixed rate of 1.52% plus a leverage-based margin and will mature on February 28, 2019. A \$250 million notional interest rate swap, which became effective on August 28, 2015, effectively converted \$250 million of our variable-rate debt to a fixed rate of 1.34% plus a leverage-based margin and will mature on July 31, 2020.

Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense. Since we have designated the interest rate swap agreements as portfolio cash flow hedges, unrealized gains or losses resulting from adjusting the swaps to fair value are recorded as components of other comprehensive income, except for any ineffective portion of the change in fair value, which would be immediately recorded in interest expense. During the three and six months ended November 30, 2016, there was no ineffectiveness. The fair values of the interest rate swaps were 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. These derivative instruments were classified within Level 2 of the valuation hierarchy.

The table below presents the fair values of our derivative financial instruments designated as cash flow hedges included within the consolidated balance sheets:

		November 30, 2016	May 31, 2016
		(in thousands)	
Interest rate swaps (\$250 million notional)	Other assets	\$ 827	\$ —
Interest rate swaps (\$500 million notional)	Accounts payable and accrued liabilities	\$ 4,054	\$ 10,775

The table below presents the effects of our interest rate swaps on the consolidated statements of income and other comprehensive loss for the three and six months ended November 30, 2016 and 2015:

	Three Months Ended		Six Months Ended	
	November 30, 2016	November 30, 2015	November 30, 2016	November 30, 2015
(in thousands)				
Amount of gain (loss) recognized in other comprehensive loss	\$ 7,089	\$ (3,968)	\$ 3,884	\$ (4,000)
Amount of loss recognized in interest expense	\$ 1,768	\$ 2,467	\$ 3,665	\$ 4,201

At November 30, 2016, the amount in accumulated other comprehensive loss related to our interest rate swaps that is expected to be reclassified into interest expense during the next 12 months was approximately \$4.4 million.

### Interest Expense

Interest expense was \$50.8 million and \$13.4 million for the three months ended November 30, 2016 and 2015, respectively, and \$95.3 million and \$26.8 million for the six months ended November 30, 2016 and 2015, respectively.

**NOTE 7—INCOME TAX**

Our effective income tax rates were 2.9% and 24.7% for the three months ended November 30, 2016 and November 30, 2015, respectively. Our effective income tax rates were 16.9% and 25.4% for the six months ended November 30, 2016 and November 30, 2015, respectively. Our effective income tax rates differ from the U.S. statutory rate primarily due to income generated in international jurisdictions with lower tax rates. We also changed our estimate of the mix of earnings by jurisdiction in determining our annual estimated effective tax rate and our estimate of certain U.S. inclusion items during the three months ended November 30, 2016.

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 and the United Kingdom. We are no longer subject to state income tax examinations for years ended on or before May 31, 2008, U.S. federal income tax examinations for fiscal years prior to 2013 and U.K. federal income tax examinations for years ended on or before May 31, 2013.

**NOTE 8—SHAREHOLDERS' EQUITY**

From time-to-time, we make repurchases of our common stock mainly through the use of open market purchases and accelerated share repurchase programs ("ASR's"). As of November 30, 2016, we were authorized to repurchase up to \$94.5 million of our common stock.

During the six months ended November 30, 2016, 127,435 shares were delivered to us in connection with the completion of an ASR initiated on April 25, 2016. In addition, through open market repurchase plans, we repurchased and retired 1,470,643 and 2,431,359 shares of our common stock at a cost of \$104.8 million and \$172.4 million, or an average cost of \$71.24 and \$70.91 per share, including commissions, during the three and six months ended November 30, 2016, respectively.

During the six months ended November 30, 2015, 324,742 shares were delivered to us in connection with the completion of an ASR initiated on April 10, 2015. In addition, through open market repurchase plans, we repurchased and retired 625,573 and 1,320,563 shares of our common stock at a cost of \$37.5 million and \$75.4 million, or an average cost of \$59.87 and \$57.07 per share, including commissions, during the three and six months ended November 30, 2015, respectively.

**NOTE 9—SHARE-BASED AWARDS AND OPTIONS**

The following table summarizes share-based compensation expense and the related income tax benefit recognized for our share-based awards and stock options:

	Three Months Ended		Six Months Ended	
	November 30, 2016	November 30, 2015	November 30, 2016	November 30, 2015
	(in thousands)			
Share-based compensation expense	\$ 8,747	\$ 7,005	\$ 16,366	\$ 13,472
Income tax benefit	\$ 2,206	\$ 2,279	\$ 5,778	\$ 4,637

### Share-Based Awards

The following table summarizes the changes in unvested share-based awards for the six months ended November 30, 2016:

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Unvested at May 31, 2016	1,606	\$ 37.25
Granted	436	74.29
Vested	(730)	31.38
Forfeited	(39)	44.87
Unvested at November 30, 2016	<u>1,273</u>	<u>\$ 49.46</u>

The total fair value of share-based awards vested during the six months ended November 30, 2016 and November 30, 2015 was \$22.9 million and \$17.6 million, respectively.

For these share-based awards, we recognized compensation expense of \$8.1 million and \$6.4 million during the three months ended November 30, 2016 and November 30, 2015, respectively, and \$15.0 million and \$12.6 million during the six months ended November 30, 2016 and November 30, 2015, respectively. As of November 30, 2016, there was \$49.1 million of unrecognized compensation expense related to unvested share-based awards that we expect to recognize over a weighted-average period of 2.08 years. Our share-based award plans provide for accelerated vesting under certain conditions.

### Stock Options

Stock options are granted with an exercise price equal to 100% of fair market value of our common stock 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 and thereafter vest in equal installments on each of the first three anniversaries of the grant date. During each of the six months ended November 30, 2016 and November 30, 2015, we granted 0.1 million stock options. Our stock option plans provide for accelerated vesting under certain conditions.

The following summarizes changes in unvested stock option activity for the six months ended November 30, 2016:

	Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at May 31, 2016	811	\$ 31.81	5.8	\$ 36.8
Granted	73	74.66		
Forfeited	(1)	22.93		
Exercised	(124)	22.26		
Outstanding at November 30, 2016	<u>759</u>	<u>\$ 37.51</u>	<u>6.1</u>	<u>\$ 25.0</u>
Options vested and exercisable at November 30, 2016	<u>502</u>	<u>\$ 28.88</u>	<u>4.8</u>	<u>\$ 20.6</u>

We recognized compensation expense for stock options of \$0.5 million and \$0.4 million during the three months ended November 30, 2016 and November 30, 2015, respectively, and \$0.9 million and \$0.6 million during the six months ended November 30, 2016 and November 30, 2015, respectively. The aggregate intrinsic value of stock options exercised during the six months ended November 30, 2016 and November 30, 2015 was \$6.5 million and \$4.8 million, respectively. As of November 30,

2016, we had \$1.8 million of unrecognized compensation expense related to unvested stock options that we expect to recognize over a weighted-average period of 9 years.

The weighted-average grant-date fair value of each stock option granted during these six months ended November 30, 2016 and November 30, 2015 was \$21.87 and \$15.60, respectively. Fair value was estimated on the date of grant using the Black-Scholes valuation model with the following weighted-average assumptions:

	Six Months Ended	
	November 30, 2016	November 30, 2015
Risk-free interest rate	1.05%	1.62%
Expected volatility	31.58%	28.65%
Dividend yield	0.06%	0.10%
Expected term (years)	5	5

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 most current quarterly dividend per share. We based our assumptions on the expected term 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 10—EARNINGS PER SHARE**

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

Diluted earnings per share is computed by dividing net income attributable to Global Payments by the weighted-average number of shares outstanding during the period, including the effect of share-based awards that would have a dilutive effect on earnings per share. All stock options with an exercise price lower than the average market share price of our common stock for the period are assumed to have a dilutive effect on earnings per share. There were less than 0.1 million stock options that would have an antidilutive effect on the computation of diluted earnings per share for the three and six months ended November 30, 2016 and for the six months ended November 30, 2015. There were no such antidilutive stock options for the three months ended November 30, 2015.

The following table sets forth the computation of diluted weighted-average number of shares outstanding for the three and six months ended November 30, 2016 and November 30, 2015:

	Three Months Ended		Six Months Ended	
	November 30, 2016	November 30, 2015	November 30, 2016	November 30, 2015
(in thousands)				
Basic weighted-average number of shares outstanding	153,173	129,505	153,539	129,919
Plus: Dilutive effect of stock options and other share-based awards	818	848	896	833
Diluted weighted-average number of shares outstanding	153,991	130,353	154,435	130,752

**NOTE 11—ACCUMULATED OTHER COMPREHENSIVE LOSS**

The changes in the accumulated balances for each component of other comprehensive loss were as follows for the three and six months ended November 30, 2016 and November 30, 2015:

	Foreign Currency Translation	Unrealized Gains (Losses) on Hedging Activities	Other	Accumulated Other Comprehensive Loss
(in thousands)				
Balance at August 31, 2015	\$ (206,124)	\$ (2,794)	\$ (3,809)	\$ (212,727)
Other comprehensive loss	(31,568)	(939)	—	(32,507)
Balance at November 30, 2015	<u>\$ (237,692)</u>	<u>\$ (3,733)</u>	<u>\$ (3,809)</u>	<u>\$ (245,234)</u>
Balance at August 31, 2016	\$ (253,417)	\$ (7,545)	\$ (4,549)	\$ (265,511)
Other comprehensive income (loss)	(49,488)	5,529	(247)	(44,206)
Balance at November 30, 2016	<u>\$ (302,905)</u>	<u>\$ (2,016)</u>	<u>\$ (4,796)</u>	<u>\$ (309,717)</u>

Other comprehensive loss attributable to noncontrolling interest, which relates only to foreign currency translation, was approximately \$8.5 million and \$6.3 million for the three months ended November 30, 2016 and November 30, 2015, respectively.

	Foreign Currency Translation	Unrealized Gains (Losses) on Hedging Activities	Other	Accumulated Other Comprehensive Loss
(in thousands)				
Balance at May 31, 2015	\$ (178,309)	\$ (3,874)	\$ (3,809)	\$ (185,992)
Other comprehensive income (loss)	(59,383)	141	—	(59,242)
Balance at November 30, 2015	<u>\$ (237,692)</u>	<u>\$ (3,733)</u>	<u>\$ (3,809)</u>	<u>\$ (245,234)</u>
Balance at May 31, 2016	\$ (234,638)	\$ (6,755)	\$ (4,657)	\$ (246,050)
Other comprehensive income (loss)	(68,267)	4,739	(139)	(63,667)
Balance at November 30, 2016	<u>\$ (302,905)</u>	<u>\$ (2,016)</u>	<u>\$ (4,796)</u>	<u>\$ (309,717)</u>

Other comprehensive loss attributable to noncontrolling interest, which relates only to foreign currency translation, was approximately \$8.5 million and \$4.4 million for the six months ended November 30, 2016 and November 30, 2015, respectively.

**NOTE 12—SEGMENT INFORMATION**

We evaluate performance and allocate resources based on the operating income of each operating segment. The operating income of each operating segment includes the revenues of the segment less 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 operating segments. We do not evaluate the performance of or allocate resources to our operating segments using asset data. The accounting policies of the reportable operating segments are the same as those described in our Annual Report on Form 10-K for the year ended May 31, 2016 and our summary of significant accounting policies in "Note 1—Basis of Presentation and Summary of Significant Accounting Policies."

[Table of Contents](#)

Information on segments and reconciliations to consolidated revenues and consolidated operating income are as follows for the three and six months ended November 30, 2016 and November 30, 2015:

	Three Months Ended		Six Months Ended	
	November 30, 2016	November 30, 2015	November 30, 2016	November 30, 2015
(in thousands)				
<b>Revenues<sup>(1)</sup>:</b>				
North America	\$ 701,300	\$ 511,335	\$ 1,413,064	\$ 1,042,192
Europe	174,904	158,016	344,469	326,373
Asia-Pacific	65,617	52,999	123,780	102,581
Consolidated revenues	<u>\$ 941,821</u>	<u>\$ 722,350</u>	<u>\$ 1,881,313</u>	<u>\$ 1,471,146</u>
<b>Operating income (loss)<sup>(1)</sup>:</b>				
North America	\$ 105,746	\$ 79,121	\$ 211,446	\$ 162,635
Europe	60,875	62,012	126,414	134,745
Asia-Pacific	16,658	11,857	30,680	24,089
Corporate <sup>(2)</sup>	(78,012)	(29,825)	(142,167)	(60,532)
Consolidated operating income	<u>\$ 105,267</u>	<u>\$ 123,165</u>	<u>\$ 226,373</u>	<u>\$ 260,937</u>
<b>Depreciation and amortization<sup>(1)</sup>:</b>				
North America	\$ 90,964	\$ 24,222	\$ 177,880	\$ 47,965
Europe	12,188	9,921	22,601	20,265
Asia-Pacific	4,476	3,358	8,902	6,415
Corporate	1,054	1,248	2,486	2,861
Consolidated depreciation and amortization	<u>\$ 108,682</u>	<u>\$ 38,749</u>	<u>\$ 211,869</u>	<u>\$ 77,506</u>

<sup>(1)</sup> Revenues, operating income and depreciation and amortization reflect the effect of acquired businesses from the respective dates of acquisition. Notably, on April 22, 2016, we merged with Heartland as further discussed in "Note 2 - Acquisitions."

<sup>(2)</sup> During the three and six months ended November 30, 2016, operating loss for Corporate included expenses of \$36.6 million and \$67.2 million incurred in connection with the integration of Heartland. These expenses are included in selling, general and administrative expenses in the consolidated statements of income.

**ITEM 2—MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in Item 1 of Part 1 of this Quarterly Report and the Management's Discussion and Analysis of Financial Condition and Results of Operations and consolidated financial statements contained in our Annual Report on Form 10-K for the year ended May 31, 2016. This discussion and analysis contains forward-looking statements about our plans and expectations of what may happen in the future. Forward-looking statements are based on a number of assumptions and estimates that are inherently subject to significant risks and uncertainties, and our actual results could differ materially from the results anticipated by our forward-looking statements. See "Forward-Looking Statements" below for additional information.

**Executive Overview**

We are a leading worldwide provider of payment technology services delivering innovative solutions to our customers globally. Our technologies, partnerships and employee expertise enable us to provide a broad range of services that allow our customers to

accept various payment types. We distribute our services across a variety of channels to merchants and partners in 30 countries throughout North America, Europe, the Asia-Pacific region and Brazil and operate in three reportable segments: North America, Europe and Asia-Pacific.

On December 15, 2015, we entered into a merger agreement with Heartland, pursuant to which we merged with Heartland in a cash-and-stock transaction that we completed on April 22, 2016 for total purchase consideration of \$3.9 billion. See "Note 2—Acquisitions" in the notes to the accompanying unaudited consolidated financial statements for further discussion of our merger with Heartland.

Highlights related to our financial condition and results of operations for the three and six months ended November 30, 2016 are provided below:

- Consolidated revenues increased by 30.4% and 27.9% to \$941.8 million and \$1.9 billion, respectively, in the three and six months ended November 30, 2016 compared to \$722.4 million and \$1.5 billion for the prior-year periods primarily due to the inclusion of Heartland, partially offset by the unfavorable effect of currency fluctuations in foreign markets of \$16.0 million and \$30.4 million, respectively.
- Consolidated operating income was \$105.3 million and \$226.4 million, respectively, for the three and six months ended November 30, 2016 compared to \$123.2 million and \$260.9 million, respectively, for the prior-year periods. Our operating margin for the three and six months ended November 30, 2016 was 11.2% and 12.0%, respectively, compared to 17.1% and 17.7%, respectively, for the prior-year periods. The contribution of the revenue growth in local currency was more than offset by an increase in depreciation and amortization expense of \$69.9 million and \$134.4 million, respectively, and Heartland integration expenses of \$36.6 million and \$67.2 million, respectively, for the three and six months ended November 30, 2016.
- On October 31, 2016, we amended our 2016 Credit Facility Agreement, which among other things reduced the interest rate spread on our term loans and revolving credit facility. We expect this refinancing to yield \$10 million to \$12 million of annual interest expense savings, net of additional anticipated expense associated with future interest rate hedging activities.
- On June 21, 2016, Visa Inc. ("Visa") acquired all of the membership interests in Visa Europe Limited ("Visa Europe"), including ours, and we recorded a gain on the sale of those investments of \$41.2 million.
- Net income attributable to Global Payments was \$49.5 million and \$134.5 million, respectively, for the three and six months ended November 30, 2016 compared to \$78.8 million and \$165.4 million, respectively, in the prior-year periods. Diluted earnings per share was \$0.32 and \$0.87, respectively, for the three and six months ended November 30, 2016 compared to \$0.60 and \$1.27, respectively, in the prior-year periods.

### Emerging Trends

The payments industry continues to grow worldwide and as a result, certain large payment technology companies, including us, have expanded operations globally by pursuing acquisitions and creating alliances and joint ventures. We expect to continue to expand to new markets internationally or increase our scale and improve our competitiveness in existing markets by pursuing further acquisitions and joint ventures in the future.

We believe that electronic payment transactions will continue to grow and that an increasing percentage of these will be facilitated through emerging technologies. As a result, we expect an increasing portion of our future capital investment will be allocated to support the development of new and emerging technologies; however, we do not expect our aggregate capital spending to increase materially from our current level of spending as a result of this.

We also believe new markets will continue to develop in areas that have been previously dominated by paper-based transactions. We expect industries such as education, government and healthcare, as well as payment types such as recurring payments and business-to-business payments, to continue to see transactions migrate to electronic-based solutions. We anticipate that the continued development of new services and the emergence of new vertical markets will be a factor in the growth of our business and our revenue in the future.



## Results of Operations

The following table sets forth key selected financial data for the three months ended November 30, 2016 and November 30, 2015, this data as a percentage of total revenues, and the changes between the periods in dollars and as a percentage of the prior year amount.

	Three Months Ended November 30, 2016	% of Revenue <sup>(1)</sup>	Three Months Ended November 30, 2015	% of Revenue <sup>(1)</sup>	Change	% Change
(dollar amounts in thousands)						
<b>Revenues<sup>(2)</sup>:</b>						
North America	\$ 701,300	74.5%	\$ 511,335	70.8%	\$ 189,965	37.2 %
Europe	174,904	18.6%	158,016	21.9%	16,888	10.7 %
Asia-Pacific	65,617	7.0%	52,999	7.3%	12,618	23.8 %
Total revenues	<u>\$ 941,821</u>	<u>100.0%</u>	<u>\$ 722,350</u>	<u>100.0%</u>	<u>\$ 219,471</u>	<u>30.4 %</u>
<b>Consolidated operating expenses<sup>(2)</sup>:</b>						
Cost of service	\$ 468,383	49.7%	\$ 270,565	37.5%	\$ 197,818	73.1 %
Selling, general and administrative	368,171	39.1%	328,620	45.5%	39,551	12.0 %
Operating expenses	<u>\$ 836,554</u>	<u>88.8%</u>	<u>\$ 599,185</u>	<u>82.9%</u>	<u>\$ 237,369</u>	<u>39.6 %</u>
<b>Operating income (loss)<sup>(2)</sup>:</b>						
North America	\$ 105,746		\$ 79,121		\$ 26,625	33.7 %
Europe	60,875		62,012		(1,137)	(1.8)%
Asia-Pacific	16,658		11,857		4,801	40.5 %
Corporate	(78,012)		(29,825)		(48,187)	161.6 %
Operating income	<u>\$ 105,267</u>	<u>11.2%</u>	<u>\$ 123,165</u>	<u>17.1%</u>	<u>\$ (17,898)</u>	<u>(14.5)%</u>
<b>Operating margin<sup>(2)</sup>:</b>						
North America		15.1%		15.5%		(0.4)%
Europe		34.8%		39.2%		(4.4)%
Asia-Pacific		25.4%		22.4%		3.0 %

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

<sup>(2)</sup>Revenues, operating expenses, operating income and operating margin reflect the effect of acquired businesses from the respective dates of acquisition. Notably, on April 22, 2016, we merged with Heartland as further discussed in "Note 2 - Acquisitions" in the notes to the accompanying unaudited consolidated financial statements.

[Table of Contents](#)

The following table sets forth key selected financial data for the six months ended November 30, 2016 and November 30, 2015, this data as a percentage of total revenues, and the changes between the periods in dollars and as a percentage of the prior year amount.

	Six Months Ended November 30, 2016	% of Revenue <sup>(1)</sup>	Six Months Ended November 30, 2015	% of Revenue <sup>(1)</sup>	Change	% Change
(dollar amounts in thousands)						
<b>Revenues<sup>(2)</sup>:</b>						
North America	\$ 1,413,064	75.1%	\$ 1,042,192	70.8%	\$ 370,872	35.6 %
Europe	344,469	18.3%	326,373	22.2%	18,096	5.5 %
Asia-Pacific	123,780	6.6%	102,581	7.0%	21,199	20.7 %
Total revenues	<u>\$ 1,881,313</u>	<u>100.0%</u>	<u>\$ 1,471,146</u>	<u>100.0%</u>	<u>\$ 410,167</u>	<u>27.9 %</u>
<b>Consolidated operating expenses<sup>(2)</sup>:</b>						
Cost of service	\$ 931,009	49.5%	\$ 543,231	36.9%	\$ 387,778	71.4 %
Selling, general and administrative	723,931	38.5%	666,978	45.3%	56,953	8.5 %
Operating expenses	<u>\$ 1,654,940</u>	<u>88.0%</u>	<u>\$ 1,210,209</u>	<u>82.3%</u>	<u>\$ 444,731</u>	<u>36.7 %</u>
<b>Operating income (loss)<sup>(2)</sup>:</b>						
North America	\$ 211,446		\$ 162,635		\$ 48,811	30.0 %
Europe	126,414		134,745		(8,331)	(6.2)%
Asia-Pacific	30,680		24,089		6,591	27.4 %
Corporate	(142,167)		(60,532)		(81,635)	134.9 %
Operating income	<u>\$ 226,373</u>	<u>12.0%</u>	<u>\$ 260,937</u>	<u>17.7%</u>	<u>\$ (34,564)</u>	<u>(13.2)%</u>
<b>Operating margin<sup>(2)</sup>:</b>						
North America	15.0%		15.6%		(0.6)%	
Europe	36.7%		41.3%		(4.6)%	
Asia-Pacific	24.8%		23.5%		1.3 %	

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

<sup>(2)</sup>Revenues, operating expenses, operating income and operating margin reflect the effect of acquired businesses from the respective dates of acquisition. Notably, on April 22, 2016, we merged with Heartland as further discussed in "Note 2 - Acquisitions" in the notes to the accompanying unaudited consolidated financial statements.

#### Revenues

For the three months ended November 30, 2016, revenues increased by 30.4% compared to the prior year to \$941.8 million, despite the unfavorable effect of currency fluctuations of \$16.0 million. For the six months ended November 30, 2016, revenues increased by 27.9% compared to the prior year to \$1.9 billion, despite the unfavorable effect of currency fluctuations of \$30.4 million.

*North America Segment.* For the three and six months ended November 30, 2016, revenues from our North America segment increased by \$190.0 million and \$370.9 million, or 37.2% and 35.6%, respectively, compared to the prior year to \$701.3 million and \$1.4 billion, respectively, primarily due to the merger with Heartland.

*Europe Segment.* For the three and six months ended November 30, 2016, Europe revenues increased \$16.9 million and \$18.1 million, or 10.7% and 5.5%, respectively, compared to the prior year to \$174.9 million and \$344.5 million, respectively, primarily due to a joint venture with Erste Group Bank AG ("Erste Group") in Central and Eastern Europe that commenced in June 2016.

despite the unfavorable effect of currency fluctuations of \$16.4 million and \$29.0 million, respectively.

*Asia-Pacific Segment.* For the three and six months ended November 30, 2016, Asia-Pacific revenues increased by \$12.6 million and \$21.2 million, or 23.8% and 20.7%, respectively, compared to the prior year to \$65.6 million and \$123.8 million, respectively, primarily due to organic growth.

#### *Operating Expenses*

*Cost of Service.* Cost of service increased by 73.1% and 71.4% to \$468.4 million and \$931.0 million, respectively, for the three and six months ended November 30, 2016 compared to the prior year. As a percentage of revenue, cost of service increased to 49.7% for the three months ended November 30, 2016 from 37.5% for the prior year and to 49.5% for the six months ended November 30, 2016 from 36.9% for the prior year. The increase in cost of service was driven primarily by an increase in the variable costs associated with our revenue growth, including those related to our merger with Heartland, and by additional intangible asset amortization associated with recently acquired businesses of \$64.7 million and \$124.4 million for the three and six months ended November 30, 2016, respectively.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased by 12.0% and 8.5% to \$368.2 million and \$723.9 million, respectively, for the three and six months ended November 30, 2016 compared to the prior year. As a percentage of revenues, selling, general and administrative expenses decreased to 39.1% for the three months ended November 30, 2016 from 45.5% for the prior year and to 38.5% for the six months ended November 30, 2016 from 45.3% for the prior year. The increase in selling, general and administrative expenses was primarily due to additional costs to support the growth of our business, including incremental expenses associated with the integration of Heartland. The decrease in selling, general and administrative expenses as a percentage of revenue is primarily due to synergies achieved in general and administrative expenses from the merger with Heartland.

#### *Operating Income and Operating Margin for Segments*

*North America Segment.* Operating income in our North America segment increased by 33.7% and 30.0% to \$105.7 million and \$211.4 million, respectively, for the three and six months ended November 30, 2016 compared to the prior year. The increase in operating income was primarily due to revenue growth in our U.S. business offset by expenses associated with the integration of Heartland and additional intangible asset amortization associated with the merger. Operating margin decreased 0.4 percentage points for the three months ended November 30, 2016 and 0.6 percentage points for the six months ended November 30, 2016 compared to the prior year periods.

*Europe Segment.* Operating income in our Europe segment decreased by 1.8% and 6.2% to \$60.9 million and \$126.4 million, respectively, for the three and six months ended November 30, 2016 compared to the prior year, including the effect of unfavorable currency fluctuations of \$9.5 million and \$16.6 million, respectively. Operating margin decreased 4.4 percentage points for the three months ended November 30, 2016 and 4.6 percentage points for the six months ended November 30, 2016 compared to the prior year periods. The decreases in operating income and operating margin was primarily driven by the effect of unfavorable currency fluctuations.

*Asia-Pacific Segment.* Operating income in our Asia-Pacific segment increased by 40.5% and 27.4% to \$16.7 million and \$30.7 million, respectively, for the three and six months ended November 30, 2016 compared to the prior year. Operating margin increased 3.0 percentage points for the three months ended November 30, 2016 and 1.3 percentage points for the six months ended November 30, 2016 compared to the prior year periods. The increase in operating income and operating margin was due to revenue growth.

*Corporate.* Corporate expenses increased by 161.6% and 134.9% to \$78.0 million and \$142.2 million, respectively, for the three and six months ended November 30, 2016 compared to the prior year, primarily due to the merger with Heartland and expenses of \$36.6 million and \$67.2 million, respectively, associated with its integration.

*Other Income/Expense, Net*

Interest and other income for the six months ended November 30, 2016 increased primarily due to a gain of \$41.2 million recorded in connection with the sale of our membership interests in Visa Europe. See "Note 5—Other Assets" in the notes to the accompanying unaudited consolidated financial statements for further discussion of this transaction.

Interest and other expense increased \$38.3 million and \$68.2 million, respectively, for the three and six months ended November 30, 2016 compared to the prior year primarily due to an increase in interest expense resulting from an increase in borrowings under our recently expanded credit facilities to fund the merger with Heartland.

*Provision for Income Taxes*

Our effective income tax rates were 2.9% and 24.7% for the three months ended November 30, 2016 and November 30, 2015, respectively, and 16.9% and 25.4% for the six months ended November 30, 2016. The decrease in our effective income tax rates is primarily due to income generated in international jurisdictions with lower tax rates. We also changed our estimate of the mix of earnings by jurisdiction in determining our annual estimated effective tax rate and our estimate of certain U.S. inclusion items during the three months ended November 30, 2016.

**Liquidity and Capital Resources**

In the ordinary course of our business, 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, to pursue acquisitions that meet our corporate objectives, to pay dividends and to pay down debt and repurchase shares of our common stock. Accumulated cash balances are invested in high-quality, 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. We use debt financing, such as our revolving credit facility and our term loans, for general corporate purposes and to fund acquisitions. In addition, specialized lines of credit are also used in certain of our markets to pre-fund settlement. 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 November 30, 2016, we had cash and cash equivalents totaling \$995.8 million. Of this amount, we consider \$387.4 million to be available cash. Available cash excludes (1) settlement-related cash reserve balances, (2) funds held for collateral for merchant losses ("Merchant Reserves") and (3) funds held for customers. Settlement-related cash reserve balances represent funds that we hold when the incoming amount from the card networks precedes the funding obligation to the merchant. Settlement-related cash reserve balances are not restricted; however, these funds are generally paid out in satisfaction of settlement processing obligations the following day. At November 30, 2016, our cash and cash equivalents included \$415.7 million for settlement-related cash reserve balances. Certain of our funds collected from our merchants serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant agreement. At November 30, 2016, our cash and cash equivalents included \$180.9 million related to Merchant Reserves. While this cash is not restricted in its use, we believe that designating this cash to collateralize Merchant Reserves strengthens our fiduciary standing with our member sponsors and is in accordance with the guidelines set by the card networks. Funds held for customers and the corresponding liability that we record in customer deposits include amounts collected prior to remittance on our customers' behalf. At November 30, 2016, cash and cash equivalents included funds held for customers of \$181.4 million.

Our available cash balance includes \$263.4 million of cash held by foreign subsidiaries whose earnings are considered indefinitely reinvested outside the United States. These cash balances reflect our capital investments in these subsidiaries and the accumulation of cash flows generated by their operations, net of cash flows used to service debt locally and fund acquisitions outside of the United States. 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 effect on our liquidity.

Operating activities provided net cash of \$193.5 million and \$454.1 million for the six months ended November 30, 2016 and November 30, 2015, respectively. The decrease in cash flows from operating activities of \$260.5 million was primarily due to a decrease in the change in net settlement processing assets of \$321.8 million and payment of Heartland integration costs. Fluctuations in settlement processing assets and obligations are largely due to timing of month-end and settlement transaction volume.

Net cash used in investing activities was \$80.8 million during the six months ended November 30, 2016 and \$278.2 million in the prior year. During the six months ended November 30, 2016 and November 30, 2015, respectively, we invested net cash of \$35.3 million and \$241.9 million in the aggregate to complete business acquisitions. We made capital expenditures of \$83.3 million and \$36.2 million during the six months ended November 30, 2016 and November 30, 2015, respectively. During the calendar year ending December 31, 2017, we expect capital expenditures to approximate \$160 million.

In addition, during the six months ended November 30, 2016, we received cash of €33.5 million (\$37.7 million equivalent at June 21, 2016) in connection with the sale of our membership interests in Visa Europe to Visa.

Net cash used in financing activities was \$130.7 million during the six months ended November 30, 2016. During the six months ended November 30, 2015, financing activities provided net cash of \$185.7 million.

During the six months ended November 30, 2016, net repayments of principal under long-term borrowing arrangements were \$25.8 million compared to net borrowings of \$178.0 million in the prior year, reflecting incremental proceeds from the July 2015 refinancing described below.

On October 31, 2016, we amended our 2016 Credit Facility Agreement as further discussed below. Under the terms of the amendment, we increased our aggregate Delayed Draw Facility (which we now refer to as "Term A-2 Loan") by \$750 million with the proceeds being used to reduce a portion of the Term B Loan and outstanding Revolving Credit Facility borrowings. Our total borrowings remained unchanged as a result of the amendment. The amendment also reduced the interest rate spread on the Term A Loan, Term A-2 Loan and the Revolving Credit Facility by 25 basis points (subject to adjustment based on an amended leveraged-based pricing grid) and on the Term B Loan by 100 basis points. We expect this refinancing to yield \$10 million to \$12 million of annual interest expense savings, net of additional anticipated expense associated with future interest rate hedging activities.

Net borrowings on settlement lines of credit were \$94.8 million and \$101.5 million during the six months ended November 30, 2016 and November 30, 2015, respectively. Fluctuations in our settlement lines of credit balances are largely due to timing of month-end and settlement transaction volume.

In addition, we used cash of \$172.4 million and \$71.7 million during the six months ended November 30, 2016 and November 30, 2015, respectively, to repurchase shares of our common stock.

We believe that our current level of cash and borrowing capacity under our debt facilities described below, together with future cash flows from operations will be sufficient to meet the needs of our existing operations and planned requirements for the foreseeable future.

#### *Long-Term Debt and Credit Facilities*

*July 2015 Refinancing.* On July 31, 2015, we entered into a second amended and restated term loan agreement (the "2015 Term Loan Agreement") and a second amended and restated credit agreement (the "2015 Revolving Credit Facility Agreement" and collectively, the "2015 Credit Facility Agreements") to provide for a \$1.75 billion term loan (the "Term A Loan") and a \$1.25 billion revolving credit facility (the "Revolving Credit Facility"), each with a syndicate of financial institutions. We used the proceeds of approximately \$2.0 billion to repay the then-outstanding balances on our previously existing term loan and revolving credit facility.

*February 2016 Refinancing.* On February 26, 2016, we entered into an amendment to the 2015 Credit Facility Agreement (as amended, the "2016 Credit Facility Agreement") to, among other things, (i) accelerate our repayment schedule for the Term A Loan, effective as of February 26, 2016, and (ii) provide security for the Term A Loan and the Revolving Credit Facility and modify the applicable financial covenants and interest rate margins. In addition, the 2016 Credit Facility Agreement provided for a new \$735 million delayed draw term loan facility (the "Delayed Draw Facility").

We also entered into a \$1.045 billion term B loan ("Term B Loan"). The Delayed Draw Facility and Term B Loan were issued on April 22, 2016 in connection with our merger with Heartland, resulting in total financing of approximately \$4.78 billion. The incremental proceeds from the new loans were used, among other things, to repay certain portions of Heartland's existing indebtedness and to finance, in part, the cash consideration and the merger-related costs.

*October 2016 Refinancing.* On October 31, 2016, we entered into the Second Amendment to the 2016 Credit Facility Agreement (the "October 2016 Refinancing"), which (i) increased our borrowing capacity under the Delayed Draw Facility (which we now refer to as "Term A-2 Loan") by \$750 million to \$1.48 billion, (ii) decreased our outstanding borrowings under the Term B Loan by \$500 million to \$542 million, (iii) extended the maturity dates for the Term A Loan, the Term A-2 Loan and the Revolving Credit Facility and (iv) decreased the interest rate margin on our term loans and Revolving Credit Facility. The October 2016 Refinancing increased the total financing capacity available under the 2016 Credit Facility Agreement from \$4.78 billion to \$5.03 billion, although the aggregate outstanding debt did not change as we repaid \$250 million outstanding under the Revolving Credit Facility in connection with the October 2016 Refinancing.

The Term A Loan must be repaid in equal quarterly installments of \$43.8 million through August 2021, with the remaining principal balance due upon maturity in October 2021. The Term A-2 Loan must be repaid in quarterly installments of \$1.7 million, the first installment of which was made in August 2016, increasing to quarterly installments of \$8.6 million in August 2018 and ending in August 2021, with the remaining balance due upon maturity in October 2021. The Term B Loan must be repaid in quarterly installments of \$1.4 million, the first installment commencing in December 2016, ending in March 2023, with the remaining principal balance due upon maturity in April 2023.

As of November 30, 2016, the outstanding balance on the Revolving Credit Facility was \$811.0 million. The 2016 Credit Facility Agreement allows us to issue standby letters of credit of up to \$100 million in the aggregate under the Revolving Credit Facility. Outstanding letters of credit under the Revolving Credit Facility reduce the amount of borrowings available to us. Borrowings available to us under the Revolving Credit Facility are further limited by the covenants described below under "Compliance with Covenants." At November 30, 2016 and May 31, 2016, we had outstanding issued standby letters of credit of \$20.5 million and \$8.5 million, respectively. The total available commitments under the Revolving Credit Facility at November 30, 2016 and May 31, 2016 were \$418.5 million and \$204.5 million, respectively. The Revolving Credit Facility expires in October 2021.

#### *Settlement Lines of Credit*

We have lines of credit with banks in various markets where we do business. The lines of credit, which are restricted for use in funding settlement, generally have variable 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 available credit is increased by the amount of cash we have on deposit in specific accounts with the lender. Accordingly, the amount of the outstanding line of credit may exceed the stated credit limit. As of November 30, 2016 and May 31, 2016, a total of \$49.6 million and \$42.9 million, respectively, of cash on deposit was used to determine the available credit.

As of November 30, 2016 and May 31, 2016, respectively, we had \$467.3 million and \$378.4 million outstanding under these lines of credit with additional capacity of \$776.6 million as of November 30, 2016 to fund settlement. The weighted-average interest rate on these borrowings was 2.05% and 1.80% at November 30, 2016 and May 31, 2016, respectively.

#### *Compliance with Covenants*

The 2016 Credit Facility Agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on our leverage and fixed charge coverage ratios. The 2016 Credit Facility Agreement and settlement lines of credit also include various other covenants that are customary in such borrowings. The 2016 Credit Facility Agreement includes covenants, subject in each case to exceptions and qualifications, that may restrict certain payments, including, in certain circumstances, the payment of cash dividends in excess of our current rate of \$0.01 per share per quarter.

The 2016 Credit Facility Agreement also includes customary events of default, the occurrence of which, following any applicable cure period, would permit the lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable. We were in compliance with all applicable covenants as of and for the six months ended November 30, 2016.

See "Note 6—Long-Term Debt and Credit Facilities" in the notes to the accompanying unaudited consolidated financial statements for further discussion of our borrowing arrangements.

#### **Off-Balance Sheet Arrangements**

We have not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interest, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market, or credit risk support other than the guarantee services described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended May 31, 2016.

#### **Critical Accounting Policies**

Our unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which often require the judgment of management in the selection and application of certain accounting principles and methods. We discuss our critical accounting policies in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended May 31, 2016. During the three and six months ended November 30, 2016, 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, 2016.

#### **Effect of New Accounting Pronouncements and Recently Issued Accounting Pronouncements Not Yet Adopted**

From time-to-time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standards setting bodies that may affect our current and/or future financial statements. See "Note 1—Basis of Presentation and Summary of Significant Accounting Policies" in the notes to the accompanying unaudited consolidated financial statements for a discussion of recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

#### **Forward-Looking Statements**

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 and depend upon future events or conditions. Actual events or results might differ materially from those expressed or forecasted in these forward-looking statements. Accordingly, we cannot guarantee you that our plans and expectations will be achieved. Such statements may include, but are not limited to, statements about the benefits of our merger with Heartland, including future financial and operating results, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. 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 undertake no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

Important factors that may cause actual events or results to differ materially from those anticipated by our forward-looking statements include our ability to safeguard our data; increased competition from larger companies and non-traditional competitors; our ability to update our services in a timely manner; 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; potential systems interruptions or failures; software defects or undetected errors; increased attrition of merchants, referral partners or independent sales organizations; our ability to increase our share of existing markets and expand into new markets; a decline in the use of cards for payment generally; 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, including without limitation difficulties and delays in integrating the Heartland Payment Systems, Inc. business or fully realizing cost savings and other benefits of the acquisition at all or within the expected time period; fully realizing anticipated annual interest expense savings from refinancing

our corporate debt facilities; our loss of key personnel; and other risk factors presented in Item 1A - Risk Factors of our Annual Report on Form 10-K for the year ended May 31, 2016.

### **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. We invest our excess cash in securities that we believe are highly liquid and marketable in the short term. These investments earn a floating rate of interest and are not held for trading or other speculative purposes.

We have term loans and a corporate credit facility that we use for general corporate purposes, as well as various lines of credit that we use to fund settlement in certain of our markets. Interest rates on these debt instruments and settlement lines of credit are based on market rates and fluctuate accordingly. As of November 30, 2016, there was \$5.0 billion outstanding under these variable-rate debt arrangements and settlement lines of credit.

The interest earned on our cash investments and the interest paid on our debt are based on variable interest rates; therefore, the exposure of our net income to a change in interest rates is partially mitigated as an increase in rates would increase both interest income and interest expense, and a reduction in rates would decrease both interest income and interest expense. 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 interest rate swaps that reduce a portion of our exposure to market interest rate risk on our LIBOR-based debt as discussed in "Note 6 - Long-Term Debt and Credit Facilities" in the notes to the accompanying unaudited consolidated financial statements.

Based on balances outstanding under variable-rate debt agreements, existing interest rate swaps and cash investments at November 30, 2016, a hypothetical increase of 50 basis points in applicable interest rates as of November 30, 2016 would increase our annual interest expense by approximately \$21.3 million and increase our annual interest income by approximately \$1.5 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**

#### **Disclosure Controls and Procedures**

As of November 30, 2016, 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 November 30, 2016, 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.

#### **Changes in Internal Control Over Financial Reporting**

In April 2016, we completed the merger with Heartland, which is being integrated into our North America segment. As part of our ongoing integration activities, we are continuing to apply our controls and procedures to the Heartland business and to augment our company-wide controls to reflect the risks inherent in an acquisition of this magnitude. Otherwise, there were no changes in our internal control over financial reporting during the quarter ended November 30, 2016 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**

We are party to a number of claims and lawsuits incidental to our business. In our opinion, the liabilities, if any, which may ultimately result from the outcome of such matters, individually or in the aggregate, are not expected to have a material adverse effect on our financial position, liquidity, results of operations or cash flows.

Heartland, Heartland's board of directors, Global Payments, Data Merger Sub One, Inc. (a wholly owned subsidiary of Global Payments, which we refer to as "Data Merger Sub One") and Data Merger Sub Two, LLC (a wholly owned subsidiary of Global Payments, which we refer to as "Data Merger Sub Two") were named as defendants in a putative class action lawsuit challenging the proposed merger with Heartland. The suit was filed on January 8, 2016 in the New Jersey Superior Court, Mercer County, Civil Division, and is captioned Kevin Merchant v. Heartland Payment Systems, et al, L-45-16. The complaint alleges, among other things, that the directors of Heartland breached their fiduciary duties to Heartland stockholders by agreeing to sell Heartland for inadequate consideration, agreeing to improper deal protection terms in the merger agreement, failing to properly value Heartland, and filing a materially incomplete registration statement with the Securities and Exchange Commission. In addition, the complaint alleges that Heartland, Global Payments, Merger Sub One, and Merger Sub Two aided and abetted these purported breaches of fiduciary duty. On April 12, 2016, solely to avoid the costs, disruption and distraction of further litigation, and without admitting the validity of any allegations made by the plaintiff, Heartland and Global Payments reached an agreement to settle the suit and entered into a Memorandum of Understanding to document the terms and conditions for settlement of the suit. The proposed settlement is subject to court approval and a motion for such approval is now pending with the court. If the proposed settlement is approved by the court, it will release all claims that were or could have been brought challenging any aspect of the merger with Heartland or the merger agreement related thereto and any disclosure made in connection therewith, under terms that will be disclosed to stockholders before final approval of the proposed settlement. The settlement, if approved, is not expected to have a material adverse effect on our financial position, liquidity, results of operations or cash flows.

**ITEM 1A - RISK FACTORS**

There have been no material changes from the risk factors set forth in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for our fiscal year ended May 31, 2016.

**ITEM 2—UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

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

Information about the shares of our common stock that we repurchased during the quarter ended November 30, 2016 is set forth below:

<u>Period</u>	<u>Total Number of Shares Purchased <sup>(1)</sup></u>	<u>Approximate Average Price Paid per Share <sup>(2)</sup></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 <sup>(3)</sup></u>
September 2016	105,861	\$ 74.02	105,861	
October 2016	648,704	\$ 73.51	648,704	
November 2016	716,078	\$ 68.78	716,078	
Total	1,470,643		1,470,643	\$ 94,505,014

<sup>(1)</sup> Our board of directors has authorized us to repurchase shares of our common stock through any combination of Rule 10b5-1 open-market repurchase plans, accelerated share repurchase plans, discretionary open-market purchases or privately negotiated transactions.

<sup>(2)</sup> Through open market repurchase plans, we repurchased and retired 1,470,643 shares of our common stock at a cost of \$104.8 million, or an average cost of \$71.24 per share, including commissions.

<sup>(3)</sup> The approximate dollar value of shares that may yet be purchased under our share repurchase program, as of November 30, 2016, was comprised of \$94.5 million remaining available under the board's authorization announced on July 28, 2015. The authorizations by the board of directors do not expire, but could be revoked at any time. In addition, we are not required by any of the board's authorizations or otherwise to complete any repurchases by any specific time or at all.

**ITEM 6—EXHIBITS**

**List of Exhibits**

- 2.1 Agreement and Plan of Merger, dated as of December 15, 2015, by and among Global Payments Inc., Data Merger Sub One, Inc., Data Merger Sub Two, LLC and Heartland Payment Systems, Inc., incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed December 17, 2015.++
- 10.1 Debt Commitment Letter, dated as of December 15, 2015, by and among Global Payments Inc., Bank of America, N.A. and Merrill, Lynch, Pierce, Fenner and Smith Incorporated, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 17, 2015.
- 10.2 Amended and Restated Debt Commitment Letter, dated as of January 8, 2016, by and among Global Payments Inc., Bank of America, N.A., Merrill, Lynch, Pierce, Fenner and Smith Incorporated and certain other lenders named therein, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 14, 2016.
- 10.3 First Amendment to the Second Amended and Restated Credit Agreement, First Amendment to the Second Amended and Restated Term Loan Agreement, First Amendment to the Company Guaranties and First Amendment to the Subsidiary Guaranties, dated as of February 26, 2016, by and among the Company and Global Payments Direct, Inc., as borrowers, Bank of America, N.A., as administrative agent, and certain other lenders party thereto, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 1, 2016.
- 10.4\* Second Amendment to the Second Amended and Restated Credit Agreement, Second Amendment to the Second Amended and Restated Term Loan Agreement, Second Amendment to the Company Guaranties and Second Amendment to the Subsidiary Guaranties, dated as of October 31, 2016, by and among the Company and Global Payments Direct, Inc., as borrowers, Bank of America, N.A., as administrative agent, and certain other lenders party thereto.
- 10.5\* Fourth Amended and Restated Non-Employee Director Compensation Plan.
- 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 November 30, 2016, 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.

++ Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K and Global Payments Inc. agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule and/or exhibit upon request.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Global Payments Inc.  
(Registrant)

Date: January 9, 2017

/s/ Cameron M. Bready  
Cameron M. Bready  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

SECOND AMENDMENT TO  
SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of October 31, 2016

among

GLOBAL PAYMENTS INC.,

THE OTHER BORROWERS PARTY HERETO,

THE GUARANTORS PARTY HERETO,

BANK OF AMERICA, N.A.,  
as Administrative Agent, Swing Line Lender and L/C Issuer,

FIFTH THIRD BANK,  
JPMORGAN CHASE BANK, N.A.,  
PNC BANK, NATIONAL ASSOCIATION,  
SUNTRUST BANK,  
TD BANK, N.A.,

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
as Co-Syndication Agents,

BANK OF MONTREAL,  
BARCLAYS BANK PLC,  
CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH,  
CAPITAL ONE, N.A.,  
MIZUHO BANK LTD.,

and

SUMITOMA MITSUI BANKING CORPORATION,  
as Co-Documentation Agents,

HSBC BANK USA, N.A.,  
U.S. BANK NATIONAL ASSOCIATION

and

WELLS FARGO BANK, N.A.,  
as Co-Senior Managing Agents

and

THE LENDERS PARTY HERETO

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
FIFTH THIRD BANK,  
JPMORGAN CHASE BANK, N.A.,  
PNC CAPITAL MARKETS LLC,  
SUNTRUST ROBINSON HUMPHREY, INC.,  
TD SECURITIES (USA) LLC,

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,  
as Joint Lead Arrangers

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
as Sole Bookrunner

## SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT dated as of October 31, 2016 (this "Amendment") is entered into among Global Payments Inc., a Georgia corporation (the "Company"), the other borrowers party hereto (together with the Company, the "Borrowers" and each a "Borrower"), the Guarantors (as defined below) party hereto, the Lenders (as defined below) party hereto and Bank of America, N.A., as Administrative Agent (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Existing Credit Agreement (as defined below).

### RECITALS

WHEREAS, the Company, the other Borrowers, the Lenders and the Administrative Agent entered into that certain Second Amended and Restated Credit Agreement dated as of July 31, 2015 (as amended or modified from time to time, the "Existing Credit Agreement");

WHEREAS, the parties hereto agree to amend the Existing Credit Agreement as set forth below;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### 1. Amendments to Credit Agreement.

(a) Effective upon satisfaction of the conditions precedent set forth herein, the Existing Credit Agreement is hereby amended and restated in its entirety to read as set forth in Annex I attached hereto (as so amended, the "Amended Credit Agreement"). Unless otherwise specified below in 1(b), 1(c) or 1(d), the Schedules and the Exhibits to the Existing Credit Agreement shall not be modified or otherwise affected hereby.

(b) Schedule 2.01 to the Existing Credit Agreement is hereby deleted in its entirety and replaced with Schedule 2.01 attached hereto.

(c) Exhibit B-6 to the Existing Credit Agreement is hereby deleted in its entirety and replaced with Exhibit B-6 attached hereto.

(d) Exhibit C-1 to the Existing Credit Agreement is hereby deleted in its entirety and Exhibit C-2 to the Existing Credit Agreement is hereby renamed Exhibit C.

#### 2. Conversion.

The Lenders set forth on Schedule I are the lenders of record of the portion of the Heartland Incremental Term B Loan set forth on Schedule I opposite such Lender's name. Each such Lender represents and warrants that it holds such portion of the Heartland Incremental Term B Loan and has not assigned or participated the Heartland Incremental Term B Loan to any other person or entity.

The Company and each Lender set forth on Schedule I hereby agree that on the Second Amendment Effective Date (as defined in the Amended Credit Agreement) the principal amount of the portion of the Heartland Incremental Term B Loan set forth on Schedule I opposite such Lender's name and owing to such Lender under the Existing Credit Agreement shall be converted (the "Conversion") into a Term B Loan (as defined in the Amended Credit Agreement) in an aggregate principal amount equal to the amount set forth on Schedule I opposite such Lender's name, as contemplated by and to be evidenced and governed by the Amended Credit Agreement and the related Loan Documents, all on the terms and conditions set forth in the Amended Credit Agreement.

In order to effect the Conversion, (a) the Administrative Agent has notified the Company that upon the Second Amendment Effective Date it will mark the Register to reflect the Heartland Incremental Term B

Loan as no longer outstanding on the Second Amendment Effective Date and (b) each Lender set forth on Schedule I will have been deemed to become a party to the Amended Credit Agreement as a Term B Lender on the Second Amendment Effective Date in respect of the Term B Loan in the amount set forth opposite such Lender's name on Schedule I. The Conversion will not affect the right of any Lender to receive any accrued and unpaid interest with respect to the Heartland Incremental Term B Loan that is owed to such Lender, all of which shall be paid by the Company on the Second Amendment Effective Date (but it is understood and agreed that the Heartland Incremental Term B Loan shall not bear any interest from and after the Conversion). Furthermore, each Lender set forth on Schedule I agrees that, effective upon the Conversion and subject to receipt of such accrued and unpaid interest, it no longer holds any portion of the Heartland Incremental Term B Loan.

3. Conditions Precedent. This Amendment shall be effective upon satisfaction of the following conditions precedent:

(a) Receipt by the Administrative Agent of counterparts of this Amendment duly executed by the Borrowers, the Guarantors, the Lenders and the Administrative Agent;

(b) Receipt by the Administrative Agent of satisfactory evidence that (i) the representations and warranties of the Borrowers set forth in Article V of the Amended Credit Agreement and in each other Loan Document are true and correct in all material respects as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate solely to an earlier date (in which event such representations and warranties shall have been true in all material respects on and as of such earlier date) and (ii) no event has occurred and is continuing which constitutes a Default or an Event of Default;

(c) Receipt by the Administrative Agent of favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Second Amendment Effective Date), in a form reasonably satisfactory to the Administrative Agent, and covering such other matters relating to the Credit Parties and this Amendment as the Administrative Agent shall reasonably request;

(d) Receipt by the Administrative Agent of such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Credit Party, the authorization of this Amendment, and any other legal matters relating to the Credit Parties, all in form and substance satisfactory to the Administrative Agent and its counsel; and

(e) Payment by the Company of all agreed fees and expenses (including reasonable attorney's fees of the Administrative Agent).

#### 4. New Lenders/Non-Consenting Lenders.

(a) Each Person set forth on Schedule II attached hereto is a Non-Consenting Lender. Upon giving effect to this Amendment, (i) the outstanding Loans of each Non-Consenting Lender under the Existing Credit Agreement shall be fully assigned at par to Lenders under the Amended Credit Agreement and the outstanding Commitments of each Non-Consenting Lender under the Existing Credit Agreement shall be fully assigned to Lenders under the Amended Credit Agreement so that, after giving effect to such assignments, the Lenders shall hold each class of the Loans and Commitments and have the Applicable Percentages, in each case as set forth on Schedule 2.01 hereto, and (ii) such Non-Consenting Lender shall no longer be a Lender under the Existing Credit Agreement or the Amended Credit Agreement. Without limiting the generality of the foregoing, the parties hereto agree that immediately upon the consummation of the assignments referenced in the preceding sentence, the outstanding Heartland Incremental Term B Loan of Non-Consenting Lenders that are assigned to a Lender (other than a Term B Lender) shall be automatically converted into a portion of the Delayed Draw Term Loan in the amounts set forth on Schedule 2.01 hereto on the Second Amendment Effective Date.

(b) Each Person executing this Amendment under the heading “New Lender” (collectively, the “New Lenders” and each, a “New Lender”) hereby agrees to provide a Commitment in the amount and of the class set forth opposite its name on Schedule 2.01 and the initial Applicable Percentage of each such New Lender, in each such class as appropriate, shall be as set forth therein.

(c) Each New Lender (i) represents and warrants that (A) it has full power and authority, and has taken all action necessary, to execute and deliver this Amendment and to consummate the transactions contemplated hereby and to become a Lender under the Amended Credit Agreement, (B) it has received a copy of the Amended Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Amendment and to become a party to the Amended Credit Agreement, and (C) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Amendment and to become a party to the Amended Credit Agreement; and (ii) agrees that (A) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (B) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

(d) The Company agrees that, as of the Second Amendment Effective Date, each New Lender shall (i) be a party to the Amended Credit Agreement and the other Loan Documents, (ii) be a “Lender” with respect to its Loans and Commitments for all purposes of the Amended Credit Agreement and the other Loan Documents, and (iii) have the rights and obligations of a Lender under the Amended Credit Agreement and the other Loan Documents. Each New Lender agrees that it will have the rights and obligations of a Lender under the Amended Credit Agreement and the other Loan Documents.

(e) The parties hereto agree that the Borrowers, the Lenders and the Administrative Agent shall effect such assignments, prepayments, Borrowings and reallocations as are necessary to effectuate the modifications to the Commitments and Loans as contemplated in this Amendment such that, after giving effect thereto, the Lenders shall hold each class of the Commitments and Loans and have the Applicable Percentages, in each case as set forth on Schedule 2.01. Each Lender party hereto waives any “breakage” costs that it would otherwise be entitled to pursuant to Section 3.05 of the Credit Agreement solely as a result of the foregoing.

#### 5. Miscellaneous.

(a) The Amended Credit Agreement and the obligations of the Credit Parties thereunder and under the other Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms, as amended hereby. This Amendment is a Loan Document.

(b) Each Guarantor joins the execution of this Amendment for the purpose of (i) acknowledging and consenting to all of the terms and conditions of this Amendment, (ii) affirming all of its obligations under the Loan Documents and (iii) agreeing that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Amended Credit Agreements or the other Loan Documents.

(c) Each Borrower hereby represents and warrants as follows:

(i) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(ii) This Amendment has been duly executed and delivered by it and constitutes such Borrower's legal, valid and binding obligations, enforceable in accordance with its terms, except as such enforceability may be subject to (A) Debtor Relief Law and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(iii) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Borrower of this Amendment.

(d) The Borrowers represent and warrant to the Lenders that (i) the representations and warranties of the Borrowers set forth in Article V of the Amended Credit Agreement and in each other Loan Document are true and correct in all material respects as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate solely to an earlier date (in which event such representations and warranties shall have been true in all material respects on and as of such earlier date) and (ii) no event has occurred and is continuing which constitutes a Default or an Event of Default.

(e) This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by telecopy or other secure electronic format (.pdf) shall be effective as an original and shall constitute a representation that an executed original shall be delivered.

**(f) THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

[SIGNATURE PAGES FOLLOW]



IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWERS:

GLOBAL PAYMENTS INC.,  
a Georgia corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GLOBAL PAYMENTS DIRECT, INC.,  
a New York corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GLOBAL PAYMENTS UK LTD.,  
an English company governed by the Laws of England and Wales

By: /s/ David L. Green  
Name: David L. Green  
Title: Director

GLOBAL PAYMENTS ACQUISITION  
CORPORATION 2, a Luxembourg société à responsabilité limitée, having its registered  
office at 6C, rue Gabriel Lippmann, L-5365 Munsbach, Grand-Duchy of Luxembourg,  
and registered with the R.C.S. Luxembourg under number B 139.629

By: /s/ David L. Green  
Name: David L. Green  
Title: Manager

GLOBAL PAYMENTS ACQUISITION PS 1 - GLOBAL PAYMENTS DIRECT, a  
Luxembourg société en nom collectif, having its registered office at 6C, rue Gabriel  
Lippmann, L-5365 Munsbach, Grand-Duchy of Luxembourg, and registered with the  
R.C.S. Luxembourg under number B 139.804

By: Global Payments Direct, Inc.,  
its Manager

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GLOBAL PAYMENTS ACQUISITION PS 2 C.V.,  
a Netherlands limited partnership

By: Global Payments Direct., Inc., acting in its capacity as general partner of Global Payments Acquisition PS 1 C.V., in its turn representing Global Payments Acquisition PS 1 - Global Payments Direct S.e.n.c., in its turn acting in its capacity as general partner on behalf and for the benefit of Global Payments Acquisition PS 2 C.V.

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GUARANTORS:

GLOBAL PAYMENTS DIRECT, INC.,  
a New York corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GLOBAL PAYMENTS HOLDING COMPANY,  
a New York corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GLOBAL PAYMENTS CHECK SERVICES, Inc.,  
an Illinois corporation

By: /s/ L.J. Williams  
Name: L.J. Williams  
Title: Secretary

GLOBAL PAYMENTS GAMING SERVICES, Inc.,  
an Illinois corporation

By: /s/ L.J. Williams  
Name: L.J. Williams  
Title: Secretary

GLOBAL PAYMENTS CHECK RECOVERY SERVICES, INC.,  
a Georgia corporation

By: /s/ L.J. Williams  
Name: L.J. Williams  
Title: Secretary

GLOBAL PAYMENTS GAMING INTERNATIONAL, INC.,  
a Georgia corporation

By: /s/ L.J. Williams  
Name: L.J. Williams  
Title: Secretary  
DEBITEK, INC.,  
a Delaware corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

DIGITAL DINING, LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

DINERWARE, LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GP FINANCE, INC.,  
a Delaware corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

GREATER GIVING, INC.,  
an Oregon corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

HEARTLAND ACQUISITION, LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

HEARTLAND COMMERCE, INC.,  
a Delaware corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

HEARTLAND PAYMENT SOLUTIONS, INC.,  
a Delaware corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

HEARTLAND PAYMENT SYSTEMS, LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

HEARTLAND PAYROLL SOLUTIONS, INC.,  
a Delaware corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

OPENEDGE PAYMENTS LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

PAYPROS LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

PAYROLL 1, INC.,  
a Michigan corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

PCAMERICA, LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

TOUCHNET INFORMATION SYSTEMS, INC.,  
a Kansas corporation

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

XPIENT, LLC,  
a Delaware limited liability company

By: /s/ David L. Green  
Name: David L. Green  
Title: Secretary

EDUCATIONAL COMPUTER SYSTEMS, INC.,  
a Pennsylvania corporation

By: /s/ Daniel Frazier  
Name: Daniel Frazier  
Title: Secretary

ADMINISTRATIVE  
AGENT:

BANK OF AMERICA, N.A., as  
Administrative Agent

By: /s/ Angela Larkin  
Name: Angela Larkin  
Title: Assistant Vice President

LENDERS:

BANK OF AMERICA, N.A., a Lender, Swing Line Lender and L/C Issuer

By: /s/ David J. Doucette  
Name: David J. Doucette  
Title: SVP

PNC BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Brandon K. Fiddler  
Name: Brandon K. Fiddler  
Title: Senior Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as a Lender

By: /s/ Lillian Kim  
Name: Lillian Kim  
Title: Director

TD BANK, N.A., as a Lender

By: /s/ Shreya Shah  
Name: Shreya Shah  
Title: Senior Vice President

SUNTRUST BANK, as a Lender

By: /s/ Jonathan Hart  
Name: Jonathan Hart  
Title: Vice President

FIFTH THIRD BANK, as a Lender

By: /s/ Dan Komitor  
Name: Dan Komitor  
Title: Managing Director

CAPITAL ONE, N.A., as a Lender

By: /s/ Jacob Villere  
Name: Jacob Villere  
Title: Senior Vice President

BANK OF MONTREAL, as a Lender

By: /s/ Christina Boyle  
Name: Christina Boyle  
Title: Managing Director

By: /s/ Tony Ebdon  
Name: Tony Ebdon  
Title: MD

By: /s/ Jeffrey Couch  
Name: Jeffrey Couch  
Title: MD

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

By: /s/ Andrew Campbell  
Name: Andrew Campbell  
Title: Authorized Signatory

By: /s/ Zhen Ma  
Name: Zhen Ma  
Title: Authorized Signatory

Mizuho Bank, Ltd.,  
as a Lender

By: /s/ James R. Fayen  
Name: James R. Fayen  
Title: Managing Director

BARCLAYS BANK PLC, as a Lender

By: /s/ Ronnie Glenn  
Name: Ronnie Glenn  
Title: Vice President

HSBC BANK USA, N.A., as a Lender

By: /s/ Stephen J. Contino  
Name: Stephen J. Contino  
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Allison Burgun  
Name: Allison Burgun  
Title: Vice President

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Anthony Richter  
Name: Anthony Richter  
Title: Director

CITIBANK, N.A., as a Lender

By: /s/ Jane Atherton  
Name: Jane Atherton  
Title: Managing Director

REGIONS BANK, as a Lender

By: /s/ Glenn Little  
Name: Glenn Little  
Title: Managing Director

Citizens Bank N.A.  
as a Lender

By: /s/ Sean J Lynch  
Name: Sean J Lynch  
Title: Managing Director

BANK OF THE PHILIPPINE ISLANDS, as a Lender

By: /s/ Maria Theresa M. Javier  
Name: Maria Theresa M. Javier  
Title: Senior Vice President

Caixa Bank, S.A.  
as a Lender

By: /s/ Nona-Jose Bosser  
Name: Nona-Jose Bosser  
Title: Financiaciones Estructuradas

By: /s/ Juan Munoz  
Name: Juan Munoz  
Title: Financiaciones Estructuradas

RAYMOND JAMES BANK, N.A.  
as a Lender

By: /s/ Daniel Gendron  
Name: Daniel Gendron  
Title: Vice President

The Bank of East Asia Limited, New York Branch  
as a Lender

By: /s/ James Hua  
Name: James Hua  
Title: SVP

By: /s/ Kitty Sin  
Name: Kitty Sin  
Title: SVP

Capital Bank Corporation  
as a Lender

By: /s/ Rebecca L. Hetzer  
Name: Rebecca L. Hetzer  
Title: Senior Vice President

ING CAPITAL LLC,  
as a Lender

By: /s/ Mallika Kambhampati  
Name: Mallika Kambhampati  
Title: Managing Director

By: /s/ Joe McAdams  
Name: Joe McAdams  
Title: Managing Director

Woodforest National Bank,  
as a Lender

By: /s/ John Ellis  
Name: John Ellis  
Title: Senior Vice President

STIFEL BANK & TRUST,  
as a Lender

By: /s/ Matthew L. Diehl  
Name: Matthew L. Diehl  
Title: Senior Vice President

Banco Popular de Puerto Rico, New York Branch,  
as a Lender

By: /s/ Hector J. Gonzalez  
Name: Hector J. Gonzalez  
Title: Vice President



Credit Industriel et Commercial, New York Branch,  
as a Lender

By: /s/ Garry Weiss  
Name: Garry Weiss  
Title: Managing Director

By: /s/ Clifford Abramsky  
Name: Clifford Abramsky  
Title: Managing Director

GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Mehmet Barlas  
Name: Mehmet Barlas  
Title: Authorized Signatory

Bank of Taiwan, New York Branch,  
as a Lender

By: /s/ Yue-Li Shih  
Name: Yue-Li Shih  
Title: VP & General Manager

First Commercial Bank, Ltd. New York Branch  
as a Lender

By: /s/ Bill Wang  
Name: Bill Wang  
Title: SVP & General Manager

HUA NAN COMMERCIAL BANK, LTD. NEW YORK AGENCY  
as a Lender

By: /s/ Wen-Tang, Wang  
Name: Wen-Tang, Wang  
Title: Vice President & General Manager

Land Bank of Taiwan, New York Branch  
as a Lender

By: /s/ Arthur Chen  
Name: Arthur Chen  
Title: General Manager

Taiwan Business Bank, Los Angeles Branch  
as a Lender

By: /s/ Sung-Shui Chiu  
Name: Sung-Shui Chiu  
Title: Senior Vice President and General Manager

Taiwan Cooperative Bank, Ltd., acting through its New York Branch  
as a Lender

By: /s/ Li Hua Huang  
Name: Li Hua Huang  
Title: S.V.P. & General Manager

Trustmark National Bank  
as a Lender

By: /s/ Robert Whartenby  
Name: Robert Whartenby  
Title: First VP

AZB Funding 7  
as a Lender

By: /s/ Shuji Tsubota  
Name: Shuji Tsubota\_\_\_\_\_  
Title: Authorized Signatory

American Savings Bank, F.S.B., a federal savings bank  
as a Lender

By: /s/ Kyle J. Shelly  
Name: Kyle J. Shelly  
Title: Vice President

ATLANTIC CAPITAL BANK, N.A.,  
as a Lender

By: /s/ Preston McDonald  
Name: Preston McDonald  
Title: Vice President

CITY NATIONAL BANK OF FLORIDA,  
as a Lender

By: /s/ Tyler Kurau  
Name: Tyler Kurau  
Title: Senior Vice President

First Hawaiian Bank,  
as a Lender

By: /s/ Jeffrey Inouye  
Name: Jeffrey Inouye  
Title: Vice President

BANCO DE SABADELL, S.A., MIAMI BRANCH  
as a Lender

By: /s/ Enrique Castillo  
Name: Enrique Castillo  
Title: Structured Finance Americas Director

Cathay Bank  
as a Lender

By: /s/ Nancy A. Moore  
Name: Nancy A. Moore  
Title: Senior Vice President

FIRSTBANK PUERTO RICO D/B/A FIRST BANK FLORIDA,  
as a Lender

By: /s/ Jose M. Lacasa  
Name: Jose M. Lacasa  
Title: Corporate Banking SVP

Liberty Bank,  
as a Lender

By: /s/ Carla Balesano  
Name: Carla Balesano  
Title: Senior Vice President

CTBC Bank Co., Ltd., New York Branch,  
as a Lender

By: /s/ Ralph Wu  
Name: Ralph Wu  
Title: SVP & Branch General Manager

APOLLO AF LOAN TRUST 2012  
as a Lender  
BY: Apollo Credit Management (Senior Loans) II, LLC,  
as Portfolio Manager

By: /s/ Joseph Glatt  
Name: Joseph Glatt  
Title: Vice President

Apollo Credit Funding V Ltd.  
as a Lender  
By: Apollo ST Fund Management LLC, as its collateral manager

By: /s/ Joseph Glatt  
Name: Joseph Glatt  
Title: Vice President

Apollo Credit Funding VI Ltd.  
as a Lender  
By: Apollo ST Fund Management LLC, as its collateral manager

By: /s/ Joseph Glatt  
Name: Joseph Glatt  
Title: Vice President

Apollo TR US Broadly Syndicated Loan LLC  
as a Lender  
By: Apollo Total Return Master Fund LP, its Member  
By: Apollo Total Advisors LP, its General Partner  
By: Apollo Total Advisors GP LLC, its General Partner

By: /s/ Joseph Glatt  
Name: Joseph Glatt  
Title: Vice President

PPF Nominee 2 B.V.  
as a Lender  
By: Apollo Credit Management (Senior Loans), LLC, its Investment Manager

By: /s/ Joseph Glatt  
Name: Joseph Glatt  
Title: Vice President

JPMORGAN CHASE BANK, N.A.,  
as a New Lender

By: /s/ Nicholas Gitron-Beer  
Name: Nicholas Gitron-Beer  
Title: Vice President

SUMITOMO MITSUI BANKING CORPORATION,  
as a New Lender

By: /s/ James D. Weinstein  
Name: James D. Weinstein  
Title: Managing Director

## Schedule I

## CONVERSIONS

Lender	Principal Amount Held of Heartland Incremental Term B Loan	Principal Amount Held of Term B Loan
Blackrock Financial Management	\$66,194,100.04	\$37,442,903.85
State Bank of India	\$49,875,000.00	\$25,951,555.02
Highbridge Capital Management LLC	\$49,875,000.00	\$25,951,555.02
Invesco Senior Secured Management Inc.	\$49,591,112.37	\$25,803,839.23
State Street Bank & Trust Company (Hartford)	\$39,900,000.00	\$20,761,244.02
GSO Capital / Blackstone Group	\$30,544,346.97	\$15,893,199.02
CS Alternative Capital (CSAM)	\$29,984,459.51	\$15,601,871.70
Fidelity Investments	\$28,425,000.00	\$14,790,435.12
Wellington	\$27,531,000.00	\$14,325,258.37
Eaton Vance Management	\$26,458,687.50	\$13,767,299.94
Neuberger Berman	\$24,199,350.00	\$12,591,694.50
Apollo Capital Management LP	\$26,650,642.43	\$12,569,602.47
AIB Debt Management	\$19,950,000.00	\$10,380,622.01
Aozora Bank	\$19,950,000.00	\$10,380,622.01
PIMCO	\$18,952,500.01	\$9,861,590.91
Octagon Credit Investors	\$17,705,625.00	\$9,212,802.03
Barings LLC (f/k/a Babson Capital)	\$17,047,676.22	\$8,870,450.27
Goldentree Asset Management	\$16,234,312.50	\$8,447,231.16
Metropolitan Life Insurance Company	\$15,461,250.00	\$8,044,982.06
Citizens Bank N.A.	\$14,962,500.00	\$7,785,466.51
Erste Bank	\$14,962,500.00	\$7,785,466.51
Crédit Industriel et Commercial	\$14,962,500.00	\$7,785,466.51
T. Rowe Price Associates, Inc.	\$14,962,500.00	\$7,785,466.51
Symphony Asset Management LLC	\$14,962,500.00	\$7,785,466.51
Och-Ziff Capital	\$13,987,942.50	\$7,278,373.12
Oak Hill Advisors Inc.	\$13,167,000.00	\$6,851,210.53
Mackay Shields - Pareto	\$12,468,750.00	\$6,487,888.76
Byline Bank	\$9,631,323.35	\$5,011,485.07
Highland Capital Management LP	\$12,925,140.42	\$4,888,135.37
Guggenheim Investment Partners	\$9,376,500.00	\$4,878,892.34
Voya Investment Management Company	\$9,291,712.50	\$4,834,774.70
Goldman Sachs Asset Management GSAM	\$9,251,812.50	\$4,814,013.46
CVC Credit Partners Limited (f/k/a Apidos)	\$9,057,455.88	\$4,712,883.50
Ares Management LLC (as Fund Manager)	\$8,608,425.00	\$4,479,238.40
Bain Capital LLC	\$8,469,614.65	\$4,407,010.94
Commercial Industrial Finance Corp (CIFC)	\$8,229,375.00	\$4,282,006.58
Sound Point Capital Management	\$7,980,000.00	\$4,152,248.80
JP Morgan Investment Management	\$7,980,000.00	\$4,152,248.80
Muzinich & Co	\$7,531,125.00	\$3,918,684.81
East West Bank	\$7,481,250.00	\$3,892,733.25
Teachers Insurance And Annuity Association (TIAA-CREF)	\$7,406,437.50	\$3,853,805.92
PGIM, Inc (f/k/a Prudential Investment Management)	\$6,608,437.50	\$3,438,581.04

Doubleline Capital LP	\$6,563,550.00	\$3,415,224.64
KKR Financial LLC	\$16,570,260.55	\$3,262,541.27
Deutsche Asset Management (a/k/a DB Advisors)	\$5,985,000.00	\$3,114,186.60
Napier Park (f/k/a Citi Alternative)	\$4,987,500.00	\$2,595,155.50
TPG Credit Management LP	\$4,987,500.00	\$2,595,155.50
ONEX Credit Partners	\$3,990,000.00	\$2,076,124.40
Golub Capital	\$3,990,000.00	\$2,076,124.40
MJX Asset Management	\$3,990,000.00	\$1,816,608.85
Fraser Sullivan Investment Management LLC	\$3,376,153.83	\$1,756,720.64
Oppenheimer Fund Distributor Inc.	\$2,992,500.00	\$1,557,093.30
PPM America Inc	\$2,992,500.00	\$1,557,093.30
Great West Life & Annuity Ins.	\$2,493,750.00	\$1,297,577.75
American Money Management Corporation	\$2,493,750.00	\$1,297,577.75
Raymond James Bank FSB	\$2,493,750.00	\$1,297,577.75
Kramer Van Kirk Credit Strategies LP	\$2,493,750.00	\$1,297,577.75
Bank of America, N.A. (Charlotte)	\$2,205,039.72	\$1,147,352.57
York Capital Management LP	\$1,995,000.00	\$1,038,062.20
American Capital Strategies	\$1,995,000.00	\$1,038,062.20
ABRY Partners LLC	\$1,995,000.00	\$1,038,062.20
Sumitomo Mitsui Banking Corporation	\$1,995,000.00	\$1,038,062.20
Marathon Asset Management	\$1,496,250.00	\$778,546.65
Apex Credit Partners	\$997,500.00	\$519,031.10
TCW Asset Management Company	\$997,500.00	\$519,031.10
BAWAG P.S.K.	\$997,500.00	\$519,031.10
Tall Tree Investment Management LLC	\$997,500.00	\$519,031.10
Littlejohn & Company LLC (WallFleet)	\$997,500.00	\$519,031.10
Sound Harbor Partners LLC (Aladdin)	\$997,500.00	\$519,031.10
Pioneer Investments	\$997,500.00	\$519,031.10
Fort Washington Investment Advisors Inc.	\$713,212.50	\$371,107.24
NewMark Capital LLC	\$498,750.00	\$259,515.55
Mariner Capital	\$498,750.00	\$259,515.55
Cathay Bank (Los Angeles)	\$249,375.00	\$129,757.78
Macquarie Bank	\$249,375.00	\$129,757.78
Goldman Sachs Bank USA	\$44,887,500.00	\$0.00
Loomis Sayles	\$22,617,694.05	\$0.00
Shenkman Capital Management Inc.	\$16,269,225.00	\$0.00
Oaktree Capital	\$14,962,500.00	\$0.00
Industrial and Commercial Bank of China (New York)	\$12,967,500.00	\$0.00
New York Life Insurance	\$8,977,500.00	\$0.00
Canyon Capital Advisors LLC	\$5,985,000.00	\$0.00
MidOcean Partners	\$2,992,500.00	\$0.00
Guardian Life Insurance Co. LLP	\$1,995,000.00	\$0.00
BNP Paribas Paris	\$665,000.00	\$0.00
<b>Total:</b>	<b>\$1,042,387,500.00</b>	<b>\$467,783,665.69</b>

Schedule II

NON-CONSENTING LENDERS

**Lenders of Heartland Incremental Term B Loans:**

Ace Tempest Reinsurance LTD  
BCBSM, Inc.  
BNP Paribas Flexi III Global Senior Corporate Loan Fund  
BNP Paribas Global Senior Corporate Loans  
Chubb Bermuda Insurance Ltd  
Flatiron CLO 2013 1 LTD  
Flatiron CLO 2014-1 Ltd.  
Geveran Investments Limited  
Goldman Sacks Bank USA  
HMO Minnesota  
HYFI Aquamarine Loan Fund  
Industrial and Commercial Bank of China (USA) NA  
KKR JP Loan Fund 2015 a Series Trust of Multi Manager Global Investment  
MainStay Floating Rate Fund a Series of MainStay Funds Trust  
Mainstay VP Floating Rate Portfolio a Series of Mainstay VP Funds Trust  
Maryland State Retirement and Pension System  
Oaktree CLO 2014 2 Ltd  
OAKTREE CLO 2014-1 LTD  
Oaktree CLO 2015-1 Ltd  
Oaktree EIF I Series A, LTD  
Oaktree EIF III Series 1, Ltd  
Park Avenue Institutional Advisers CLO Ltd 2016-1  
TCI-Flatiron 2016-1 Ltd

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SCHEDULE 2.01

COMMITMENTS AND APPLICABLE PERCENTAGES

Lender	Revolving Commitment	Applicable Percentage of Revolving Commitment	Existing Term Loan Commitment	Applicable Percentage of Existing Term Loan Commitment	Delayed Draw Term Loan Commitment	Applicable Percentage of Delayed Draw Term Loan Commitment
Bank of America, N.A.	\$100,000,000.00	8.000000000%	\$273,750,000.00	15.642857143%	\$337,913,290.71	22.781375201%
PNC Bank, National Association	\$100,000,000.00	8.000000000%	\$180,000,000.00	10.285714286%	\$80,000,000.00	5.393425078%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$100,000,000.00	8.000000000%	\$200,000,000.00	11.428571429%	\$0.00	0.000000000%
TD Bank, N.A.	\$100,000,000.00	8.000000000%	\$200,000,000.00	11.428571429%	\$0.00	0.000000000%
SunTrust Bank	\$100,000,000.00	8.000000000%	\$125,000,000.00	7.142857143%	\$25,000,000.00	1.685445337%
JPMorgan Chase Bank, N.A.	\$81,250,000.00	6.500000000%	\$95,000,000.00	5.428571429%	\$73,750,000.00	4.972063744%
Fifth Third Bank	\$93,750,000.00	7.500000000%	\$131,250,000.00	7.500000000%	\$0.00	0.000000000%
Capital One, N.A.	\$41,666,666.67	3.333333334%	\$68,333,333.33	3.904761905%	\$64,825,000.00	4.370359758%
Sumitomo Mitsui Banking Corporation	\$50,000,000.00	4.000000000%	\$0.00	0.000000000%	\$100,000,000.00	6.741781347%
Bank of Montreal	\$62,500,000.00	5.000000000%	\$87,500,000.00	5.000000000%	\$0.00	0.000000000%
Canadian Imperial Bank of Commerce, New York Branch	\$62,500,000.00	5.000000000%	\$87,500,000.00	5.000000000%	\$0.00	0.000000000%
Mizuho Bank, Ltd.	\$50,000,000.00	4.000000000%	\$0.00	0.000000000%	\$100,000,000.00	6.741781347%
Barclays Bank PLC	\$62,500,000.00	5.000000000%	\$0.00	0.000000000%	\$72,500,000.00	4.887791477%
HSBC Bank USA, N.A.	\$100,000,000.00	8.000000000%	\$0.00	0.000000000%	\$0.00	0.000000000%
U.S. Bank National Association	\$41,666,666.67	3.333333334%	\$58,333,333.33	3.333333333%	\$0.00	0.000000000%
Wells Fargo Bank, N.A.	\$20,833,333.33	1.666666666%	\$29,166,666.67	1.666666667%	\$50,000,000.00	3.370890674%
Citibank, N.A.	\$31,250,000.00	2.500000000%	\$43,750,000.00	2.500000000%	\$0.00	0.000000000%
Regions Bank	\$31,250,000.00	2.500000000%	\$43,750,000.00	2.500000000%	\$0.00	0.000000000%
Citizens Bank N.A.	\$0.00	0.000000000%	\$0.00	0.000000000%	\$74,825,255.10	5.044555091%
Bank of the Philippine Islands	\$0.00	0.000000000%	\$0.00	0.000000000%	\$49,883,503.40	3.363036728%
CAIXABANK, S.A.	\$0.00	0.000000000%	\$0.00	0.000000000%	\$49,883,503.40	3.363036728%
Raymond James Bank, N.A.	\$0.00	0.000000000%	\$37,500,000.00	2.142857143%	\$6,000,000.00	0.404506881%
The Bank Of East Asia Limited, New York Branch	\$0.00	0.000000000%	\$35,000,000.00	2.000000000%	\$0.00	0.000000000%
Capital Bank Corporation	\$0.00	0.000000000%	\$0.00	0.000000000%	\$30,000,000.00	2.022534404%
ING Capital LLC	\$0.00	0.000000000%	\$10,000,000.00	0.571428571%	\$19,953,401.36	1.345214691%
Woodforest National Bank	\$0.00	0.000000000%	\$25,000,000.00	1.428571429%	\$0.00	0.000000000%
Stifel Bank & Trust	\$0.00	0.000000000%	\$0.00	0.000000000%	\$24,941,751.70	1.681518364%
Banco Popular de Puerto Rico, New York Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$24,941,751.70	1.681518364%



Crédit Industriel et Commercial, New York Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$21,970,000.00	1.481169362%
Goldman Sachs Bank USA	\$20,833,333.33	1.666666666%	\$0.00	0.000000000%	\$0.00	0.000000000%
Bank of Taiwan, New York Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
First Commercial Bank, Ltd. New York Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
Hua Nan Commercial Bank, Ltd. New York Agency	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
Land Bank of Taiwan, New York Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
Taiwan Business Bank, Los Angeles Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
Taiwan Cooperative Bank, Ltd., acting through its New York Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
Trustmark National Bank	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
AZB Funding 7	\$0.00	0.000000000%	\$0.00	0.000000000%	\$19,953,401.36	1.345214691%
American Savings Bank, F.S.B.	\$0.00	0.000000000%	\$0.00	0.000000000%	\$14,965,051.02	1.008911018%
Atlantic Capital Bank, N.A.	\$0.00	0.000000000%	\$0.00	0.000000000%	\$14,965,051.02	1.008911018%
City National Bank of Florida	\$0.00	0.000000000%	\$0.00	0.000000000%	\$14,965,051.02	1.008911018%
First Hawaiian Bank	\$0.00	0.000000000%	\$0.00	0.000000000%	\$14,965,051.02	1.008911018%
Banco De Sabadell, S.A., Miami Branch	\$0.00	0.000000000%	\$14,166,666.67	0.809523810%	\$0.00	0.000000000%
Cathay Bank	\$0.00	0.000000000%	\$0.00	0.000000000%	\$10,000,000.00	0.674178135%
FirstBank Puerto Rico d/b/a FirstBank Florida	\$0.00	0.000000000%	\$0.00	0.000000000%	\$10,000,000.00	0.674178135%
Liberty Bank	\$0.00	0.000000000%	\$5,000,000.00	0.285714286%	\$0.00	0.000000000%
CTBC Bank Co., Ltd., New York Branch	\$0.00	0.000000000%	\$0.00	0.000000000%	\$2,993,010.20	0.201782203%
Apollo Capital Management LP	\$0.00	0.000000000%	\$0.00	0.000000000%	\$34,419,617.47	2.320495352%
<b>Total:</b>	<b>\$1,250,000,000.00</b>	<b>100.000000000%</b>	<b>\$1,750,000,000.00</b>	<b>100.000000000%</b>	<b>\$1,483,287,500.00</b>	<b>100.000000000%</b>

<b>Term B Lender</b>	<b>Term B Loan Commitment</b>	<b>Applicable Percentage of Term B Loan Commitment</b>
Bank of America, N.A.	\$74,603,834.31	13.754711219%
Blackrock Financial Management	\$37,442,903.85	6.903349330%
State Bank of India	\$25,951,555.02	4.784688995%
Highbridge Capital Management LLC	\$25,951,555.02	4.784688995%
Invesco Senior Secured Management Inc.	\$25,803,839.23	4.757454629%
State Street Bank & Trust Company (Hartford)	\$20,761,244.02	3.827751196%
GSO Capital / Blackstone Group	\$15,893,199.02	2.930229590%
CS Alternative Capital (CSAM)	\$15,601,871.70	2.876517563%
Fidelity Investments	\$14,790,435.12	2.726912976%
Wellington	\$14,325,258.37	2.641148325%
Eaton Vance Management	\$13,767,299.94	2.538277512%
Neuberger Berman	\$12,591,694.50	2.321531100%
Apollo Capital Management LP	\$12,569,602.47	2.317457992%
AIB Debt Management	\$10,380,622.01	1.913875598%
Aozora Bank	\$10,380,622.01	1.913875598%
PIMCO	\$9,861,590.91	1.818181819%
Octagon Credit Investors	\$9,212,802.03	1.698564593%
Barings LLC (f/k/a Babson Capital)	\$8,870,450.27	1.635445189%
Goldentree Asset Management	\$8,447,231.16	1.557416268%
Metropolitan Life Insurance Company	\$8,044,982.06	1.483253589%
Citizens Bank N.A.	\$7,785,466.51	1.435406699%
Erste Bank	\$7,785,466.51	1.435406699%
Crédit Industriel et Commercial	\$7,785,466.51	1.435406699%
T. Rowe Price Associates, Inc.	\$7,785,466.51	1.435406699%
Symphony Asset Management LLC	\$7,785,466.51	1.435406699%
Och-Ziff Capital	\$7,278,373.12	1.341913876%
Oak Hill Advisors Inc.	\$6,851,210.53	1.263157895%
Mackay Shields - Pareto	\$6,487,888.76	1.196172249%
Byline Bank	\$5,011,485.07	0.923967656%
Highland Capital Management LP	\$4,888,135.37	0.901225668%
Guggenheim Investment Partners	\$4,878,892.34	0.899521531%
Voya Investment Management Company	\$4,834,774.70	0.891387560%
Goldman Sachs Asset Management GSAM	\$4,814,013.46	0.887559809%
CVC Credit Partners Limited (f/k/a Apidos)	\$4,712,883.50	0.868914476%
Ares Management LLC (as Fund Manager)	\$4,479,238.40	0.825837321%
Bain Capital LLC	\$4,407,010.94	0.812520742%
Commercial Industrial Finance Corp (CIFC)	\$4,282,006.58	0.789473684%
Sound Point Capital Management	\$4,152,248.80	0.765550239%
JP Morgan Investment Management	\$4,152,248.80	0.765550239%
Muzinich & Co	\$3,918,684.81	0.722488038%
East West Bank	\$3,892,733.25	0.717703349%
Teachers Insurance And Annuity Association (TIAA-CREF)	\$3,853,805.92	0.710526316%
PGIM, Inc (f/k/a Prudential Investment Management)	\$3,438,581.04	0.633971292%
Doubleline Capital LP	\$3,415,224.64	0.629665072%
KKR Financial LLC	\$3,262,541.27	0.601514834%
Deutsche Asset Management (a/k/a DB Advisors)	\$3,114,186.60	0.574162679%
Napier Park (f/k/a Citi Alternative)	\$2,595,155.50	0.478468900%

TPG Credit Management LP	\$2,595,155.50	0.478468900%
ONEX Credit Partners	\$2,076,124.40	0.382775120%
Golub Capital	\$2,076,124.40	0.382775120%
MJX Asset Management	\$1,816,608.85	0.334928230%
Fraser Sullivan Investment Management LLC	\$1,756,720.64	0.323886638%
Oppenheimer Fund Distributor Inc.	\$1,557,093.30	0.287081340%
PPM America Inc.	\$1,557,093.30	0.287081340%
American Money Management Corporation	\$1,297,577.75	0.239234450%
Kramer Van Kirk Credit Strategies LP	\$1,297,577.75	0.239234450%
Great West Life & Annuity Ins.	\$1,297,577.75	0.239234450%
Raymond James Bank FSB	\$1,297,577.75	0.239234450%
Bank of America, N.A. (Charlotte)	\$1,147,352.57	0.211537429%
York Capital Management LP	\$1,038,062.20	0.191387560%
American Capital Strategies	\$1,038,062.20	0.191387560%
ABRY Partners LLC	\$1,038,062.20	0.191387560%
Sumitomo Mitsui Banking Corporation	\$1,038,062.20	0.191387560%
Marathon Asset Management	\$778,546.65	0.143540670%
Apex Credit Partners	\$519,031.10	0.095693780%
TCW Asset Management Company	\$519,031.10	0.095693780%
BAWAG P.S.K.	\$519,031.10	0.095693780%
Tall Tree Investment Management LLC	\$519,031.10	0.095693780%
Littlejohn & Company LLC (WallFleet)	\$519,031.10	0.095693780%
Sound Harbor Partners LLC (Aladdin)	\$519,031.10	0.095693780%
Pioneer Investments	\$519,031.10	0.095693780%
Fort Washington Investment Advisors Inc.	\$371,107.24	0.068421053%
NewMark Capital LLC	\$259,515.55	0.047846890%
Mariner Capital	\$259,515.55	0.047846890%
Cathay Bank (Los Angeles)	\$129,757.78	0.023923445%
Macquarie Bank	\$129,757.78	0.023923445%
<b>Total:</b>	<b>\$542,387,500.00</b>	<b>100.00000000%</b>

EXHIBIT B-6

FORM OF TERM B NOTE

\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned hereby promises to pay to \_\_\_\_\_ or its registered assigns (the “Lender”), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal amount of each Term B Loan from time to time made by the Lender to one or more of the Borrowers under that certain Second Amended and Restated Credit Agreement, dated as of July 31, 2015 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the “Credit Agreement”; the terms defined therein being used herein as therein defined), among Global Payments Inc., a Georgia corporation, certain other Borrowers from time to time party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The undersigned promises to pay interest on the unpaid principal amount of each Term B Loan from the date of the Term B Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent’s Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Term B Note is one of the Term B Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Term B Note is also entitled to the benefits of the Subsidiary Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Term B Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. Each Term B Loan made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Term B Note and endorse thereon the date, amount and maturity of each Term B Loan and payments with respect thereto.

Each of the undersigned, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Term B Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[INSERT APPLICABLE BORROWER]  
[PLEASE INSERT A FULL DESCRIPTION OF THE BORROWER IF IT IS A  
LUXEMBOURG COMPANY]

By:  
Name:  
Title:

**GLOBAL PAYMENTS INC.  
FOURTH AMENDED AND RESTATED  
NON-EMPLOYEE DIRECTOR COMPENSATION PLAN**

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## TABLE OF CONTENTS

<b>ARTICLE 1</b>	PURPOSE	<a href="#"><u>2</u></a>
	1.1 Background	<a href="#"><u>2</u></a>
	1.2 Purpose	<a href="#"><u>2</u></a>
	1.3 Eligibility	<a href="#"><u>2</u></a>
<b>ARTICLE 2</b>	DEFINITIONS	<a href="#"><u>3</u></a>
	2.1 Definitions	<a href="#"><u>3</u></a>
<b>ARTICLE 3</b>	ADMINISTRATION	<a href="#"><u>5</u></a>
	3.1 Administration	<a href="#"><u>5</u></a>
	3.2 Reliance	<a href="#"><u>5</u></a>
<b>ARTICLE 4</b>	SHARES	<a href="#"><u>6</u></a>
	4.1 Sources of Shares for the Plan	<a href="#"><u>6</u></a>
<b>ARTICLE 5</b>	CASH COMPENSATION	<a href="#"><u>7</u></a>
	5.1 Basic Cash Retainer	<a href="#"><u>7</u></a>
	5.2 Supplemental Cash Retainer	<a href="#"><u>7</u></a>
	5.4 Expense Reimbursement	<a href="#"><u>7</u></a>
<b>ARTICLE 6</b>	EQUITY COMPENSATION	<a href="#"><u>8</u></a>
	6.1 Stock Awards	<a href="#"><u>8</u></a>
	6.2 Adjustments	<a href="#"><u>8</u></a>
	6.3 Award Certificates	<a href="#"><u>8</u></a>
<b>ARTICLE 7</b>	AMENDMENT, MODIFICATION AND TERMINATION	<a href="#"><u>9</u></a>
	7.1 Amendment, Modification and Termination	<a href="#"><u>9</u></a>
<b>ARTICLE 8</b>	GENERAL PROVISIONS	<a href="#"><u>10</u></a>
	8.1 Duration of the Plan	<a href="#"><u>10</u></a>
	8.2 Expenses of the Plan	<a href="#"><u>10</u></a>
<b>SCHEDULE I</b>	DIRECTOR COMPENSATION SCHEDULE	<a href="#"><u>12</u></a>

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**GLOBAL PAYMENTS INC.  
FOURTH AMENDED AND RESTATED  
NON-EMPLOYEE DIRECTOR COMPENSATION PLAN**

**ARTICLE 1  
PURPOSE**

1.1. BACKGROUND This plan is adopted to aggregate and formalize the Company's compensation policies for non-employee directors of the Company, including all cash and equity-based compensation. This Fourth Amended and Restated Non-Employee Director Compensation Plan (the "Plan") amends and restates the Third Amended and Restated 2014 Non-Employee Director Compensation Plan that became effective on July 27, 2016. The Plan operates as a subplan of the 2011 Incentive Plan pursuant to Section 4.3 of the 2011 Incentive Plan.

1.2. Purpose The purpose of the Plan is to attract, retain and compensate highly-qualified individuals who are not employees of the Company or any of its Subsidiaries or Affiliates for service as members of the Board by providing them with competitive compensation and an equity interest in the Company. The Company intends that the Plan will benefit the Company and its shareholders by allowing Non-Employee Directors to have a personal financial stake in the Company through an ownership interest in the Company's Stock and will closely associate the interests of Non-Employee Directors with that of the Company's shareholders.

1.3. ELIGIBILITY Non-Employee Directors of the Company who are Eligible Participants, as defined below, shall automatically be participants in the Plan.

**ARTICLE 2**  
**DEFINITIONS**

2.1. DEFINITIONS Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the 2011 Incentive Plan. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- (a) “Annual Stock Retainer” means with respect to each Non-Employee Director for each Plan Year, the dollar value to be delivered in the form of annual Stock awards under the Plan, as established from time to time by the Committee and set forth in Schedule I hereto.
- (b) “Basic Cash Retainer” means the annual cash retainer (excluding any Supplemental Cash Retainer and expenses) payable by the Company to a Non-Employee Director pursuant to Section 5.1 hereof for service as a director of the Company; as established from time to time by the Committee and set forth in Schedule I hereto.
- (c) “Board” means the Board of Directors of the Company.
- (d) “Chairperson” means the Chairperson of the Board.
- (e) “Committee” means the Governance and Nominating Committee of the Board.
- (f) “Company” means Global Payments Inc., a Georgia corporation, or any successor corporation.
- (g) “Effective Date” of the Plan means September 28, 2016, immediately following the conclusion of the Company’s annual shareholder meeting.
- (h) “Eligible Participant” means any person who is a Non-Employee Director on the Effective Date or becomes a Non-Employee Director while this Plan is in effect; except that any director who is a former employee shall not be an Eligible Participant for a period of one year following the date of termination of employment.
- (i) “Equity Award” means stock options, stock awards, restricted stock, restricted stock units, stock appreciation rights, or other awards based on or derived from the Stock which are authorized under the 2011 Incentive Plan for award to Non-Employee Directors.
- (j) “Grant Date” of an Equity Award has the meaning given such term in Sections 6.1 hereof.
- (k) “2011 Incentive Plan” means the Global Payments Inc. 2011 Incentive Plan, as may be amended from time to time, and any subsequent equity compensation plan approved by the shareholders and designated by the Board as the Incentive Plan for purposes of this Plan.
- (l) “Non-Employee Chairperson” means the Non-Employee Director, if any, who has been designated by the Board as the Chairperson under the Board’s Corporate Governance Guidelines.
- (m) “Lead Director” means the Non-Employee Director, if any, who has been designated by the Board as the Lead Director under the Board’s Corporate Governance Guidelines. The Lead Director shall have such duties as shall be assigned to him or her by the Board in such Corporate Governance Guidelines.
- (n) “Non-Employee Director” means a director of the Company who is not an employee of the Company or any of its Subsidiaries or Affiliates and who had not been appointed or elected to the Board solely by reason of his or her affiliation with a shareholder of the Company.
- (o) “Plan” means this Fourth Amended and Restated 2014 Non-Employee Director Compensation Plan, as amended from time to time.
- (p) “Plan Year(s)” means the approximate twelve-month periods between annual meetings of the shareholders of the Company, which, for purposes of the Plan, are the periods for which annual retainers are earned.
- (q) “Supplemental Cash Retainer” means the supplemental annual cash retainer (excluding Basic Cash Retainer and expenses) payable by the Company to a Non-Employee Director pursuant to Section 5.2 hereof for service as Lead Director, Non-Employee Chairperson or chair of a



- (r) committee of the Board; as established from time to time by the Committee and set forth in Schedule I hereto.  
“Stock” means the common stock, no par value per share, of the Company.

**ARTICLE 3**  
**ADMINISTRATION**

3.1. ADMINISTRATION The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee shall be authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's interpretation of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding upon all parties concerned including the Company, its shareholders and persons granted awards under the Plan. The Committee may appoint a plan administrator to carry out the ministerial functions of the Plan, but the administrator shall have no other authority or powers of the Committee.

3.2. RELIANCE In administering the Plan, the Committee may rely upon any information furnished by the Company, its public accountants and other experts. No individual will have personal liability by reason of anything done or omitted to be done by the Company or the Committee in connection with the Plan. This limitation of liability shall not be exclusive of any other limitation of liability to which any such person may be entitled under the Company's articles of incorporation or otherwise.

**ARTICLE 4**  
**SHARES**

4.1. SOURCE OF SHARES FOR THE PLAN Equity Awards that may be issued pursuant to the Plan shall be issued under the 2011 Incentive Plan, subject to all of the terms and conditions of the 2011 Incentive Plan. The terms contained in the 2011 Incentive Plan are incorporated into and made a part of this Plan with respect to Equity Awards granted pursuant hereto, and any such awards shall be governed by and construed in accordance with the 2011 Incentive Plan. In the event of any actual or alleged conflict between the provisions of the 2011 Incentive Plan and the provisions of this Plan, the provisions of the 2011 Incentive Plan shall be controlling and determinative. This Plan does not constitute a separate source of shares for the grant of the Equity Awards described herein.

**ARTICLE 5**  
**CASH COMPENSATION**

5.1. BASIC CASH RETAINER Each Eligible Participant shall be paid a Basic Cash Retainer for service as a director during each Plan Year, payable in advance, on the first business day following each annual meeting of shareholders. The amount of the Basic Cash Retainer shall be established from time to time by the Committee. The amount of the Basic Cash Retainer is set forth in Schedule I, as amended from time to time by the Committee. Each person who first becomes an Eligible Participant on a date other than an annual meeting date shall be paid a pro rata amount of the Basic Cash Retainer for that Plan Year to reflect the actual number of days served in the Plan Year.

5.2. SUPPLEMENTAL CASH RETAINER The Lead Director or Non-Employee Chairperson, as applicable, and the chairs of each committee of the Board may be paid a Supplemental Cash Retainer during a Plan Year, payable at the same times as installments of the Basic Cash Retainer are paid. The amount of the Supplemental Cash Retainers shall be established from time to time by the Committee, and shall be set forth in Schedule I, as amended from time to time by the Committee. A prorata Supplemental Cash Retainer will be paid to any Eligible Participant who is elected by the Board to a position eligible for a Supplemental Cash Retainer on a date other than the beginning of a Plan Year, to reflect the actual number of days served in such eligible capacity during the Plan Year.

5.3. EXPENSE REIMBURSEMENT All Eligible Participants shall be reimbursed for reasonable travel and out-of-pocket expenses in connection with attendance at meetings of the Board and its committees, or other Company functions at which the Chairperson, the Chief Executive Officer or the Lead Director requests the director to participate.

**ARTICLE 6**  
**EQUITY COMPENSATION**

6.1. STOCK AWARDS. Subject to share availability under the 2011 Incentive Plan, each Eligible Participant shall be granted an award of fully-vested Stock on the day that he or she first becomes an Eligible Participant (“Initial Stock Grant”). In addition, subject to share availability under the 2011 Incentive Plan, each Eligible Participant in service on the day following an annual shareholders meeting will receive an award of fully-vested Stock (“Annual Stock Grant” and collectively with the Initial Stock Grant, the “Stock Grants”). Each such day that such awards are to be granted under the Plan is referred to hereinafter as a “Grant Date.” The Stock Grants shall have the following terms and conditions:

(a) Number of Initial Stock Grants. The number of shares in the Initial Stock Grant to an Eligible Participant shall be determined by multiplying the Proration Factor (as defined below) by the amount determined by (A) dividing the Annual Stock Retainer as in effect for that Plan Year, by the Fair Market Value of the Stock on the Grant Date, and (B) rounding to the nearest whole number. The Proration Factor is a fraction, the numerator of which is the number of full months of service as a Non-Employee Director between the Grant Date and the next annual shareholders’ meeting date, and the denominator of which is 12.

(b) Number of Annual Stock Grants. The number of shares in the Annual Stock Grant to an Eligible Participant shall be determined by (A) dividing the Annual Stock Retainer as in effect for that Plan Year, by the Fair Market Value of the Stock on the Grant Date, and (B) rounding to the nearest whole number.

(c) Other Plan Conditions. To the extent not specified herein, the Stock Grants shall be subject to the terms and conditions of the 2011 Incentive Plan.

6.2. ADJUSTMENTS. For the avoidance of doubt, the adjustment provisions of the 2011 Incentive Plan (along with all of the other provisions of the 2011 Incentive Plan) shall apply with respect to all Equity Awards granted pursuant to this Plan.

6.3. AWARD CERTIFICATES. All unvested Equity Awards granted pursuant to this Plan shall be evidenced by a written award certificate, which shall include such provisions, not inconsistent with the Plan or the 2011 Incentive Plan, as may be specified by the Committee. The form of applicable award certificates (if any) shall be approved by the Committee.

**ARTICLE 7**  
**Amendment, Modification and Termination**

7.1. AMENDMENT, MODIFICATION AND TERMINATION. The Committee may, at any time and from time to time, amend, modify or terminate the Plan without shareholder approval; provided, however, that if an amendment to the Plan would, in the reasonable opinion of the Committee, require shareholder approval under applicable laws, policies or regulations or the applicable listing or other requirements of a securities exchange on which the Stock is listed or traded, then such amendment shall be subject to shareholder approval; and provided further, that the Committee may condition any other amendment or modification on the approval of shareholders of the Company for any reason. Modification of Equity Awards granted under this Plan shall be subject to the provisions of the 2011 Incentive Plan.

**ARTICLE 8**  
**General Provisions**

8.1. DURATION OF THE PLAN. The Plan shall remain in effect until terminated by the Committee or the earlier termination or expiration of the 2011 Incentive Plan, including any successor plans.

8.2. EXPENSES OF THE PLAN. The expenses of administering the Plan shall be borne by the Company.

The foregoing is hereby acknowledged as being the Global Payments Inc. Fourth Amended and Restated Non-Employee Director Compensation Plan, adopted by the Board on September 28, 2016.

Global Payments Inc.

By: /s/ David L. Green  
David L. Green  
Executive Vice President, General Counsel and Corporate Secretary



## SCHEDULE I

### DIRECTOR COMPENSATION SCHEDULE

The following shall remain in effect until modified by the Committee:

Position Held	Annual Basic Cash Retainer	Annual Supplemental Cash Retainer	Annual Stock Retainer (FMV)
Non-Employee Chairperson	\$100,000	\$95,000	\$195,000
Lead Director	\$100,000	\$65,000	\$195,000
Audit Committee Chair	\$100,000	\$22,500	\$155,000
Compensation Committee Chair	\$100,000	\$20,000	\$155,000
Other Committee Chairs	\$100,000	\$17,500	\$155,000
Other Non-Employee Directors	\$100,000	n/a	\$155,000

In connection with the change in the Company's fiscal year from May 31 to December 31, solely with respect to the Base Cash Retainer, Supplemental Cash Retainer and Annual Stock Retainer to be paid or granted, as applicable, on the day following the 2016 annual meeting of the shareholders, all amounts shown in the table above shall be prorated based on a seven-month period to reflect the Company's transition to the new fiscal year.

**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: January 9, 2017

Jeffrey S. Sloan  
Chief Executive Officer

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

I, Cameron M. Bready, certify that:

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

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

Date: January 9, 2017

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 November 30, 2016 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*

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**Jeffrey S. Sloan**  
**Chief Executive Officer**  
**Global Payments Inc.**  
**January 9, 2017**

*/s/ Cameron M. Bready*

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**Cameron M. Bready**  
**Chief Financial Officer**  
**Global Payments Inc.**  
**January 9, 2017**

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.