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 September 30, 2022

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

globalpayments

GLOBAL PAYMENTS INC.
(Exact name of registrant as specified in charter)

Georgia	**58-2567903**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3550 Lenox Road, Atlanta, Georgia	**30326**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading symbol	Name of exchange on which registered
Common stock, no par value	GPN	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 26, 2022 was270,401,146.

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended September 30, 2022

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1—FINANCIAL STATEMENTS

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

	Three Months Ended	
	September 30, 2022	September 30, 2021
Revenues	$ 2,285,371	$ 2,202,337
Operating expenses:		
Cost of service	931,249	944,172
Selling, general and administrative	918,757	858,082
Loss on business dispositions	48,933	—
	1,898,939	1,802,254
Operating income	386,432	400,083
Interest and other income	20,393	6,320
Interest and other expense	(135,184)	(82,187)
	(114,791)	(75,867)
Income before income taxes and equity in income of equity method investments	271,641	324,216
Income tax expense	14,255	50,117
Income before equity in income of equity method investments	257,386	274,099
Equity in income of equity method investments, net of tax	42,780	31,364
Net income	300,166	305,463
Net income attributable to noncontrolling interests, net of tax	(9,712)	(8,727)
Net income attributable to Global Payments	$ 290,454	$ 296,736
Earnings per share attributable to Global Payments:		
Basic earnings per share	$ 1.06	$ 1.02
Diluted earnings per share	$ 1.05	$ 1.01

See Notes to Unaudited Consolidated Financial Statements.

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

	Nine Months Ended	
	September 30, 2022	September 30, 2021
Revenues	$ 6,722,531	$ 6,329,781
Operating expenses:		
Cost of service	2,850,706	2,805,728
Selling, general and administrative	2,605,085	2,486,153
Impairment of goodwill	833,075	—
Loss on business dispositions	201,144	—
	6,490,010	5,291,881
Operating income	232,521	1,037,900
Interest and other income	25,060	16,009
Interest and other expense	(327,655)	(245,884)
	(302,595)	(229,875)
(Loss) income before income taxes and equity in income of equity method investments	(70,074)	808,025
Income tax expense	119,250	131,600
(Loss) income before equity in income of equity method investments	(189,324)	676,425
Equity in income of equity method investments, net of tax	74,074	94,261
Net (loss) income	(115,250)	770,686
Net income attributable to noncontrolling interests, net of tax	(22,563)	(13,679)
Net (loss) income attributable to Global Payments	$ (137,813)	$ 757,007
(Loss) earnings per share attributable to Global Payments:		
Basic (loss) earnings per share	$ (0.49)	$ 2.57
Diluted (loss) earnings per share	$ (0.49)	$ 2.56

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended	
	September 30, 2022	September 30, 2021
Net income	$ 300,166	$ 305,463
Other comprehensive income (loss):		
Foreign currency translation adjustments	(249,562)	(79,532)
Income tax (expense) benefit related to foreign currency translation adjustments	(183)	447
Net unrealized losses on hedging activities	(1,070)	(646)
Reclassification of net unrealized losses on hedging activities to interest expense	2,980	9,788
Income tax expense related to hedging activities	(330)	(2,208)
Other, net of tax	—	(2,209)
Other comprehensive loss	(248,165)	(74,360)
Comprehensive income	52,001	231,103
Comprehensive loss (income) attributable to noncontrolling interests	5,130	(4,625)
Comprehensive income attributable to Global Payments	$ 57,131	$ 226,478

	Nine Months Ended	
	September 30, 2022	September 30, 2021
Net (loss) income	$ (115,250)	$ 770,686
Other comprehensive income (loss):		
Foreign currency translation adjustments	(493,405)	(80,427)
Reclassification of accumulated foreign currency translation losses to net loss as a result of the sale of a foreign entity	62,925	—
Income tax benefit related to foreign currency translation adjustments	1,451	5,438
Net unrealized gains (losses) on hedging activities	12,915	(62)
Reclassification of net unrealized losses on hedging activities to interest expense	19,959	30,288
Income tax expense related to hedging activities	(7,838)	(7,297)
Other, net of tax	—	4,017
Other comprehensive loss	(403,993)	(48,043)
Comprehensive (loss) income	(519,243)	722,643
Comprehensive loss (income) attributable to noncontrolling interests	11,111	(6,328)
Comprehensive (loss) income attributable to Global Payments	$ (508,132)	$ 716,315

See Notes to Unaudited Consolidated Financial Statements.

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

	September 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,993,840	$ 1,979,308
Accounts receivable, net	998,231	946,247
Settlement processing assets	1,740,844	1,143,539
Current assets held for sale	93,740	4,779
Prepaid expenses and other current assets	626,697	637,112
Total current assets	5,453,352	4,710,985
Goodwill	23,421,031	24,813,274
Other intangible assets, net	9,907,884	11,633,709
Property and equipment, net	1,759,235	1,687,586
Deferred income taxes	25,657	12,117
Noncurrent assets held for sale	1,038,806	—
Other noncurrent assets	2,332,784	2,422,042
Total assets	$ 43,938,749	$ 45,279,713
LIABILITIES AND EQUITY		
Current liabilities:		
Settlement lines of credit	$ 440,950	$ 484,202
Current portion of long-term debt	1,157,811	78,505
Accounts payable and accrued liabilities	2,207,551	2,542,256
Settlement processing obligations	1,795,140	1,358,051
Current liabilities held for sale	75,233	—
Total current liabilities	5,676,685	4,463,014
Long-term debt	12,289,826	11,414,809
Deferred income taxes	2,439,657	2,793,427
Noncurrent liabilities held for sale	4,494	—
Other noncurrent liabilities	655,132	739,046
Total liabilities	21,065,794	19,410,296
Commitments and contingencies		
Equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 400,000,000 shares authorized at September 30, 2022 and December 31, 2021; 270,307,707 issued and outstanding at September 30, 2022 and 284,750,452 issued and outstanding at December 31, 2021	—	—
Paid-in capital	20,717,133	22,880,261
Retained earnings	2,547,947	2,982,122
Accumulated other comprehensive loss	(604,501)	(234,182)
Total Global Payments shareholders’ equity	22,660,579	25,628,201
Noncontrolling interests	212,376	241,216
Total equity	22,872,955	25,869,417
Total liabilities and equity	$ 43,938,749	$ 45,279,713

See Notes to Unaudited Consolidated Financial Statements.

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

	Nine Months Ended	
	September 30, 2022	September 30, 2021
Cash flows from operating activities:		
Net (loss) income	$ (115,250)	$ 770,686
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	299,348	292,230
Amortization of acquired intangibles	962,413	973,948
Amortization of capitalized contract costs	81,052	68,112
Share-based compensation expense	122,465	146,097
Provision for operating losses and credit losses	87,071	73,286
Noncash lease expense	63,211	80,371
Deferred income taxes	(281,376)	(136,004)
Equity in income of equity method investments, net of tax	(74,074)	(94,261)
Facilities exit charges	27,662	—
Distribution received on investments	8,212	26,757
Impairment of goodwill	833,075	—
Loss on business dispositions	201,144	—
Other, net	(3,273)	(6,790)
Changes in operating assets and liabilities, net of the effects of business combinations:		
Accounts receivable	(107,908)	(123,370)
Settlement processing assets and obligations, net	(117,989)	28,242
Prepaid expenses and other assets	(224,529)	(185,973)
Accounts payable and other liabilities	(226,746)	114,279
Net cash provided by operating activities	1,534,508	2,027,610
Cash flows from investing activities:		
Business combinations and other acquisitions, net of cash acquired	(24,969)	(946,377)
Capital expenditures	(463,357)	(350,745)
Effect on cash from sale of business	(29,755)	—
Proceeds from sale of investments	31,046	—
Other, net	101	1,248
Net cash used in investing activities	(486,934)	(1,295,874)
Cash flows from financing activities:		
Net (repayments of) borrowings from settlement lines of credit	(2,770)	244,858
Proceeds from long-term debt	9,124,449	3,909,988
Repayments of long-term debt	(7,193,661)	(2,434,805)
Payments of debt issuance costs	(44,360)	(8,569)
Repurchases of common stock	(2,139,731)	(1,833,689)
Proceeds from stock issued under share-based compensation plans	33,776	38,570
Common stock repurchased - share-based compensation plans	(38,366)	(84,659)
Distributions to noncontrolling interests	(17,729)	—
Contribution from a noncontrolling interest	—	46,320
Payment of contingent consideration in business combination	(15,726)	—
Purchase of capped calls related to issuance of convertible notes	(302,375)	—
Dividends paid	(208,082)	(188,203)
Net cash used in financing activities	(804,575)	(310,189)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(208,529)	(42,704)
Increase in cash, cash equivalents and restricted cash	34,470	378,843
Cash, cash equivalents and restricted cash, beginning of the period	2,123,023	2,089,771
Cash, cash equivalents and restricted cash, end of the period	$ 2,157,493	$ 2,468,614

See Notes to Unaudited Consolidated Financial Statements.

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

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2022	277,033	$ 21,800,574	$ 2,326,259	$ (371,178)	$ 23,755,655	$ 220,872	$ 23,976,527
Net income			290,454		290,454	9,712	300,166
Other comprehensive loss				(233,323)	(233,323)	(14,842)	(248,165)
Stock issued under share-based compensation plans	270	10,155			10,155		10,155
Common stock repurchased - share-based compensation plans	(88)	(11,312)			(11,312)		(11,312)
Share-based compensation expense		37,052			37,052		37,052
Repurchases of common stock	(6,907)	(889,739)			(889,739)		(889,739)
Distributions to noncontrolling interest					—	(3,366)	(3,366)
Purchase of capped calls related to issuance of convertible notes, net of taxes of $72,778		(229,597)			(229,597)		(229,597)
Cash dividends declared ($0.25 per common share)			(68,766)		(68,766)		(68,766)
Balance at September 30, 2022	270,308	$ 20,717,133	$ 2,547,947	$ (604,501)	$ 22,660,579	$ 212,376	$ 22,872,955

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2021	293,703	$ 24,201,763	$ 2,664,707	$ (172,707)	$ 26,693,763	$ 156,377	$ 26,850,140
Net income			296,736		296,736	8,727	305,463
Other comprehensive loss				(70,258)	(70,258)	(4,102)	(74,360)
Stock issued under share-based compensation plans	819	9,262			9,262		9,262
Common stock repurchased - share-based compensation plans	(203)	(34,003)			(34,003)		(34,003)
Share-based compensation expense		65,611			65,611		65,611
Repurchases of common stock	(4,232)	(697,833)	(42,924)		(740,757)		(740,757)
Contribution from a noncontrolling interest					—	46,320	46,320
Cash dividends declared ($0.25 per common share)			(73,327)		(73,327)		(73,327)
Balance at September 30, 2021	290,087	$ 23,544,800	$ 2,845,192	$ (242,965)	$ 26,147,027	$ 207,322	$ 26,354,349

See Notes to Unaudited Consolidated Financial Statements.

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

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2021	284,750	$ 22,880,261	$ 2,982,122	$ (234,182)	$ 25,628,201	$ 241,216	$ 25,869,417
Net (loss) income			(137,813)		(137,813)	22,563	(115,250)
Other comprehensive loss				(370,319)	(370,319)	(33,674)	(403,993)
Stock issued under share-based compensation plans	1,789	33,776			33,776		33,776
Common stock repurchased - share-based compensation plans	(285)	(38,321)			(38,321)		(38,321)
Share-based compensation expense		122,465			122,465		122,465
Repurchases of common stock	(15,946)	(2,051,451)	(88,280)		(2,139,731)		(2,139,731)
Distributions to noncontrolling interest					—	(17,729)	(17,729)
Purchase of capped calls related to issuance of convertible notes, net of taxes of $72,778		(229,597)			(229,597)		(229,597)
Cash dividends declared ($0.75 per common share)			(208,082)		(208,082)		(208,082)
Balance at September 30, 2022	270,308	$ 20,717,133	$ 2,547,947	$ (604,501)	$ 22,660,579	$ 212,376	$ 22,872,955

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2020	298,332	$ 24,963,769	$ 2,570,874	$ (202,273)	$ 27,332,370	$ 154,674	$ 27,487,044
Net income			757,007		757,007	13,679	770,686
Other comprehensive loss				(40,692)	(40,692)	(7,351)	(48,043)
Stock issued under share-based compensation plans	1,900	38,570			38,570		38,570
Common stock repurchased - share-based compensation plans	(456)	(84,432)			(84,432)		(84,432)
Share-based compensation expense		146,097			146,097		146,097
Repurchases of common stock	(9,689)	(1,519,204)	(294,486)		(1,813,690)		(1,813,690)
Contribution from a noncontrolling interest					—	46,320	46,320
Cash dividends declared ($0.64 per common share)			(188,203)		(188,203)		(188,203)
Balance at September 30, 2021	290,087	$ 23,544,800	$ 2,845,192	$ (242,965)	$ 26,147,027	$ 207,322	$ 26,354,349

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 payments technology company delivering innovative software and services to our customers globally. Our technologies, services and team member expertise allow us to provide a broad range of solutions that enable our customers to operate their businesses more efficiently across a variety of channels around the world. We operate in three reportable segments: Merchant Solutions, Issuer Solutions and Consumer Solutions, which are described in "Note 14—Segment Information." Global Payments Inc. and its consolidated subsidiaries are referred to herein 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 ("SEC"). The consolidated balance sheet as of December 31, 2021 was derived from the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 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 December 31, 2021.

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. In particular, uncertainty resulting from COVID-19, global events and other macroeconomic conditions are difficult to predict at this time, and the ultimate effect could result in additional charges related to the recoverability of assets, including financial assets, long-lived assets and goodwill and other losses. These unaudited consolidated financial statements reflect the financial statement effects based upon management's estimates and assumptions utilizing the most currently available information.

Recently adopted accounting pronouncements

Accounting Standards Update ("ASU") 2021-08— In October 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-08, "Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*." Under current GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers and other similar contracts that are accounted for in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), at fair value on the acquisition date. ASU 2021-08 requires that an entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts, which should generally result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements. This update also provides certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination. We elected to early adopt ASU 2021-08 in the third quarter of 2022, with application to any business combinations for which the acquisition date occurs after January 1, 2022.

NOTE 2—ACQUISITIONS

Pending Acquisition of EVO Payments, Inc.

On August 1, 2022, we entered into a merger agreement to acquire all outstanding equity of EVO Payments, Inc. ("EVO") for $34 per share, or approximately $3.4 billion in preliminary estimated cash consideration to be paid to EVO shareholders, which equates to an enterprise value of approximately $4 billion. EVO is a leading payment technology and services provider, offering an array of payment solutions to merchants ranging from small and middle market enterprises to multinational companies and organizations across the Americas and Europe. The acquisition aligns with our technology-enabled payments strategy, expands our geographic presence and augments our business-to-business software and payment solutions business. The acquisition is expected to close prior to the end of first quarter of 2023, subject to EVO's shareholder approval, regulatory approvals and other customary closing conditions.

Zego

On June 10, 2021, we acquired Zego, a real estate technology company that provides comprehensive resident experience management software and digital commerce solutions to property managers, primarily in the United States, for cash consideration of approximately $933 million. We accounted for this transaction as a business combination, which generally requires that we record the assets acquired and liabilities assumed at fair value as of the acquisition date. The final estimated acquisition-date fair values of major classes of assets acquired and liabilities assumed, including a reconciliation to the total purchase consideration, were as follows:

	Final Amounts (in thousands)
Cash and cash equivalents	$ 67,374
Accounts receivable	1,017
Identifiable intangible assets	473,000
Property and equipment	575
Other assets	9,051
Accounts payable and accrued liabilities	(71,006)
Deferred income tax liabilities	(10,749)
Other liabilities	(8,010)
Total identifiable net assets	461,252
Goodwill	471,994
Total purchase consideration	$ 933,246

During the nine months ended September 30, 2022, we made measurement-period adjustments that decreased the amount of deferred income tax liabilities and provisional goodwill by $3.2 million. The decrease in deferred income tax liabilities for the nine months ended September 30, 2022 primarily related to finalizing the evaluation of the differences in the bases of assets and liabilities for financial reporting and tax purposes. The effects of the measurement-period adjustments on our consolidated statements of income for the three and nine months ended September 30, 2022 were not material.

Goodwill of $472.0 million arising from the acquisition, included in the Merchant Solutions segment, is attributable to expected growth opportunities, potential synergies from combining our existing businesses and an assembled workforce. Substantially all of the goodwill is deductible for income tax purposes.

The following table reflects the estimated fair values of the identified intangible assets of Zego and their respective weighted-average estimated amortization periods:

	Estimated Fair Value		Weighted-Average Estimated Amortization Periods
	(in thousands)		(years)
Customer-related intangible assets	$	208,000	13
Contract-based intangible assets		119,000	20
Acquired technologies		124,000	6
Trademarks and trade names		22,000	15
Total estimated identifiable intangible assets	$	473,000	14

NOTE 3—BUSINESS DISPOSITIONS

Sale of Merchant Solutions Business in Russia

We sold our Merchant Solutions business in Russia effective April 29, 2022 for cash proceeds of $9 million. During the nine months ended September 30, 2022, we recognized a loss of $127.2 million associated with the sale, comprised of the difference between the consideration received and the net carrying amount of the business and the reclassification of $62.9 million of associated accumulated foreign currency translation losses from the separate component of equity. The loss was presented within loss on business dispositions in our consolidated statement of income.

Consumer Business Disposition

On July 31, 2022, we entered into a definitive agreement to sell our consumer business for $1 billion, subject to certain closing adjustments. In connection with the sale, we will provide seller financing, consisting of a first lien seven-year secured term loan facility in an aggregate principal amount of $350 million bearing interest at a fixed annual rate of 9% and a second lien twenty-five year secured term loan facility in an aggregate principal amount of $325 million bearing interest at a fixed annual rate of 13%. In addition, we will provide the purchasers a first lien five-year $50 million secured revolving facility that will be available from the date of closing of the sale. The transaction is expected to close prior to the end of the first quarter of 2023 subject to required regulatory approvals and other customary closing conditions.

The assets and liabilities of our consumer business are classified as held for sale and the disposal group is reported at fair value less costs to sell in our consolidated balance sheet as of September 30, 2022. As further discussed in "Note 5— Goodwill and Other Intangible Assets," we recognized a goodwill impairment charge of $ 833.1 million during the nine months ended September 30, 2022 related to our former Business and Consumer Solutions reporting unit, which included the consumer business. We also recognized charges within loss on business dispositions in our consolidated statement of income of $48.9 million and $73.9 million during the three and nine months ended September 30, 2022, respectively, to reduce the carrying amount of the disposal group to estimated fair value less costs to sell. The charge during the three months ended September 30, 2022 relates primarily to a change in the estimated fair value of the fixed rate seller financing.

For the three and nine months ended September 30, 2022, the consumer business contributed $23.2 million and $67.7 million to the Consumer Solutions segment operating income. For the three and nine months ended September 30, 2021, the consumer business contributed $27.2 million and $114.8 million to the Consumer Solutions segment operating income.

The major classes of assets presented as held for sale in the consolidated balance sheet as of September 30, 2022, primarily related to the consumer business, include cash of $31.2 million, accounts receivable of $10.9 million, other current assets of $51.7 million, goodwill of $366.4 million, other intangible assets of $651.2 million, property and equipment of $51.2 million, other noncurrent assets of $43.9 million and an asset group valuation allowance of $73.9 million. The major classes of liabilities presented as held for sale in the consolidated balance sheet as of September 30, 2022 include accounts payable and accrued liabilities of $75.2 million and other noncurrent liabilities of $4.5 million.

NOTE 4—REVENUES

The following tables present a disaggregation of our revenues from contracts with customers by geography for each of our reportable segments for the three and nine months ended September 30, 2022 and 2021 and has been recast to align with the change in the presentation of segment information as further described in "Note 14-Segment Information:"

	Three Months Ended September 30, 2022				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	$ 1,349,793	$ 442,200	$ 147,337	$ (14,788)	$ 1,924,542
Europe	183,698	114,296	—	—	297,994
Asia Pacific	62,835	9,543	—	(9,543)	62,835
	$ 1,596,326	$ 566,039	$ 147,337	$ (24,331)	$ 2,285,371

	Three Months Ended September 30, 2021				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	$ 1,245,805	$ 415,127	$ 183,591	$ (15,748)	$ 1,828,775
Europe	189,282	123,469	—	—	312,751
Asia Pacific	60,811	6,890	—	(6,890)	60,811
	$ 1,495,898	$ 545,486	$ 183,591	$ (22,638)	$ 2,202,337

	Nine Months Ended September 30, 2022				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	$ 3,926,645	$ 1,281,894	$ 478,082	$ (43,052)	$ 5,643,569
Europe	545,203	354,546	—	—	899,749
Asia Pacific	179,213	26,568	—	(26,568)	179,213
	$ 4,651,061	$ 1,663,008	$ 478,082	$ (69,620)	$ 6,722,531

	Nine Months Ended September 30, 2021				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	$ 3,529,245	$ 1,210,948	$ 608,645	$ (47,969)	$ 5,300,869
Europe	488,860	367,633	—	—	856,493
Asia Pacific	172,419	17,523	—	(17,523)	172,419
	$ 4,190,524	$ 1,596,104	$ 608,645	$ (65,492)	$ 6,329,781

The following table presents a disaggregation of our Merchant Solutions segment revenues by distribution channel for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)			
Relationship-led	$ 821,005	$ 799,948	$ 2,397,787	$ 2,245,839
Technology-enabled	775,321	695,950	2,253,274	1,944,685
	$ 1,596,326	$ 1,495,898	$ 4,651,061	$ 4,190,524

ASC Topic 606, *Revenues from Contracts with Customers* ("ASC 606"), requires that we determine for each customer arrangement whether revenue should be recognized at a point in time or over time. For the three and nine months ended September 30, 2022 and 2021, substantially all of our revenues were recognized over time.

Supplemental balance sheet information related to contracts from customers as of September 30, 2022 and December 31, 2021 was as follows:

	Balance Sheet Location	September 30, 2022	December 31, 2021
		(in thousands)	
Assets:			
Capitalized costs to obtain customer contracts, net	Other noncurrent assets	$ 320,395	$ 291,914
Capitalized costs to fulfill customer contracts, net	Other noncurrent assets	$ 139,796	$ 113,366
Liabilities:			
Contract liabilities, net (current)	Accounts payable and accrued liabilities	$ 216,448	$ 227,783
Contract liabilities, net (noncurrent)	Other noncurrent liabilities	$ 45,033	$ 44,502

Net contract assets were not material at September 30, 2022 or at December 31, 2021. Revenue recognized for the three months ended September 30, 2022 and 2021 from contract liability balances at the beginning of each period was $74.2 million and $75.5 million, respectively. Revenue recognized for the nine months ended September 30, 2022 and 2021 from contract liability balances at the beginning of each period was $189.3 million and $186.0 million, respectively.

ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations. The purpose of this disclosure is to provide additional information about the amounts and expected timing of revenue to be recognized from the remaining performance obligations in our existing contracts. The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at September 30, 2022. However, as permitted, we have elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. Accordingly, the total amount of unsatisfied or partially unsatisfied performance obligations related to processing services is significantly higher than the amounts disclosed in the table below (in thousands):

Year Ending December 31,		
2022	$	256,413
2023		981,937
2024		742,799
2025		522,962
2026		413,311
2027		266,558
2028 and thereafter		385,979
Total	$	3,569,959

NOTE 5—GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, 2022 and December 31, 2021, goodwill and other intangible assets consisted of the following:

	September 30, 2022	December 31, 2021
	(in thousands)	
Goodwill	$ 23,421,031	$ 24,813,274
Other intangible assets:		
Customer-related intangible assets	$ 9,556,652	$ 9,694,083
Acquired technologies	2,849,693	2,962,154
Contract-based intangible assets	1,721,068	2,258,676
Trademarks and trade names	1,065,997	1,271,302
	15,193,410	16,186,215
Less accumulated amortization:		
Customer-related intangible assets	3,038,478	2,587,586
Acquired technologies	1,604,058	1,367,513
Contract-based intangible assets	179,575	180,975
Trademarks and trade names	463,415	416,432
	5,285,526	4,552,506
	$ 9,907,884	$ 11,633,709

As of September 30, 2022, approximately $651.2 million of intangible assets have been reclassified to assets held for sale in connection with the presentation of the consumer business as held for sale. See “Note 3—Business Dispositions” for further discussion.

The following table sets forth the changes by reportable segment in the carrying amount of goodwill for the nine months ended September 30, 2022 and has been recast to align with the change in the presentation of segment information as further described in “Note 14-Segment Information:”

	Merchant Solutions	Issuer Solutions	Consumer Solutions	Total
		(in thousands)		
Balance at December 31, 2021	$ 14,063,682	$ 9,908,014	$ 841,578	$ 24,813,274
Effect of foreign currency translation	(124,632)	(50,761)	—	(175,393)
Goodwill acquired	7,918	—	—	7,918
Goodwill derecognized in connection with the sale of a business[1]	(17,719)	—	—	(17,719)
Impairment of goodwill	—	—	(833,075)	(833,075)
Reallocation of accumulated impairment losses due to change in reporting units	—	(357,933)	357,933	—
Reclassification of goodwill to assets held for sale[2]	—	—	(366,436)	(366,436)
Measurement period adjustments	(2,957)	(4,581)	—	(7,538)
Balance at September 30, 2022	$ 13,926,292	$ 9,494,739	$ —	$ 23,421,031

[1] Reflects goodwill derecognized in connection with the sale of our Merchant Solutions business in Russia. See “Note 3—Business Dispositions” for further discussion.

[2] Reflects the reclassification of goodwill in connection with the presentation of the consumer business as held for sale. See “Note 3—Business Dispositions” for further discussion.

We test goodwill for impairment at the reporting unit level annually and more often if an event occurs or circumstances change that indicate the fair value of a reporting unit may be below its carrying amount. When applying the quantitative assessment, we determine the fair value of our reporting units based on a weighted average of multiple valuation techniques, principally a combination of an income approach and a market approach. The income approach calculates a value based upon the present value of estimated future cash flows, while the market approach uses earnings multiples of similarly situated guideline public companies. Determining the fair value of a reporting unit involves judgment and the use of significant estimates and assumptions, which include assumptions regarding the revenue growth rates and operating margins used to calculate estimated future cash flows, risk-adjusted discount rates and future economic and market conditions.

The sustained decline in our share price and increases in discount rates, primarily resulting from increased economic uncertainty, indicated a potential decline in fair value and triggered a requirement to evaluate our Issuer Solutions and former Business and Consumer Solutions reporting units for potential impairment as of June 30, 2022. Further, the estimated sales price for the consumer business also indicated a potential decline in fair value of our former Business and Consumer Solutions reporting unit as of June 30, 2022. We determined on the basis of the quantitative assessment that the fair value of the Issuer Solutions reporting unit was still greater than its carrying amount as of June 30, 2022, indicating no impairment. Based on the quantitative assessment of our former Business and Consumer Solutions reporting unit, including consideration of the consumer business disposal group and the remaining assets of the reporting unit, we recognized a goodwill impairment charge of $833.1 million in our consolidated statement of income during the three months ended June 30, 2022. In connection with the change in presentation of segment information during the third quarter of 2022 as further described in “Note 14-Segment Information,” accumulated impairment losses associated with our former Business and Consumer Solutions reporting unit were reallocated to our new reporting units based on relative fair value.

We continue to closely monitor developments related to COVID-19 and other global events and macroeconomic conditions. The future magnitude, duration and effects of these events and conditions are difficult to predict at this time, and it is reasonably possible that future developments could have a negative effect on the estimates and assumptions utilized in our goodwill impairment assessments and could result in material impairment charges in future periods.

Accumulated impairment losses for goodwill as of September 30, 2022 were $833.1 million. There were no accumulated impairment losses for goodwill as of December 31, 2021.

NOTE 6—OTHER ASSETS

Visa Preferred Shares

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, and we received consideration in the form of cash and Series B and C convertible preferred shares of Visa. We assigned the preferred shares received a value of zero based on transfer restrictions, Visa's ability to adjust the conversion rate and the estimation uncertainty associated with those factors. Based on the outcome of any current or 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 we receive could be as low as zero.

The Series B and C convertible preferred shares become convertible in stages based on developments in the litigation and become fully convertible no later than 2028 (subject to a holdback to cover any then pending claims). In July 2022, in connection with the second mandatory release assessment, a portion of the Series B and C convertible preferred shares was converted by Visa representing approximately one quarter of the original potential conversion rate. We recognized a gain of $13.2 million reported in interest and other income in our consolidated statement of income for the three and nine months ended September 30, 2022 based on the fair value of the shares received. The shares were subsequently sold in September 2022. The remaining Series B and C convertible preferred shares continue to be carried at an assigned value of zero based on the aforementioned factors.

NOTE 7—LONG-TERM DEBT AND LINES OF CREDIT

As of September 30, 2022 and December 31, 2021, long-term debt consisted of the following:

	September 30, 2022	December 31, 2021
	(in thousands)	
3.750% senior notes due June 1, 2023	$ 553,381	$ 557,186
4.000% senior notes due June 1, 2023	554,395	559,338
1.500% senior notes due November 15, 2024	497,919	497,185
2.650% senior notes due February 15, 2025	996,063	994,797
1.200% senior notes due March 1, 2026	1,093,453	1,092,016
4.800% senior notes due April 1, 2026	789,549	798,024
2.150% senior notes due January 15, 2027	744,633	743,695
4.950% senior notes due August 15, 2027	495,242	—
4.450% senior notes due June 1, 2028	474,899	478,194
3.200% senior notes due August 15, 2029	1,239,192	1,238,006
5.300% senior notes due August 15, 2029	495,205	—
2.900% senior notes due May 15, 2030	991,074	990,196
2.900% senior notes due November 15, 2031	742,345	741,716
5.400% senior notes due August 15, 2032	741,900	—
4.150% senior notes due August 15, 2049	740,414	740,146
5.950% senior notes due August 15, 2052	738,087	—
1.000% convertible notes due August 15, 2029	1,453,151	—
Unsecured term loan facility (outstanding under our Prior Credit Facility)	—	1,989,793
Finance lease liabilities	26,749	64,421
Other borrowings	79,986	8,601
Total long-term debt	13,447,637	11,493,314
Less current portion	1,157,811	78,505
Long-term debt, excluding current portion	$ 12,289,826	$ 11,414,809

The carrying amounts of our senior notes, convertible notes and unsecured term loan facility in the table above are presented net of unamortized discount and unamortized debt issuance costs, as applicable. At September 30, 2022, the unamortized discount on senior notes and convertible notes was $78.9 million, and unamortized debt issuance costs on senior notes and convertible notes were $52.5 million. At December 31, 2021, the unamortized discount on senior notes was $11.7 million and unamortized debt issuance costs on our senior notes and the unsecured term loan facility were $60.7 million. The portion of unamortized debt issuance costs related to revolving credit facilities is included in other noncurrent assets. At September 30, 2022, unamortized debt issuance costs on the unsecured revolving credit facility were $24.8 million, and at December 31, 2021, unamortized debt issuance costs on the unsecured revolving credit facility were $9.9 million.

At September 30, 2022, future maturities of long-term debt (excluding finance lease liabilities) are as follows by year (in thousands):

Year Ending December 31,		
2022	$	9,629
2023		1,139,549
2024		530,777
2025		1,000,000
2026		1,850,000
2027		1,250,000
2028 and thereafter		7,700,000
Total	$	13,479,955

Senior Notes

We have $11.9 billion in aggregate principal amount of senior unsecured notes, as presented in the table above. Interest on the senior notes is payable semi-annually at various dates. Each series of the senior notes is redeemable, at our option, in whole or in part, at any time and from time-to-time at the redemption prices set forth in the related indenture.

On August 22, 2022, we issued $2.5 billion aggregate principal amount of senior unsecured notes consisting of the following: (i) $500.0 million aggregate principal amount of 4.950% senior notes due August 2027; (ii) $500.0 million aggregate principal amount of 5.300% senior notes due August 2029; (iii) $750.0 million aggregate principal amount of 5.400% senior notes due August 2032; and (iv) $750.0 million aggregate principal amount of 5.950% senior notes due August 2052. We issued the senior notes at a total discount of $5.2 million, and we incurred debt issuance costs of $24.8 million, including underwriting fees, fees for professional services and registration fees, which were capitalized and reflected as a reduction of the related carrying amount of the notes in our consolidated balance sheet at September 30, 2022. Interest on the senior unsecured notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing February 15, 2023. The notes are unsecured and unsubordinated indebtedness and rank equally in right of payment with all of our other outstanding unsecured and unsubordinated indebtedness. The net proceeds from the offering have been or will be used to refinance the outstanding indebtedness under our credit facility, to make cash payments and pay transaction fees and expenses in connection with the pending acquisition of EVO, to refinance certain outstanding indebtedness of EVO in connection with the acquisition and for general corporate purposes. In the event that the EVO acquisition is not consummated, we will be required to redeem the notes due 2027 and 2029 at a redemption price equal to 101% of the principal amount of the notes due 2027 and 2029 then outstanding plus accrued and unpaid interest, if any.

Convertible Notes

On August 1, 2022, we entered into an investment agreement with Silver Lake Partners relating to the issuance of $1.5 billion in aggregate principal amount of 1.000% convertible unsecured senior notes (the "Convertible Notes”) due 2029 in a private placement, and the transaction closed on August 8, 2022. The net proceeds from this offering were approximately $1.45 billion, reflecting an issuance discount of $37.5 million and $10.4 million of debt issuance costs, which were capitalized and reflected as a reduction of the related carrying amount of the Convertible Notes in our consolidated balance sheet at September 30, 2022.

The Convertible Notes bear interest at a rate of1.000% per annum. Interest on the Convertible Notes is payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2023, to the holders of record on the preceding February 1 and August 1, respectively. The Convertible Notes mature on August 15, 2029, subject to earlier conversion or repurchase.

The Convertible Notes are convertible at the option of the holder at any time after the date that is 18 months after issuance (or earlier, upon the occurrence of certain corporate events) until the scheduled trading day prior to the maturity date. The Convertible Notes are convertible into cash and shares of our common stock based on an initial conversion rate of 7.1089 shares of common stock per $1,000 principal amount of the Convertible Notes (which is equal to an initial conversion price of approximately $140.67 per share), subject to customary anti-dilution and other adjustments upon the occurrence of certain events. Upon conversion, the principal amount of, and interest due on, the Convertible Notes are required to be settled in cash and any other amounts may be settled in shares, cash or a combination of shares and cash at our election.

The Convertible Notes are not redeemable by us. If certain corporate events that constitute a fundamental change (as defined in the indenture governing the Convertible Notes) occur, any holder of the Convertible Notes may require that we repurchase all or any portion of their notes for cash at a purchase price of par plus accrued and unpaid interest to, but excluding, the repurchase date. In addition, if certain corporate events that constitute a make-whole fundamental change (as defined in the indenture governing the Convertible Notes) occur, then the conversion rate will in certain circumstances be increased for a specified period of time. The Convertible Notes include customary covenants for convertible notes of this type, as well as customary events of default, which may result in the acceleration of the maturity of the Convertible Notes.

On August 8, 2022, in connection with the issuance of the Convertible Notes, we entered into privately negotiated capped call transactions with certain financial institutions to cover, subject to customary adjustments, the number of shares of common stock initially underlying the Convertible Notes. The economic effect of the capped call transactions is to hedge the potential dilutive effect upon conversion of the Convertible Notes, or offset our cash obligation if the cash settlement option is elected, up to a cap price determined based on a hedging period that commenced on August 9, 2022 and concluded on August 25, 2022. The capped call has an initial strike price of $ 140.67 per share and a cap price of $229.2605 per share. The capped call transactions meet the accounting criteria to be reflected in stockholders' equity and not accounted for as derivatives. The cost of $302.4 million incurred in connection with the capped call transactions was recorded as a reduction to paid-in-capital in our consolidated balance sheet at September 30, 2022, net of applicable income taxes.

New Credit Facility

On August 19, 2022, we entered into a credit agreement (the "Revolving Credit Agreement") with Bank of America, N.A., as administrative agent, and a syndicate of financial institutions, as lenders and other agents. The Revolving Credit Agreement provides for an unsubordinated unsecured $5.75 billion revolving credit facility (the "Revolving Credit Facility"). We capitalized debt issuance costs of $12.3 million in connection with the issuances under the Revolving Credit Facility. The Revolving Credit Facility matures in August 2027. Borrowings under the Revolving Credit Facility may be repaid prior to maturity without premium or penalty, subject to payment of certain customary expenses of lenders and customary notice provisions.

Borrowings under the Revolving Credit Facility will be available to be made in US dollars, euros, sterling, Canadian dollars and, subject to certain conditions, certain other currencies at our option. Borrowings under the Revolving Credit Facility will bear interest, at our option, at a rate equal to (i) for Secured Overnight Financing Rate ("SOFR") based currencies or certain alternative currencies, a secured overnight financing rate (subject to a 0.00% floor) plus a 0.10% credit spread adjustment or an alternative currency term rate (subject to a 0.00% floor), as applicable, (ii) for US dollar borrowings, a base rate, (iii) for US dollar borrowings, a daily floating secured overnight financing rate (subject to a 0.00% floor on or after January 1, 2023) plus a 0.10% credit spread adjustment or (iv) for certain alternative currencies, a daily alternative currency rate (subject to a 0.00% floor), in each case, plus an applicable margin. The applicable margin for borrowings under the Revolving Credit Facility will range from 1.125% to 1.875% depending on our credit rating and is initially 1.375%. In addition, we are required to pay a quarterly commitment fee with respect to the unused portion of the Revolving Credit Facility at an applicable rate per annum ranging from 0.125% to 0.300% depending on our credit rating.

We may issue standby letters of credit of up to $250.0 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. The amounts available to borrow under the Revolving Credit Facility are also determined by a financial leverage covenant. As of September 30, 2022, there were no borrowing outstanding under the Revolving Credit Facility, and the total available commitments under the Revolving Credit Facility were $2.5 billion.

Prior Credit Facility

Prior to the Revolving Credit Facility, we were party to a credit facility agreement with Bank of America, N.A., as administrative agent, and a syndicate of financial institutions, as lenders and other agents (as amended from time to time, the “Prior Credit Facility”). The Prior Credit Facility provided for a senior unsecured $2.0 billion term loan facility and a senior unsecured $3.0 billion revolving credit facility. In August 2022, all borrowings outstanding and other amounts due under the Prior Credit Facility were repaid and the Prior Credit Facility was terminated.

Bridge Facility

On August 1, 2022, in connection with our entry into the EVO merger agreement, we obtained commitments for a $4.3 billion, 364-day senior unsecured bridge facility (the "Bridge Facility"). Upon the execution of permanent financing, including the issuance of our senior unsecured notes and entry into the Revolving Credit Facility described above, the aggregate commitments under the Bridge Facility were reduced to zero and terminated. For the three and nine months ended September 30, 2022, we recognized expense of $17.3 million related to commitment fees associated with the Bridge Facility, which was presented within interest expense in our consolidated statement of income.

Fair Value of Long-Term Debt

As of September 30, 2022, our senior notes had a total carrying amount of $11.9 billion and an estimated fair value of $10.4 billion. The estimated fair value of our senior notes was based on quoted market prices in an active market and is considered to be a Level 1 measurement of the valuation hierarchy.

As of September 30, 2022, our Convertible Notes had a total carrying amount of $1.5 billion and an estimated fair value of $1.4 billion. The estimated fair value of our Convertible Notes was based on a lattice pricing model and is considered to be a Level 3 measurement of the valuation hierarchy.

The fair value of other long-term debt approximated its carrying amount at September 30, 2022.

Compliance with Covenants

The Convertible Notes include customary covenants and events of default for convertible notes of this type. The Revolving Credit Agreement contains customary affirmative covenants and restrictive covenants, including, among others, financial covenants based on net leverage and interest coverage ratios, and customary events of default. As of September 30, 2022, financial covenants under the Revolving Credit Agreement required a leverage ratio of 3.75 to 1.00 and an interest coverage ratio of 3.00 to 1.00. We were in compliance with all applicable covenants as of September 30, 2022.

Derivative Agreements

We had previously entered into 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. Net amounts to be received or paid under the swap agreements were reflected as adjustments to interest expense. Since we had designated the interest rate swap agreements as portfolio cash flow hedges, unrealized gains or losses resulting from adjusting the swaps to fair value were recorded as components of other comprehensive income (loss). The fair values of our 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.

In August 2022, in connection with entry into the Revolving Credit Agreement and repayment of amounts outstanding under the Prior Credit Facility, we terminated and settled our existing interest rate swap agreements. The termination resulted in the recognition of a net gain of $1.2 million, including the reclassification of $0.5 million of accumulated losses from the separate component of equity. The net gain was presented in interest expense in our consolidated statement of income for the three and nine months ended September 30, 2022. As of December 30, 2021, accounts payable and accrued liabilities included $28.8 million related to the interest rate swaps.

The table below presents the effects of our interest rate swaps on the consolidated statements of income and statements of comprehensive income for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)			
Net unrealized (losses) gains recognized in other comprehensive income (loss)	$ (1,070)	$ (646)	$ 12,915	$ (62)
Net unrealized losses reclassified out of other comprehensive income (loss) to interest expense	$ 2,980	$ 9,788	$ 19,959	$ 30,288

As of September 30, 2022, the amount of net unrealized losses in accumulated other comprehensive loss related to our forward-starting interest rate swaps that is expected to be reclassified into interest expense during the next 12 months was $5.5 million.

Interest Expense

Interest expense was $132.4 million and $82.3 million for the three months ended September 30, 2022 and 2021, respectively, and $318.8 million and $242.9 million for the nine months ended September 30, 2022 and 2021, respectively.

NOTE 8—INCOME TAX

For the three months ended September 30, 2022, our effective income tax rate was 5.2%, and it differed from the U.S. statutory rate primarily due to the favorable effects of foreign interest income not subject to tax, tax credits, and the foreign-derived intangible income deduction. The effective rate also included the favorable effects of adjustments to unrecognized income tax benefits related to certain U.S. federal income tax positions and remeasurement of state deferred taxes to reflect enacted tax law changes. For the nine months ended September 30, 2022, we incurred income tax expense in spite of reporting a loss before income taxes primarily due to the unfavorable effects of the goodwill impairment charge and loss on the sale of our Merchant Solutions business in Russia for which no tax benefit was recognized. These effects were partially offset by the same items that favorably affected the rate for the three months ended September 30, 2022.

Our effective income tax rates for the three and nine months ended September 30, 2021 were 15.5% and 16.3%, respectively. Our effective income tax rates for the three and nine months ended September 30, 2021 differed from the U.S. statutory rate primarily as a result of foreign interest income not subject to tax, tax credits and the foreign-derived intangible income deduction. Our effective income tax rate for the nine months ended September 30, 2021 also included the effect of enacted tax law changes in the U.K. which required a remeasurement of deferred tax balances raising the effective rate, and was favorably affected by a change in the assessment of the need for a valuation allowance related to foreign tax credit carryforwards. The effective rate for each period includes the effects of applicable state income taxes.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act (the "IRA") into law. The IRA, among other things, implements a 15% corporate alternative minimum tax based on global adjusted financial statement income and a 1% excise tax on share repurchases, which shall take effect in tax years beginning after December 31, 2022. We are in the process of evaluating the provisions of the IRA, but we do not currently believe the IRA will have a material effect on our reported results, cash flows or financial position when it becomes effective. We expect to reflect the excise tax within equity as part of the repurchase price of common stock.

NOTE 9—SHAREHOLDERS' EQUITY

We repurchase our common stock mainly through open market repurchase plans and, at times, through accelerated share repurchase ("ASR") programs. During the three months ended September 30, 2022 and 2021, we repurchased and retired 6,907,090 and 4,232,232 shares of our common stock, respectively, at a cost, including commissions, of $889.7 million and $740.8 million, or $128.82 and $175.03 per share, respectively. During the nine months ended September 30, 2022 and 2021, we repurchased and retired 15,946,279 and 9,689,181 shares of our common stock, respectively, at a cost, including commissions, of $2,139.7 million and $1,813.7 million, or $134.18 and $187.21 per share, respectively. The activity for the nine months ended September 30, 2021 included the repurchase of 2,491,161 shares at an average price of $200.71 per share under an ASR agreement we entered into on February 10, 2021 with a financial institution to repurchase an aggregate of $500 million of our common stock during the ASR program purchase period, which ended on March 31, 2021.

As of September 30, 2022, the remaining amount available under our share repurchase program was $610.3 million. On October 27, 2022, our board of directors approved an increase to our existing share repurchase program authorization, which raised the total available authorization to $1.5 billion.

On October 27, 2022, our board of directors declared a dividend of $0.25 per share payable on December 30, 2022 to common shareholders of record as of December 16, 2022.

NOTE 10—SHARE-BASED AWARDS AND STOCK 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		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)			
Share-based compensation expense	$ 37,052	$ 65,611	$ 122,465	$ 146,097
Income tax benefit	$ 10,318	$ 16,224	$ 26,816	$ 34,595

Share-Based Awards

The following table summarizes the changes in unvested restricted stock and performance awards for the nine months ended September 30, 2022:

	Shares	Weighted-Average Grant-Date Fair Value
	(in thousands)	
Unvested at December 31, 2021	1,640	$184.90
Granted	1,492	137.61
Vested	(754)	170.87
Forfeited	(201)	165.70
Unvested at September 30, 2022	2,177	$159.09

The total fair value of restricted stock and performance awards vested during the nine months ended September 30, 2022 and September 30, 2021 was $128.8 million and $178.9 million, respectively.

For restricted stock and performance awards, we recognized compensation expense of $34.5 million and $62.2 million during the three months ended September 30, 2022 and 2021, respectively, and $113.2 million and $135.6 million during the nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022, there was $234.0 million of unrecognized compensation expense related to unvested restricted stock and performance awards that we expect to recognize over a weighted-average period of 2.0 years.

Stock Options

The following table summarizes stock option activity for the nine months ended September 30, 2022:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(years)	(in millions)
Outstanding at December 31, 2021	1,172	$107.44	5.8	$47.4
Granted	154	136.02		
Forfeited	(36)	162.48		
Exercised	(66)	66.87		
Outstanding at September 30, 2022	1,224	$111.60	5.2	$22.6
Options vested and exercisable at September 30, 2022	991	$99.67	4.4	$22.6

We recognized compensation expense for stock options of $1.2 million and $1.9 million during the three months ended September 30, 2022 and 2021, respectively, and $4.8 million and $6.0 million during the nine months ended September 30, 2022 and 2021, respectively. The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2022 and 2021 was $4.2 million and $23.4 million, respectively. As of September 30, 2022, we had $8.9 million of unrecognized compensation expense related to unvested stock options that we expect to recognize over a weighted-average period of 1.9 years.

The weighted-average grant-date fair value of stock options granted during the nine months ended September 30, 2022 and 2021 was $48.88 and $65.99, respectively. Fair value was estimated on the date of grant using the Black-Scholes valuation model with the following weighted-average assumptions:

	Nine Months Ended	
	September 30, 2022	September 30, 2021
Risk-free interest rate	1.87%	0.59%
Expected volatility	40%	40%
Dividend yield	0.56%	0.44%
Expected term (years)	5	5

The risk-free interest rate was 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 was based on our historical volatility. The dividend yield assumption was determined 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 11—EARNINGS PER SHARE

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

Diluted EPS is computed by dividing net income (loss) attributable to Global Payments by the weighted-average number of shares outstanding during the period, including the effect of share-based awards, convertible notes or other potential securities that would have a dilutive effect on EPS. 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 EPS. The dilutive share base for the three months ended September 30, 2022 excluded approximately 467,770 shares related to stock options that would have an antidilutive effect on the computation of diluted earnings per share. Due to a net loss for the nine months ended September 30, 2022, no incremental shares are included in the computation of diluted earnings per share because the effect would be antidilutive. Approximately 1.9 million shares related to stock options and share-based awards were therefore excluded from the dilutive share base for the nine months ended September 30, 2022. The dilutive share base for the three and nine months ended September 30, 2021 excluded approximately 234,813 shares related to stock options that would have an antidilutive effect on the computation of diluted earnings per share.

The effect of the potential shares needed to settle the conversion spread on the Convertible Notes is included in diluted EPS if the effect is dilutive. The effect depends on the market share price of our common stock at the time of conversion and would be dilutive if the average market share price of our common stock for the period exceeds the conversion price. For the three and nine months ended September 30, 2022, the Convertible Notes were not included in the computation of diluted EPS as the effect would have been anti-dilutive. Further, the effect of the related capped call transactions is not included in the computation of diluted EPS as it is always anti-dilutive.

The following table sets forth the computation of diluted weighted-average number of shares outstanding for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended		**Nine Months Ended**	
	September 30, 2022	**September 30, 2021**	**September 30, 2022**	**September 30, 2021**
	(in thousands)			
Basic weighted-average number of shares outstanding	275,030	291,502	278,411	294,262
Plus: Dilutive effect of stock options and other share-based awards	405	1,005	—	1,159
Diluted weighted-average number of shares outstanding	275,435	292,507	278,411	295,421

NOTE 12 - SUPPLEMENTAL BALANCE SHEET INFORMATION

Cash, cash equivalents and restricted cash

A reconciliation of the amounts of cash and cash equivalents and restricted cash in the consolidated balance sheets to the amount in the consolidated statements of cash flows is as follows:

	September 30, 2022	**December 31, 2021**
	(in thousands)	
Cash and cash equivalents	$ 1,993,840	$ 1,979,308
Restricted cash included in prepaid expenses and other current assets	132,458	143,715
Cash included in assets held for sale	31,195	—
Cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 2,157,493	$ 2,123,023

Long-lived assets

As a result of actions taken in the third quarter of 2022 to further reduce our facility footprint in certain markets around the world, we recognized charges of $27.7 million, primarily related to certain lease right-of-use assets, leasehold improvements, furniture and fixtures and equipment, to reduce the carrying amount of each asset group to estimated fair value. The charges were presented within selling, general and administrative expenses in our consolidated statement of income for the three and nine months ended September 30, 2022. We continue to evaluate our physical footprint and additional charges may be incurred as these facilities exit activities continue in 2022.

During the three months ended September 30, 2022, we entered into a new agreement to acquire hardware, software and related services, of which $83.5 million was financed utilizing a two-year vendor financing arrangement. The agreement included the purchase of certain assets previously leased. The reduction in operating and finance lease liabilities arising from the termination of the related right-of-use assets was $44.2 million and $9.7 million, respectively.

Accounts payable and accrued liabilities

At December 31, 2021, accounts payable and accrued liabilities in the consolidated balance sheet included obligations totaling $14.5 million for employee termination benefits resulting from integration activities related to our merger with Total System Services, Inc. (the "Merger"). During the three and nine months ended September 30, 2021, we recognized charges for employee termination benefits of $4.7 million and $43.0 million, respectively, which included $1.2 million of share-based compensation expense for the nine months ended September 30, 2021. These charges are recorded within selling, general and administrative expenses in our consolidated statements of income and included within Corporate expenses for segment reporting purposes. Employee termination benefits from Merger-related integration activities were substantially complete as of December 31, 2021. There were no significant charges recognized during the three and nine months ended September 30, 2022 andno significant remaining obligations to be paid as of September 30, 2022.

NOTE 13—ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in the accumulated balances for each component of other comprehensive income (loss) were as follows for the three and nine months ended September 30, 2022 and 2021:

	Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Hedging Activities	Other	Accumulated Other Comprehensive Loss
	(in thousands)			
Balance at June 30, 2022	$ (343,401)	$ (25,034)	$ (2,743)	$ (371,178)
Other comprehensive (loss) income	(234,903)	1,580	—	(233,323)
Balance at September 30, 2022	$ (578,304)	$ (23,454)	$ (2,743)	$ (604,501)
Balance at June 30, 2021	$ (106,882)	$ (65,548)	$ (277)	$ (172,707)
Other comprehensive (loss) income	(74,983)	6,934	(2,209)	(70,258)
Balance at September 30, 2021	$ (181,865)	$ (58,614)	$ (2,486)	$ (242,965)

Other comprehensive loss attributable to noncontrolling interests, which relates only to foreign currency translation, was $14.8 million and $4.1 million for the three months ended September 30, 2022 and 2021, respectively.

	Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Hedging Activities	Other	Accumulated Other Comprehensive Loss
		(in thousands)		
Balance at December 31, 2021	$ (182,949)	$ (48,490)	$ (2,743)	$ (234,182)
Other comprehensive (loss) income	(395,355)	25,036	—	(370,319)
Balance at September 30, 2022	$ (578,304)	$ (23,454)	$ (2,743)	$ (604,501)
Balance at December 31, 2020	$ (114,227)	$ (81,543)	$ (6,503)	$ (202,273)
Other comprehensive (loss) income	(67,638)	22,929	4,017	(40,692)
Balance at September 30, 2021	$ (181,865)	$ (58,614)	$ (2,486)	$ (242,965)

Other comprehensive loss attributable to noncontrolling interests, which relates only to foreign currency translation, was $33.7 million and $7.4 million for the nine months ended September 30, 2022 and 2021, respectively.

NOTE 14—SEGMENT INFORMATION

During the third quarter of 2022, as a result of the pending divestiture of our consumer business and changes in how the business is now managed, we have realigned the businesses previously comprising our Business and Consumer Solutions segment to include the business-to-business portion within our Issuer Solutions segment and the consumer portion within our Consumer Solutions segment. Our three reportable segments now are: Merchant Solutions, Issuer Solutions and Consumer Solutions. The presentation of segment information for the three and nine months ended September 30, 2021 has been recast to align with the segment presentation for the three and nine months ended September 30, 2022.

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 share-based compensation costs are included in Corporate. Impairment of goodwill and gains or losses on business dispositions are not included in segment operating income. Interest and other income, interest and other expense, income tax expense and equity in income of equity method investments, net of tax, are not allocated to the individual 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 December 31, 2021 and our summary of significant accounting policies in "Note 1—Basis of Presentation and Summary of Significant Accounting Policies."

Information on segments and reconciliations to consolidated revenues, consolidated operating income and consolidated depreciation and amortization were as follows for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(in thousands)			
Revenues:[1]				
Merchant Solutions	$ 1,596,326	$ 1,495,898	$ 4,651,061	$ 4,190,524
Issuer Solutions	566,039	545,486	1,663,008	1,596,104
Consumer Solutions	147,337	183,591	478,082	608,645
Intersegment eliminations	(24,331)	(22,638)	(69,620)	(65,492)
Consolidated revenues	$ 2,285,371	$ 2,202,337	$ 6,722,531	$ 6,329,781
Operating income (loss)[1]:				
Merchant Solutions	$ 550,684	$ 488,407	$ 1,530,573	$ 1,265,689
Issuer Solutions	97,548	85,717	244,190	245,588
Consumer Solutions	23,175	27,208	67,735	114,804
Corporate[2]	(236,042)	(201,249)	(575,758)	(588,181)
Impairment of goodwill[3]	—	—	(833,075)	—
Loss on business dispositions[4]	(48,933)	—	(201,144)	—
Consolidated operating income	$ 386,432	$ 400,083	$ 232,521	$ 1,037,900
Depreciation and amortization:[1]				
Merchant Solutions	$ 243,300	$ 244,055	$ 742,153	$ 743,154
Issuer Solutions	156,936	148,066	467,287	443,176
Consumer Solutions	—	18,673	35,776	57,721
Corporate	5,266	7,767	16,545	22,127
Consolidated depreciation and amortization	$ 405,502	$ 418,561	$ 1,261,761	$ 1,266,178

(1) Revenues, operating income (loss) and depreciation and amortization reflect the effects of acquired businesses from the respective acquisition dates and the effects of divested businesses through the respective disposal dates. See “Note 2—Acquisitions” and “Note 3—Business Dispositions” for further discussion.

(2) Operating loss for Corporate included acquisition and integration expenses of $75.3 million and $70.7 million for the three months ended September 30, 2022 and 2021, respectively. Operating loss for Corporate included acquisition and integration expenses of $184.8 million and $237.7 million for the nine months ended September 30, 2022 and 2021, respectively. For the three and nine months ended September 30, 2022, operating loss for Corporate also included $31.7 million and $40.0 million, respectively, of other charges related to facilities exit activities.

(3) For the nine months ended September 30, 2022, consolidated operating income included a $833.1 million goodwill impairment charge related to our former Business and Consumer Solutions reporting unit. See “Note 5—Goodwill and Other Intangible Assets” for further discussion.

(4) For the three and nine months ended September 30, 2022, consolidated operating income included charges of $48.9 million and $73.9 million, respectively, to reduce the carrying amount of the consumer business disposal group to estimated fair value less costs to sell. During the nine months ended September 30, 2022, consolidated operating income included a $127.2 million loss on the sale of our Merchant Solutions business in Russia.

NOTE 15—COMMITMENTS AND CONTINGENCIES

Legal Matters

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.

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 I 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 December 31, 2021. 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.

Executive Overview

We are a leading payments technology company delivering innovative software and services to our customers globally. Our technologies, services and team member expertise allow us to provide a broad range of solutions that enable our customers to operate their businesses more efficiently across a variety of channels around the world.

We have grown organically as well as through acquisitions. We continue to invest in new technology solutions and innovation, infrastructure to support our growing business and the consolidation and enhancement of our operating platforms. These investments include new product development and innovation to further enhance and differentiate our suite of technology and cloud-based solutions available to customers, along with migration of certain underlying technology platforms to cloud environments to enhance performance, improve speed to market and drive cost efficiencies. We also continue to enhance our business operating model through execution of merger and integration and other activities, such as combining business operations, streamlining technology infrastructure, eliminating duplicative corporate and operational support structures and realizing scale efficiencies.

We have executed on our business strategy through several recent key transactions, including the following:

- On July 31, 2022, we entered into a definitive agreement to sell our consumer business for $1 billion, subject to certain closing adjustments. In connection with the sale, we will provide $675 million of seller financing and a first lien five-year $50 million secured revolving facility that will be available from the date of closing of the sale. The transaction is expected to close prior to the end of the first quarter of 2023, subject to required regulatory approvals and other customary closing conditions.

- On August 1, 2022, we entered into a merger agreement to acquire all outstanding equity of EVO Payments, Inc. ("EVO") for $34 per share, or approximately $3.4 billion in preliminary estimated cash consideration to be paid to EVO shareholders, which equates to an enterprise value of approximately $4 billion. EVO is a leading payment technology and services provider, offering an array of payment solutions to merchants ranging from small and middle market enterprises to multinational companies and organizations across the Americas and Europe. The acquisition aligns with our technology-enabled payments strategy, expands our geographic presence and augments our business-to-business software and payment solutions business. The acquisition is expected to close prior to the end of first quarter of 2023, subject to EVO's shareholder approvals, regulatory approvals and other customary closing conditions.

- Our capital allocation priorities were supported by the successful issuance of new senior notes, convertible notes and an increased credit facility during the third quarter of 2022.
  - On August 1, 2022, we entered into an investment agreement with Silver Lake Partners relating to the issuance of $1.5 billion in aggregate principal amount of 1.000% convertible unsecured senior notes (the “Convertible Notes”) due 2029 in a private placement, and the transaction closed on August 8, 2022. The Convertible Notes are convertible at the option of the holder at any time after 18 months into cash and shares of our common stock based on an initial conversion rate of 7.1089 shares of common stock per $1,000 principal amount of the Convertible Notes (which is equal to an initial conversion price of approximately $140.67 per share). Upon conversion, the principal amount of, and interest due on, the Convertible Notes are required to be settled in cash and any other amounts may be settled in shares, cash or a combination of shares and cash at our election.
  - In connection with the issuance of the Convertible Notes, we entered into privately negotiated capped call transactions with certain financial institutions to hedge the potential dilutive effect upon conversion of the Convertible Notes or offset our cash obligation if the cash settlement option is elected.
  - On August 19, 2022, we entered into a credit agreement for an unsubordinated unsecured $5.75 billion revolving credit facility (the "Revolving Credit Facility"), and all borrowings outstanding and other amounts due under our prior credit facility (the "Prior Credit Facility") were repaid and the Prior Credit Facility was terminated.
  - On August 22, 2022, we issued $2.5 billion aggregate principal amount of senior unsecured notes consisting of the following: (i) $500.0 million aggregate principal amount of 4.950% senior notes due August 2027; (ii) $500.0 million aggregate principal amount of 5.300% senior notes due August 2029; (iii) $750.0 million aggregate principal amount of 5.400% senior notes due August 2032; and (iv) $750.0 million aggregate principal amount of 5.950% senior notes due August 2052. The net proceeds from the offering have been or will be used to refinance the outstanding indebtedness under our credit facility, to make cash payments and pay transaction fees and expenses in connection with the pending acquisition of EVO, to refinance certain outstanding indebtedness of EVO in connection with the acquisition and for general corporate purposes.

Highlights related to our financial condition at September 30, 2022 and results of operations for the three and nine months then ended include the following:

- Consolidated revenues for the three and nine months ended September 30, 2022 were $2,285.4 million and $6,722.5 million, respectively, an increase of 3.8% and 6.2%, respectively, compared to the prior year. The increase in consolidated revenues was primarily due to an increase in transaction volumes as a result of growth in customer base, acceleration in the use of digital payment solutions and continued economic recovery from the effects of the COVID-19 pandemic, partially offset by the effects of unfavorable foreign currency exchange rates and lower volumes in our Consumer Solutions segment.

- Merchant Solutions segment operating income and operating margin for the three and nine months ended September 30, 2022 and Issuer Solutions operating income and operating margin for the three months ended September 30, 2022 increased compared to the prior year primarily due to the favorable effect of the increase in revenues, since certain fixed costs do not vary with revenues, and continued prudent expense management, partially offset by the effects of unfavorable foreign currency exchange rates. Issuer Solutions operating income and operating margin for the nine months ended September 30, 2022 decreased compared to the prior year as favorable effects of the increase in revenues was offset by the unfavorable effects of foreign currency exchange rates.

- Consolidated operating income for the nine months ended September 30, 2022 included the unfavorable effects of a $833.1 million goodwill impairment charge related to our former Business and Consumer Solutions reporting unit and a $127.2 million loss related to the sale in April 2022 of our Merchant Solutions business in Russia.

Effects of COVID-19 and Other Global Conditions

COVID-19

The COVID-19 pandemic has caused and may continue to cause significant disruptions to businesses and markets worldwide through the continued spread of the virus, including through a resurgence of COVID-19 cases or emergence of new virus variants in certain jurisdictions. The pandemic and measures to prevent its spread have affected and may continue to affect our financial results in various geographic locations as a result of volatility in spending and transaction volumes as governments implement or ease restrictions in response to the virus. While we continue to see signs of economic recovery, which has positively affected our financial results, some countries have faced more challenging circumstances in trying to contain a surge of infections. We continue to closely monitor the COVID-19 pandemic; however, the implications on future global economic conditions and related effects on our business and financial condition are difficult to predict due to continuing uncertainties around the ultimate severity, scope and duration of the pandemic, vaccine administration rates and efficacy, resurgence of COVID-19 cases and emergence of new virus variants and the direction or extent of current or future restrictive actions that may be imposed by governments or public health authorities.

Invasion of Ukraine by Russia

We continue to evaluate the potential effects on our business from other economic conditions and global events, including the ongoing Russia invasion of Ukraine that began in February 2022. In response to the invasion of Ukraine by Russia, economic sanctions were imposed on individuals and entities in Russia, including financial institutions, by governments around the world, including the U.S. and the European Union. Prior to sale, our business in Russia represented an immaterial portion of our operations and financial results. We have no team members or operations in Ukraine.

The invasion of Ukraine by Russia and the sanctions and other measures imposed in response to this situation have increased the level of economic and political uncertainty in Russia and other areas of the world. Risks associated with heightened geopolitical and economic instability include, among others, reduction in consumer, government or corporate spending, international sanctions, embargoes, heightened inflation, volatility in global financial markets and foreign currency rates, increased cyber disruptions and higher supply chain costs. The extent to which the effects of the invasion of Ukraine by Russia will affect the global economy and our operations outside of Russia is difficult to predict at this time. However, a significant escalation, expansion of the scope or continuation of the related economic disruption could have an adverse effect on our business and financial results.

Risks Related to Macroeconomic Conditions

We also continue to monitor the potential effects on our financial statements from other global developments, including fluctuations in foreign currency and actions taken by central banks to counter inflation. Certain 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. Recently, the US dollar has strengthened against most foreign currencies in the markets in which we operate. For the three and nine months ended September 30, 2022, currency exchange rate fluctuations decreased our consolidated revenues by approximately $57.1 million and $114.0 million, respectively, and decreased our operating income by approximately $24.0 million and $40.4 million, respectively, calculated by converting revenues and operating income for the current year in local currencies using exchange rates for the prior year. A continued strengthening of the US dollar or other significant fluctuations in foreign currency exchange rates could result in an adverse effect on our future financial results; however, we are unable to predict the extent of the potential effect on our financial results.

We also continue to closely monitor developments related to other macroeconomic conditions, including continued inflation and rising interest rates. We have reduced our interest rate risk through issuance of fixed rate debt in place of variable rate debt. However, inflationary pressure or interest rate fluctuations could adversely affect our business and financial performance as a result of higher costs and/or lower consumer spending. A continued rise in inflation or interest rates could result in an adverse effect on our future financial results and the recoverability of assets; however, as the future magnitude, duration and effects of these conditions are difficult to predict at this time, we are unable to predict the extent of the potential effect on our financial results.

For a further discussion of trends, uncertainties and other factors that could affect our future operating results, see the section entitled "Risk Factors" in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent filings we make with the SEC, including this Quarterly Report on Form 10-Q.

Results of Operations

During the third quarter of 2022, as a result of the pending divestiture of our consumer business and changes in how the business is managed, we have realigned the businesses previously comprising our Business and Consumer Solutions segment to include the business-to-business portion within our Issuer Solutions segment and the consumer portion within our Consumer Solutions segment. Our three reportable segments now are: Merchant Solutions, Issuer Solutions and Consumer Solutions. The presentation of segment information for the three and nine months ended September 30, 2021 has been recast to align with the segment presentation for the three and nine months ended September 30, 2022. For further information about our reportable segments, see "Item 1. Business—Business Segments" within our Annual Report on Form 10-K for the year ended December 31, 2021, incorporated herein by reference, and "Note 14—Segment Information" in the notes to the accompanying unaudited consolidated financial statements.

The following table sets forth key selected financial data for the three months ended September 30, 2022 and 2021, 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. The income statement data for the three months ended September 30, 2022 and 2021 is derived from the accompanying unaudited consolidated financial statements included in Part I, Item 1 - Financial Statements.

	Three Months Ended September 30, 2022	% of Revenues[1]	Three Months Ended September 30, 2021	% of Revenues[1]	$ Change	% Change
			(dollar amounts in thousands)			
Revenues[2]:						
Merchant Solutions	$ 1,596,326	69.8 %	$ 1,495,898	67.9 %	$ 100,428	6.7 %
Issuer Solutions	566,039	24.8 %	545,486	24.8 %	20,553	3.8 %
Consumer Solutions	147,337	6.4 %	183,591	8.3 %	(36,254)	(19.7)%
Intersegment eliminations	(24,331)	(1.1) %	(22,638)	(1.0) %	(1,693)	7.5 %
Consolidated revenues	$ 2,285,371	100.0 %	$ 2,202,337	100.0 %	$ 83,034	3.8 %
Consolidated operating expenses[2]:						
Cost of service	$ 931,249	40.7 %	$ 944,172	42.9 %	$ (12,923)	(1.4)%
Selling, general and administrative	918,757	40.2 %	858,082	39.0 %	60,675	7.1 %
Loss on business dispositions[4]	48,933	2.1 %	—	— %	48,933	NM
Operating expenses	$ 1,898,939	83.1 %	$ 1,802,254	81.8 %	$ 96,685	5.4 %
Operating income (loss)[2]:						
Merchant Solutions	$ 550,684	24.1 %	$ 488,407	22.2 %	$ 62,277	12.8 %
Issuer Solutions	97,548	4.3 %	85,717	3.9 %	11,831	13.8 %
Consumer Solutions	23,175	1.0 %	27,208	1.2 %	(4,033)	(14.8)%
Corporate[3]	(236,042)	(10.3) %	(201,249)	(9.1) %	(34,793)	17.3 %
Loss on business dispositions[4]	(48,933)	(2.1) %	—	— %	(48,933)	NM
Operating income	$ 386,432	16.9 %	$ 400,083	18.2 %	$ (13,651)	(3.4)%
Operating margin[2]:						
Merchant Solutions	34.5 %		32.6 %		1.9 %	
Issuer Solutions	17.2 %		15.7 %		1.5 %	
Consumer Solutions	15.7 %		14.8 %		0.9 %	

NM = Not meaningful

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

(2) Revenues, consolidated operating expenses, operating income (loss) and operating margin reflect the effects of acquired businesses from the respective acquisition dates and the effects of divested businesses through the respective disposal dates. See "Note 2—Acquisitions" and "Note 3—Business Dispositions" for further discussion.

(3) Operating loss for Corporate included acquisition and integration expenses of $75.3 million and $70.7 million for the three months ended September 30, 2022 and 2021, respectively. For the three months ended September 30, 2022, operating loss for Corporate also included $31.7 million of other charges related to facilities exit activities.

(4) For the three months ended September 30, 2022, consolidated operating income included a charge of $48.9 million to reduce the carrying amount of the consumer business disposal group to estimated fair value less costs to sell.

The following table sets forth key selected financial data for the nine months ended September 30, 2022 and 2021, 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. The income statement data for the nine months ended September 30, 2022 and 2021 is derived from the accompanying unaudited consolidated financial statements included in Part I, Item 1 - Financial Statements.

	Nine Months Ended September 30, 2022	% of Revenues[1]	Nine Months Ended September 30, 2021	% of Revenues[1]	$ Change	% Change
			(dollar amounts in thousands)			
Revenues[2]:						
Merchant Solutions	$ 4,651,061	69.2 %	$ 4,190,524	66.2 %	$ 460,537	11.0 %
Issuer Solutions	1,663,008	24.7 %	1,596,104	25.2 %	66,904	4.2 %
Consumer Solutions	478,082	7.1 %	608,645	9.6 %	(130,563)	(21.5)%
Intersegment eliminations	(69,620)	(1.0) %	(65,492)	(1.0) %	(4,128)	6.3 %
Consolidated revenues	$ 6,722,531	100.0 %	$ 6,329,781	100.0 %	$ 392,750	6.2 %
Consolidated operating expenses[2]:						
Cost of service	$ 2,850,706	42.4 %	$ 2,805,728	44.3 %	$ 44,978	1.6 %
Selling, general and administrative	2,605,085	38.8 %	2,486,153	39.3 %	118,932	4.8 %
Impairment of goodwill[4]	833,075	12.4 %	—	— %	833,075	NM
Loss on business dispositions[5]	201,144	3.0 %	—	— %	201,144	NM
Operating expenses	$ 6,490,010	96.5 %	$ 5,291,881	83.6 %	$ 1,198,129	22.6 %
Operating income (loss)[2]:						
Merchant Solutions	$ 1,530,573	22.8 %	$ 1,265,689	20.0 %	$ 264,884	20.9 %
Issuer Solutions	244,190	3.6 %	245,588	3.9 %	(1,398)	(0.6)%
Consumer Solutions	67,735	1.0 %	114,804	1.8 %	(47,069)	(41.0)%
Corporate[3]	(575,758)	(8.6) %	(588,181)	(9.3) %	12,423	(2.1)%
Impairment of goodwill[4]	(833,075)	(12.4) %	—	— %	(833,075)	NM
Loss on business dispositions[5]	(201,144)	(3.0) %	—	— %	(201,144)	NM
Operating income	$ 232,521	3.5 %	$ 1,037,900	16.4 %	$ (805,379)	(77.6)%
Operating margin[2]:						
Merchant Solutions	32.9 %		30.2 %		2.7 %	
Issuer Solutions	14.7 %		15.4 %		(0.7)%	
Consumer Solutions	14.2 %		18.9 %		(4.7)%	

NM = Not meaningful

[1] Percentage amounts may not sum to the total due to rounding.

[2] Revenues, consolidated operating expenses, operating income (loss) and operating margin reflect the effects of acquired businesses from the respective acquisition dates and the effects of divested businesses through the respective disposal dates. See “Note 2—Acquisitions” and “Note 3—Business Dispositions” for further discussion.

[3] Operating loss for Corporate included acquisition and integration expenses of $184.8 million and $237.7 million for the nine months ended September 30, 2022 and 2021, respectively. For the nine months ended September 30, 2022, operating loss for Corporate also included $40.0 million of other charges related to facilities exit activities.

[4] For the nine months ended September 30, 2022, consolidated operating income included a $833.1 million goodwill impairment charge related to our former Business and Consumer Solutions reporting unit. See “Note 5—Goodwill and Other Intangible Assets” for further discussion.

[5] For the nine months ended September 30, 2022, consolidated operating income included a $127.2 million on the sale of our Merchant Solutions business in Russia and a charge of $73.9 million to reduce the carrying amount of the consumer business disposal group to estimated fair value less costs to sell.

Revenues

Consolidated revenues for the three and nine months ended September 30, 2022 increased by 3.8% and 6.2%, respectively, to $2,285.4 million and $6,722.5 million, respectively, compared to $2,202.3 million and $6,329.8 million, respectively, for the prior year. The increase in revenues was primarily due to an increase in transaction volumes as a result of growth in customer base, acceleration in the use of digital payment solutions and continued economic recovery from the effects of the COVID-19 pandemic, partially offset by the effects of unfavorable foreign currency exchange rates as the U.S. dollar has continued to strengthen. While we continue to see signs of economic recovery, which has positively affected our financial results in 2022 compared to the prior year, the rate of recovery on a global basis has been and may continue to be affected by additional developments related to COVID-19 as well as other global events and economic conditions.

Merchant Solutions Segment. Revenues from our Merchant Solutions segment for the three and nine months ended September 30, 2022 increased by 6.7% and 11.0%, respectively, to $1,596.3 million and $4,651.1 million, respectively, compared to $1,495.9 million and $4,190.5 million, respectively, for the prior year. The increase in revenues was primarily due to an increase in transaction volumes as a result of growth in customer base, acceleration in the use of digital payment solutions and continued economic recovery from the effects of the COVID-19 pandemic. The increase in revenues was partially offset by the effects of unfavorable foreign currency exchange rates of $37.4 million and $77.3 million for the three and nine months ended September 30, 2022, respectively.

Issuer Solutions Segment. Revenues from our Issuer Solutions segment for the three and nine months ended September 30, 2022 increased by 3.8% and 4.2%, respectively, to $566.0 million and $1,663.0 million, respectively, compared to $545.5 million and $1,596.1 million, respectively, for the prior year. The increase in revenues was primarily due to an increase in transaction volumes from continued economic recovery from the effects of the COVID-19 pandemic and revenue related to the MineralTree business, which was acquired in the fourth quarter of 2021. The increase in revenues was partially offset by the effects of unfavorable foreign currency exchange rates of $19.7 million and $36.7 million for the three and nine months ended September 30, 2022, respectively.

Consumer Solutions Segment. Revenues from our Consumer Solutions segment for the three and nine months ended September 30, 2022 were $147.3 million and $478.1 million, respectively, compared to $183.6 million and $608.6 million, respectively, for the prior year. Revenues for the three and nine months ended September 30, 2022 were affected by reduced consumer spending and lower spending volumes as a result of individual stimulus payments and supplementary unemployment amounts distributed to our customers by the U.S. government in the first half of 2021 that did not recur in 2022.

Operating Expenses

Cost of Service. Cost of service for the three and nine months ended September 30, 2022 was $931.2 million and $2,850.7 million, respectively, compared to $944.2 million and $2,805.7 million, respectively, for the prior year. Cost of service as a percentage of revenues decreased to 40.7% and 42.4%, respectively, for the three and nine months ended September 30, 2022 compared to 42.9% and 44.3%, respectively, for the prior year. Compared to the prior year, cost of service for the three and nine months ended September 30, 2022 included higher variable costs associated with the increase in revenues, offset by the favorable effects of prudent expense management and lower amortization of acquired intangibles, as the consumer business assets classified as held for sale are not subject to amortization. The decrease in cost of service as a percentage of revenues also reflects the favorable effect of the increase in revenues, since certain fixed costs do not vary with revenues. Amortization of acquired intangibles were $306.0 million and $319.9 million for the three months ended September 30, 2022 and 2021, respectively, and $962.4 million and $973.9 million for the nine months ended September 30, 2022 and 2021, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three and nine months ended September 30, 2022 increased by 7.1% and 4.8%, respectively, to $918.8 million and $2,605.1 million, respectively, compared to $858.1 million and $2,486.2 million, respectively, for the prior year. Selling, general and administrative expenses as a percentage of revenues was 40.2% and 38.8% for the three and nine months ended September 30, 2022, respectively, compared to 39.0% and 39.3%, respectively, for the prior year. The increase in selling, general and administrative expenses was primarily due to an increase in variable selling and other costs related to the increase in revenues, charges related to facilities exit activities primarily due to actions taken in the third quarter of 2022 and higher compensation and benefits and other costs related to the pending sale of the consumer business, partially offset by lower share-based compensation expenses in the current year. Selling, general and administrative expenses for the nine months ended September 30, 2022 also included lower acquisition and integration expenses compared to the prior year. The change in selling, general and administrative expenses as a percentage of revenues also reflects the favorable effect of the increase in revenues, since certain fixed costs do not vary with revenues.

Actions taken to exit certain leased facilities resulted in charges of $31.7 million and $40.0 million during the three and nine months ended September 30, 2022, respectively, primarily to reduce the carrying amount of the affected asset groups to estimated fair value. We continue to evaluate our physical footprint and additional charges may be incurred as these facilities exit activities continue in 2022.

Selling, general and administrative expenses included acquisition and integration expenses of $73.3 million and $71.6 million for the three months ended September 30, 2022 and 2021, respectively, and $186.2 million and $241.6 million for the nine months ended September 30, 2022 and 2021, respectively. Selling, general and administrative expenses included share-based compensation expense of $37.1 million and $65.6 million for the three months ended September 30, 2022 and 2021, respectively, and $122.5 million and $146.1 million for the nine months ended September 30, 2022 and 2021, respectively. The higher share-based compensation expense for the three and nine months ended September 30, 2021 was primarily driven by the vesting of certain performance-based restricted stock units upon achievement of performance measures during the prior period.

Corporate. Corporate expenses for the three and nine months ended September 30, 2022 were $236.0 million and $575.8 million, respectively, compared to $201.2 million and $588.2 million, respectively, for the prior year. The change in corporate expenses for the three and nine months ended September 30, 2022 compared to the prior year reflects the unfavorable effects of the charges related to facilities exit activities and higher compensation costs, partially offset by the decrease in share-based compensation expense as described above. In addition, corporate expenses included acquisition and integration expenses of $75.3 million and $184.8 million for the three and nine months ended September 30, 2022, respectively, compared to $70.7 million and $237.7 million for the three and nine months ended September 30, 2021, respectively.

Operating Income and Operating Margin

Consolidated operating income for the three and nine months ended September 30, 2022 was $386.4 million and $232.5 million, respectively, compared to $400.1 million and $1,037.9 million, respectively, for the prior year. Operating margin for the three months ended September 30, 2022 was 16.9% compared to 18.2% for the prior year. Consolidated operating income and operating margin for the three and nine months ended September 30, 2022 compared to the prior year included the favorable effects of the increase in revenues, since certain fixed costs do not vary with revenues, and lower amortization of acquired intangibles and share-based compensation expenses as described above. Consolidated operating income for the nine months ended September 30, 2022 also included the favorable effect of lower acquisition and integration expenses compared to the prior year. Consolidated operating income for the nine months ended September 30, 2022 included the unfavorable effects of a $833.1 million goodwill impairment charge related to our former Business and Consumer Solutions reporting unit and a $127.2 million loss related to the sale in April 2022 of our Merchant Solutions business in Russia. We also recognized charges within loss on business dispositions in our consolidated statement of income of $48.9 million and $73.9 million during the three and nine months ended September 30, 2022, respectively, to reduce the carrying amount of the consumer business disposal group to estimated fair value less costs to sell. The charge during the three months ended September 30, 2022 relates primarily to a change in the estimated fair value of the fixed rate seller financing. Operating income for the three and nine months ended September 30, 2022 also included the unfavorable effect of a charge in the third quarter of 2022 related to facilities exit activities as described above.

Segment Operating Income and Operating Margin

In our Merchant Solutions segment, operating income and operating margin for the three and nine months ended September 30, 2022 increased compared to the prior year primarily due to the favorable effect of the increase in revenues, since certain fixed costs do not vary with revenues, and continued prudent expense management, slightly offset by incremental expenses related to continued investment in new product, innovation and our technology environments and the effects of unfavorable foreign currency exchange rates. In our Issuer Solutions segment, operating income and operating margin for the three months ended September 30, 2022 increased compared to the prior year primarily due to the favorable effect of the increase in revenues, since certain fixed costs do not vary with revenues, and continued prudent expense management, partially offset by the effects of unfavorable foreign currency exchange rates. In our Issuer Solutions segment, operating income and operating margin for the nine months ended September 30, 2022 decreased compared to the prior year as favorable effects of the increase in revenues was offset by the unfavorable effects of foreign currency exchange rates. In our Consumer Solutions segment, operating income and operating margin for the three and nine months ended September 30, 2022 were unfavorably affected by the decline in revenues.

Other Income/Expense, Net

Interest and other income for the three and nine months ended September 30, 2022 increased to $20.4 million and $25.1 million, respectively, compared to $6.3 million and $16.0 million, respectively, for the prior year, primarily due to a gain of $13.2 million recognized in connection with the release and conversion of a portion of our Visa convertible preferred shares. See "Note 6—Other Assets" in the notes to the accompanying consolidated financial statements for further discussion of this transaction.

Interest and other expense for the three and nine months ended September 30, 2022 increased to $135.2 million and $327.7 million, respectively, compared to $82.2 million and $245.9 million, respectively, for the prior year, as a result of the increase in our average outstanding borrowings and higher average interest rates on outstanding borrowings. In addition, interest expense for the three and nine months ended September 30, 2022 included fees and charges incurred in connection with financing activities that occurred during the third quarter of 2022, including $17.3 million related to commitment fees associated with bridge financing.

Income Tax Expense

For the three months ended September 30, 2022 and 2021, our effective income tax rates were 5.2% and 15.5%, respectively. The decrease in our effective rate from the prior year was primarily due to the favorable effects of foreign interest income not subject to tax, adjustments to unrecognized income tax benefits related to certain U.S. federal income tax positions and remeasurement of state deferred taxes to reflect enacted tax law changes.

For the nine months ended September 30, 2022, we incurred income tax expense in spite of reporting a loss before income taxes primarily due to the unfavorable effects of the goodwill impairment charge and the loss on the sale of our Merchant Solutions business in Russia, for which no tax benefit was recognized. The effective tax rate for the nine months ended September 30, 2021 of 16.3% included the unfavorable effect of a change in the U.K. statutory income tax rate that took effect during the nine months ended September 30, 2021, which required a remeasurement of deferred tax balances to increase the effective rate, which was partially offset by the favorable effect of a change in the assessment of the need for a valuation allowance related to foreign tax credit carryforwards.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act (the "IRA") into law. The IRA, among other things, implements a 15% corporate alternative minimum tax based on global adjusted financial statement income and a 1% excise tax on share repurchases, which shall take effect in tax years beginning after December 31, 2022. We are in the process of evaluating the provisions of the IRA, but we do not currently believe the IRA will have a material effect on our reported results, cash flows or financial position when it becomes effective. We expect to reflect the excise tax within equity as part of the repurchase price of common stock.

Net Income (Loss) Attributable to Global Payments

Net income (loss) attributable to Global Payments was $290.5 million and ($137.8 million), respectively, for the three and nine months ended September 30, 2022 compared to net income of $296.7 million and $757.0 million, respectively, for the prior year, reflecting the changes noted above along with changes in equity in income of equity method investments. Equity in income of equity method investments for the three and nine months ended September 30, 2022 included a $17.9 million gain on the sale of an equity method investment. In addition, equity in income of equity method investments for the nine months ended September 30, 2022 included a decrease in fair value of investments held at certain investees, compared to appreciation in fair value of investments held at certain investees in the nine months ended September 30, 2021.

Diluted Earnings (Loss) per Share

Diluted earnings (loss) per share was $1.05 and ($0.49), respectively, for the three and nine months ended September 30, 2022 compared to diluted earnings per share of $1.01 and $2.56, respectively, for the prior year. Diluted earnings (loss) per share for the three and nine months ended September 30, 2022 reflects the changes in net income (loss) and the decrease in the weighted-average number of shares outstanding.

Liquidity and Capital Resources

We have numerous sources of capital, including cash on hand and cash flows generated from operations as well as various sources of financing. In the ordinary course of our business, a significant portion of our liquidity comes from operating cash flows and borrowings, including the capacity under our Revolving Credit Facility.

Our capital allocation priorities are to make planned capital investments in our business, to pursue acquisitions that meet our corporate objectives, to pay dividends, to pay principal and interest on our outstanding debt and to repurchase shares of our common stock. Our significant contractual cash requirements also include ongoing payments for lease liabilities and contractual obligations related to service arrangements with suppliers for fixed or minimum amounts, which primarily relate to software, technology infrastructure and related services. Commitments under our borrowing arrangements are further described in "Note 7—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements and below under "Long-Term Debt and Lines of Credit." For additional information regarding our other cash commitments and contractual obligations, see "Note 6—Leases" and “Note 17—Commitments and Contingencies” in our Annual Report on Form 10-K for the year ended December 31, 2021.

Our capital plan objectives are to support our operational needs and strategic plan for long-term growth while optimizing our cost of capital and financial position. To supplement cash from operating activities, we use a combination of bank financing, such as borrowings under our credit facilities, and senior note issuances for general corporate purposes and to fund acquisitions. During the third quarter of 2022, we entered into an investment agreement with Silver Lake Partners in the form of privately placed Convertible Notes, which also served as a source of general funding together with our other borrowings. In addition, specialized lines of credit are also used in certain of our markets to fund merchant settlement prior to receipt of funds from the card networks.

We believe that our current level of cash and borrowing capacity under our Revolving Credit Facility, together with expected future cash flows from operations, will be sufficient to meet both the near-term and long-term needs of our existing operations and planned requirements. We regularly evaluate our liquidity and capital position relative to cash requirements, and we may elect to raise additional funds in the future through the issuance of debt or equity or by other means. Accumulated cash balances are invested in high-quality, marketable short-term instruments.

At September 30, 2022, we had cash and cash equivalents totaling $1,993.8 million. Of this amount, we considered $1,113.4 million to be available for general purposes, of which $29.9 million is undistributed foreign earnings considered to be indefinitely reinvested outside the United States. The available cash of $1,113.4 million does not include the following: (i) settlement-related cash balances, (ii) funds held as collateral for merchant losses ("Merchant Reserves") and (iii) funds held for customers. Settlement-related cash balances represent funds that we hold when the incoming amount from the card networks precedes the funding obligation to the merchant. Settlement-related cash balances are not restricted in their use; however, these funds are generally paid out in satisfaction of settlement processing obligations the following day. Merchant Reserves serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant's agreement. While this cash is not restricted in its use, we believe that designating this cash as a Merchant Reserve strengthens our fiduciary standing with our member sponsors. Funds held for customers, which are not restricted in their use, include amounts collected before the corresponding obligation is due to be settled to or at the direction of our customers.

We also had restricted cash of $132.5 million as of September 30, 2022, representing amounts deposited by customers for prepaid card transactions. These balances are subject to local regulatory restrictions requiring appropriate segregation and restriction in their use.

Operating activities provided net cash of $1,534.5 million and $2,027.6 million for the nine months ended September 30, 2022 and 2021, respectively, which reflect net income (loss) adjusted for noncash items, including depreciation and amortization, charges associated with the impairment of goodwill and loss on business dispositions, facility exit charges, and changes in operating assets and liabilities. The decrease in cash flows from operating activities from the prior year was due to fluctuations in operating assets and liabilities that are affected primarily by timing of month-end and transaction volume, including changes in settlement processing assets and obligations and accounts payable and other liabilities balances.

We used net cash in investing activities of $486.9 million and $1,295.9 million during the nine months ended September 30, 2022 and 2021, respectively, primarily to fund acquisitions and capital expenditures. During the nine months ended September 30, 2022 and 2021, we used cash of $25.0 million and $946.4 million, respectively, for acquisitions. We made capital expenditures of $463.4 million and $350.7 million during the nine months ended September 30, 2022 and 2021, respectively. These investments include software and hardware to support the development of new technologies, infrastructure to support our growing business and the consolidation and enhancement of our operating platforms. These investments also include new product development and innovation to further enhance and differentiate our suite of technology and cloud-based solutions available to customers. We expect to continue to make significant capital investments in the business, and we anticipate capital expenditures to remain as a similar percentage of revenues for the year ending December 31, 2022 as compared to the year ended December 31, 2021. Additionally, investing cash flows for the nine months ended September 30, 2022 includes the net effect on cash from the sale of our Merchant Solutions business in Russia and cash received from the sale of investments in Visa common shares of $13.2 million and equity method investments of $17.9 million.

Financing activities include borrowings and repayments under our various debt arrangements, as well as borrowings and repayments made under specialized lines of credit to fund daily settlement activities. Our borrowing arrangements are further described in "Note 7—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements and below under "Long-Term Debt and Lines of Credit." Financing activities also include cash flows associated with common stock repurchase programs and share-based compensation programs, cash distributions made to our shareholders and cash contributions from and distributions to noncontrolling interests. We used net cash in financing activities of $804.6 million and $310.2 million during the nine months ended September 30, 2022 and 2021, respectively.

Proceeds from long-term debt were $9,124.4 million and $3,910.0 million for the nine months ended September 30, 2022 and 2021, respectively. Repayments of long-term debt were $7,193.7 million and $2,434.8 million for the nine months ended September 30, 2022 and 2021, respectively. Proceeds from and repayments of long-term debt consist of borrowings and repayments that we make with available cash, from time-to-time, under our Revolving Credit Facility, as well as scheduled principal repayments we make on our term loans.

On August 22, 2022, we issued $2.5 billion aggregate principal amount of senior unsecured notes consisting of the following: (i) $500.0 million aggregate principal amount of 4.950% senior notes due August 2027; (ii) $500.0 million aggregate principal amount of 5.300% senior notes due August 2029; (iii) $750.0 million aggregate principal amount of 5.400% senior notes due August 2032; and (iv) $750.0 million aggregate principal amount of 5.950% senior notes due August 2052. The net proceeds from the offering have been or will be used to refinance the outstanding indebtedness under our credit facility, to make cash payments and pay transaction fees and expenses in connection with the pending acquisition of EVO, to refinance certain outstanding indebtedness of EVO in connection with the acquisition and for general corporate purposes.

On August 19, 2022, we entered into a credit agreement for an unsubordinated unsecured $5.75 billion Revolving Credit Facility, and all borrowings outstanding and other amounts due under our Prior Credit Facility were repaid and the Prior Credit Facility was terminated.

On August 1, 2022, we entered into an investment agreement with Silver Lake Partners relating to the issuance of $1.5 billion in aggregate principal amount of 1.000% Convertible Notes due 2029 in a private placement, and the transaction closed on August 8, 2022. In connection with the issuance of the Convertible Notes, we paid $302.4 million to purchase privately negotiated capped call transactions with certain financial institutions, to hedge the potential dilutive effect upon conversion of the Convertible Notes, or offset our cash obligation if the cash settlement option is elected.

On February 26, 2021, we issued $1.1 billion aggregate principal amount of 1.200% senior unsecured notes due February 2026. We used the net proceeds from this offering to fund the redemption in full of the 3.800% senior unsecured notes due April 2021, to repay a portion of the outstanding indebtedness under our Prior Credit Facility and for general corporate purposes.

Activity under our settlement lines of credit is affected primarily by timing of month-end and transaction volume. During the nine months ended September 30, 2022, we had net repayments of settlement lines of credit of $2.8 million. During the nine months ended September 30, 2021, we had net borrowings from settlement lines of credit of $244.9 million.

We repurchase our common stock mainly through open market repurchase plans and, at times, through accelerated share repurchase ("ASR") programs. During the nine months ended September 30, 2022 and 2021, we used $2,139.7 million and $1,833.7 million, respectively, to repurchase shares of our common stock. The activity for the nine months ended September 30, 2021 included the repurchase of 2,491,161 shares at an average price of $200.71 per share under an ASR agreement we entered into on February 10, 2021 with a financial institution to repurchase an aggregate of $500 million of our common stock during the ASR program purchase period, which ended on March 31, 2021.

As of September 30, 2022, the remaining amount available under our share repurchase program was $610.3 million. On October 27, 2022, our board of directors approved an increase to our existing share repurchase program authorization, which raised the total available authorization to $1.5 billion.

We paid dividends to our common shareholders in the amounts of $208.1 million and $188.2 million during the nine months ended September 30, 2022 and 2021, respectively. Additionally, during the nine months ended September 30, 2022, we made distributions to noncontrolling interests in the amount of $17.7 million and paid contingent consideration of $15.7 million related to a 2021 acquisition.

During the nine months ended September 30, 2021, Global Payments and a noncontrolling shareholder made contributions of $185.3 million and $46.3 million, respectively, to one of our majority-owned subsidiaries, Comercia Global Payments Entidad de Pago, S.L. (“Comercia”). Contributions were made to Comercia based on each shareholder's proportionate ownership to fund an acquisition by Comercia that closed in the fourth quarter of 2021.

Long-Term Debt and Lines of Credit

Senior Notes

We have $11.9 billion in aggregate principal amount of senior unsecured notes, which mature at various dates ranging from June 2023 to August 2052. Interest on the senior notes is payable semi-annually at various dates. Each series of the senior notes is redeemable, at our option, in whole or in part, at any time and from time-to-time at the redemption prices set forth in the related indenture.

On August 22, 2022, we issued $2.5 billion aggregate principal amount of senior unsecured notes consisting of the following: (i) $500.0 million aggregate principal amount of 4.950% senior notes due August 2027; (ii) $500.0 million aggregate principal amount of 5.300% senior notes due August 2029; (iii) $750.0 million aggregate principal amount of 5.400% senior notes due August 2032; and (iv) $750.0 million aggregate principal amount of 5.950% senior notes due August 2052. We issued the senior notes at a total discount of $5.2 million, and we incurred debt issuance costs of $24.8 million, including underwriting fees, fees for professional services and registration fees, which were capitalized and reflected as a reduction of the related carrying amount of the notes in our consolidated balance sheet at September 30, 2022. Interest on the senior unsecured notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing February 15, 2023. The notes are unsecured and unsubordinated indebtedness and rank equally in right of payment with all of our other outstanding unsecured and unsubordinated indebtedness. The net proceeds from the offering have been or will be used to refinance the outstanding indebtedness under our credit facility, to make cash payments and pay transaction fees and expenses in connection with the pending acquisition of EVO, to refinance certain outstanding indebtedness of EVO in connection with the acquisition and for general corporate purposes. In the event that the EVO acquisition is not consummated, we will be required to redeem the notes due 2027 and 2029 at a redemption price equal to 101% of the principal amount of the notes due 2027 and 2029 then outstanding plus accrued and unpaid interest, if any.

Convertible Notes

On August 1, 2022, we entered into an investment agreement with Silver Lake Partners relating to the issuance of $1.5 billion in aggregate principal amount of 1.000% Convertible Notes due 2029 in a private placement, and the transaction closed on August 8, 2022. The net proceeds from this offering were approximately $1.45 billion, reflecting an issuance discount of $37.5 million and $10.4 million of debt issuance costs, which were capitalized and reflected as a reduction of the related carrying amount of the Convertible Notes in our consolidated balance sheet at September 30, 2022.

The Convertible Notes bear interest at a rate of 1.000% per annum. Interest on the Convertible Notes is payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2023, to the holders of record on the preceding February 1 and August 1, respectively. The Convertible Notes mature on August 15, 2029, subject to earlier conversion or repurchase.

The Convertible Notes are convertible at the option of the holder at any time after the date that is 18 months after issuance (or earlier, upon the occurrence of certain corporate events) until the scheduled trading day prior to the maturity date. The Convertible Notes are convertible into cash and shares of our common stock based on an initial conversion rate of 7.1089 shares of common stock per $1,000 principal amount of the Convertible Notes (which is equal to an initial conversion price of approximately $140.67 per share), subject to customary anti-dilution and other adjustments upon the occurrence of certain events. Upon conversion, the principal amount of, and interest due on, the Convertible Notes are required to be settled in cash and any other amounts may be settled in shares, cash or a combination of shares and cash at our election.

The Convertible Notes are not redeemable by us. If certain corporate events that constitute a fundamental change (as defined in the indenture governing the Convertible Notes) occur, any holder of the Convertible Notes may require that we repurchase all or any portion of their notes for cash at a purchase price of par plus accrued and unpaid interest to, but excluding, the repurchase date. In addition, if certain corporate events that constitute a make-whole fundamental change (as defined in the indenture governing the Convertible Notes) occur, then the conversion rate will in certain circumstances be increased for a specified period of time. The Convertible Notes include customary covenants for convertible notes of this type, as well as customary events of default, which may result in the acceleration of the maturity of the Convertible Notes.

On August 8, 2022, in connection with the issuance of the Convertible Notes, we entered into privately negotiated capped call transactions with certain financial institutions to cover, subject to customary adjustments, the number of shares of common stock initially underlying the Convertible Notes. The economic effect of the capped call transactions is to hedge the potential dilutive effect upon conversion of the Convertible Notes, or offset our cash obligation if the cash settlement option is elected, up to a cap price determined based on a hedging period that commenced on August 9, 2022 and concluded on August 25, 2022. The capped call has an initial strike price of $140.67 per share and a cap price of $229.26 per share. The capped call transactions meet the accounting criteria to be reflected in stockholders' equity and not accounted for as derivatives. The cost of 302.4 million incurred in connection with the capped call transactions was recorded as a reduction to paid-in-capital in our consolidated balance sheet at September 30, 2022, net of applicable income taxes.

New Credit Facility

On August 19, 2022, we entered into a credit agreement (the "Revolving Credit Agreement") with Bank of America, N.A., as administrative agent, and a syndicate of financial institutions, as lenders and other agents. The Revolving Credit Agreement provides for an unsubordinated unsecured $5.75 billion Revolving Credit Facility. We capitalized debt issuance costs of $12.3 million in connection with the issuances under the Revolving Credit Facility. The Revolving Credit Facility matures in August 2027. Borrowings under the Revolving Credit Facility may be repaid prior to maturity without premium or penalty, subject to payment of certain customary expenses of Lenders and customary notice provisions.

Borrowings under the Revolving Credit Facility will be available to be made in US dollars, euros, sterling, Canadian dollars and, subject to certain conditions, certain other currencies at our option. Borrowings under the Revolving Credit Facility will bear interest, at our option, at a rate equal to (i) for Secured Overnight Financing Rate ("SOFR") based currencies or certain alternative currencies, a secured overnight financing rate (subject to a 0.00% floor) plus a 0.10% credit spread adjustment or an alternative currency term rate (subject to a 0.00% floor), as applicable, (ii) for US dollar borrowings, a base rate, (iii) for US dollar borrowings, a daily floating secured overnight financing rate (subject to a 0.00% floor on or after January 1, 2023) plus a 0.10% credit spread adjustment or (iv) for certain alternative currencies, a daily alternative currency rate (subject to a 0.00% floor), in each case, plus an applicable margin. The applicable margin for borrowings under the Revolving Credit Facility will range from 1.125% to 1.875% depending on our credit rating and is initially 1.375%. In addition, we are required to pay a quarterly commitment fee with respect to the unused portion of the Revolving Credit Facility at an applicable rate per annum ranging from 0.125% to 0.300% depending on our credit rating.

We may issue standby letters of credit of up to $250.0 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. The amounts available to borrow under the Revolving Credit Facility are also determined by a financial leverage covenant. As of September 30, 2022, there were no borrowings outstanding under the Revolving Credit Facility, and the total available commitments under the Revolving Credit Facility were $2.5 billion.

Prior Credit Facility

Prior to the Revolving Credit Facility, we were party to a Prior Credit Facility agreement with Bank of America, N.A., as administrative agent, and a syndicate of financial institutions, as lenders and other agents. The Prior Credit Facility provided for a senior unsecured $2.0 billion term loan facility and a senior unsecured $3.0 billion revolving credit facility. In August 2022, all borrowings outstanding and other amounts due under the Prior Credit Facility were repaid and the Prior Credit Facility was terminated.

Bridge Facility

On August 1, 2022, in connection with our entry into the EVO merger agreement, we obtained commitments for a $4.3 billion, 364-day senior unsecured bridge facility (the "Bridge Facility"). Upon the execution of permanent financing, including the issuance of our senior unsecured notes and entry into the Revolving Credit Facility described above, the aggregate commitments under the Bridge Facility were reduced to zero and terminated. For the three and nine months ended September 30, 2022, we recognized $17.3 million of commitment fees associated with the Bridge Facility in interest expense.

Compliance with Covenants

The Convertible Notes include customary covenants and events of default for convertible notes of this type. The Revolving Credit Agreement contains customary affirmative covenants and restrictive covenants, including, among others, financial covenants based on net leverage and interest coverage ratios, and customary events of default. As of September 30, 2022, financial covenants under the Revolving Credit Agreement required a leverage ratio of 3.75 to 1.00 and an interest coverage ratio of 3.00 to 1.00. We were in compliance with all applicable covenants as of September 30, 2022.

Settlement Lines of Credit

In various markets where we do business, we have specialized lines of credit that are restricted for use in funding settlement. The settlement lines of credit generally have variable interest rates, are subject to annual review and are 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 lines of credit may exceed the stated credit limit. As of September 30, 2022, a total of $78.0 million of cash on deposit was used to determine the available credit.

As of September 30, 2022, we had $440.9 million outstanding under these lines of credit with additional capacity to fund settlement of $1.8 billion. During the three months ended September 30, 2022, the maximum and average outstanding balances under these lines of credit were $958.2 million and $499.5 million, respectively. The weighted-average interest rate on these borrowings was 4.78% at September 30, 2022.

See "Note 7—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements for further information about our borrowing agreements.

Update to Critical Accounting Policies

Goodwill - We test goodwill for impairment at the reporting unit level annually and more often if an event occurs or circumstances change that indicate the fair value of a reporting unit may be below its carrying amount. When applying the quantitative assessment, we determine the fair value of our reporting units based on a weighted average of multiple valuation techniques, principally a combination of an income approach and a market approach. The income approach calculates a value based upon the present value of estimated future cash flows, while the market approach uses earnings multiples of similarly situated guideline public companies. Determining the fair value of a reporting unit involves judgment and the use of significant estimates and assumptions, which include assumptions regarding the revenue growth rates and operating margins used to calculate estimated future cash flows, risk-adjusted discount rates and future economic and market conditions.

The sustained decline in our share price and increases in discount rates, primarily resulting from increased economic uncertainty, indicated a potential decline in fair value and triggered a requirement to evaluate our Issuer Solutions and former Business and Consumer Solutions reporting units for potential impairment as of June 30, 2022. Further, the estimated sales price for the consumer business also indicated a potential decline in fair value of our former Business and Consumer Solutions reporting unit as of June 30, 2022. We determined on the basis of the quantitative assessment that the fair value of our Issuer Solutions reporting unit was still greater than its carrying amount by approximately 4% as of June 30, 2022, indicating no impairment. Based on the quantitative assessment of our former Business and Consumer Solutions reporting unit, including consideration of the consumer business disposal group and the remaining assets of the reporting unit, we recognized a goodwill impairment charge of $833.1 million in our consolidated statement of income during the three months ended June 30, 2022.

We continue to closely monitor developments related to COVID-19 and other global events and conditions, including continued inflation and rising interest rates. The future magnitude, duration and effects of these events are difficult to predict at this time, and it is reasonably possible that future developments could have a negative effect on the estimates and assumptions utilized in our goodwill impairment assessments and could result in material impairment charges in future periods.

Intangible and Long-lived Assets - We classify an asset or business as a held for sale disposal group if we have committed to a plan to sell the asset or business within one year and are actively marketing the asset or business in its current condition for a price that is reasonable in comparison to its estimated fair value. Disposal groups held for sale are reported at the lower of carrying amount or fair value less costs to sell. Long-lived assets classified as held for sale are not subject to depreciation or amortization, and both the assets and any liabilities directly associated with the disposal group are presented within separate held for sale line items in our consolidated balance sheet. Subsequent changes to the estimated selling price of an asset or disposal group held for sale are recorded as gains or losses in our consolidated statement of income and any subsequent gains are limited to the cumulative losses previously recognized.

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

Some of the statements we use in this report, and in some of the documents we incorporate by reference in this report, contain forward-looking statements concerning our business operations, economic performance and financial condition, including in particular: our business strategy and means to implement the strategy; measures of future results of operations, such as revenues, expenses, operating margins, income tax rates, and earnings per share; other operating metrics such as shares outstanding and capital expenditures; the effects of the COVID-19 pandemic and other general economic conditions on our business; statements about the strategic rationale and benefits of the proposed acquisition of EVO Payments, Inc. ("EVO"), including future financial and operating results, the combined company's plans, objectives, expectation and intentions and the completion and expected timing of completion of the proposed transaction; planned divestitures or strategic initiatives; and our success and timing in developing and introducing new services and expanding our business. You can sometimes identify forward-looking statements by our use of the words "believes," "anticipates," "expects," "intends," "plan," "forecast," "guidance" and similar expressions. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Although we believe that the plans and expectations reflected in or suggested by our forward-looking statements are reasonable, those statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties and contingencies, many of which are beyond our control, cannot be foreseen and reflect future business decisions that are subject to change. Accordingly, we cannot guarantee that our plans and expectations will be achieved. Our actual revenues, revenue growth rates and margins, other results of operations and shareholder values could differ materially from those anticipated in our forward-looking statements as a result of many known and unknown factors, many of which are beyond our ability to predict or control. Important factors, among others, that may otherwise cause actual events or results to differ materially from those anticipated by such forward-looking statements or historical performance include the effects of global economic, political, market, health and social events or other conditions, including the effects and duration of, and actions taken in response to, the COVID-19 pandemic and the evolving situation involving Ukraine and Russia; foreign currency exchange, inflation and rising interest rate risks; difficulties, delays and higher than anticipated costs related to integrating the businesses of acquired companies, including with respect to implementing controls to prevent a material security breach of any internal systems or to successfully manage credit and fraud risks in business units; our ability to complete the proposed transaction with EVO on the proposed terms or on the proposed timeline, or at all, including risks and uncertainties related to securing the necessary regulatory approvals and the satisfaction of other closing conditions; the occurrence of any event, change or other circumstance that could give rise to the termination of the definitive merger agreement relating to the transaction with EVO; failure to realize the expected benefits of the proposed transaction with EVO, as applicable; significant transaction costs and/or unknown or inestimable liabilities; the risk that EVO Payments' business will not be integrated successfully, including with respect to implementing systems to prevent a material security breach of any internal systems or to successfully manage credit and fraud risks in business units, or that such integration may be more difficult, time-consuming or costly than expected; effects relating to the announcement of the proposed transaction with EVO, including on the market price of our common stock and our relationships with customers, employees and suppliers; the risk of potential stockholder litigation associated with the proposed transaction with EVO; the effect of a security breach or operational failure on the Company's business; failing to comply with the applicable requirements of Visa, Mastercard or other payment networks or card schemes or changes in those requirements; the ability to maintain Visa and Mastercard registration and financial institution sponsorship; the ability to retain, develop and hire key personnel; the diversion of management's attention from ongoing business operations; the continued availability of capital and financing; increased competition in the markets in which we operate and our ability to increase our market share in existing markets and expand into new markets; our ability to safeguard our data; risks associated with our indebtedness; our ability to meet environmental, social and governance targets, goals and commitments; the potential effects of climate change, including natural disasters; the effects of new or changes in current laws, regulations, credit card association rules or other industry standards on us or our partners and customers, including privacy and cybersecurity laws and regulations; and other events beyond our control, and other factors presented in "Item 1A - Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent filings we make with the SEC, including this Quarterly Report on Form 10-Q, which we advise you to review.

These cautionary statements qualify all of our forward-looking statements, and you are cautioned not to place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans and expectations as of any subsequent date. While we may elect to update or revise forward-looking statements at some time in the future, we specifically disclaim any obligation to publicly release the results of any revisions to our forward-looking statements, except as required by law.

ITEM 3—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of our exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 4—CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of September 30, 2022, 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, as amended). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2022, 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

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2022 that 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. See "Note 15—Commitments and Contingencies" in the notes to the accompanying unaudited consolidated financial statements for information about certain legal matters.

ITEM 1A—RISK FACTORS

The following risk factors are an update to our previously disclosed risk factors and should be considered in conjunction with the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2021 and any subsequent filings we make with the SEC.

If we are unable to complete certain divestitures, our financial results could be materially and adversely affected.

From time to time, we may divest businesses that do not meet our strategic objectives. For instance, we committed to a plan to sell our consumer business, which is expected to close prior to the end of the first quarter of 2023.

We may not be able to complete desired divestitures on terms favorable to us or at all. Gains or losses on the sales of, or lost operating income from, those businesses may negatively affect our profitability and margins. Moreover, we have incurred and in the future may incur asset impairment charges related to divestitures that reduce our profitability.

Our divestiture activities may also present financial, managerial, and operational risks. Those risks include diversion of management attention from existing businesses, difficulties separating personnel and financial and other systems, possible need for providing transition services to buyers, adverse effects on existing business relationships with suppliers and customers and indemnities and potential disputes with the buyers. Any of these factors could adversely affect our financial condition and results of operations.

We are subject to economic and geopolitical risk, the business cycles and credit risk of our customers and the overall level of consumer, business and government spending, which could negatively affect our business, financial condition, results of operations and cash flows.

The global payments technology industry depends heavily on the overall level of consumer, business and government spending. We are exposed to general economic conditions that affect consumer confidence, spending, and discretionary income and changes in consumer purchasing habits. Adverse economic conditions may negatively affect our financial performance by reducing the number or average purchase amount of transactions made using digital payments. A reduction in the amount of consumer spending could result in a decrease in our revenues and profits. If our merchants make fewer sales to consumers using digital payments, or consumers using digital payments spend less per transaction, we will have fewer transactions to process or lower transaction amounts, each of which would contribute to lower revenues. Additionally, credit card issuers may reduce credit limits and become more selective in their card issuance practices. Any of these developments could have a material adverse effect on our financial position and results of operations.

A downturn in the economy could force merchants, financial institutions or other customers to close or petition for bankruptcy protection, resulting in lower revenue and earnings for us and greater exposure to potential credit losses and future transaction declines. We also have a certain amount of fixed costs, including rent, debt service, and salaries, which could limit our ability to quickly adjust costs and respond to changes in our business and the economy. Changes in economic conditions could also adversely affect our future revenues and profits and have a materially adverse effect on our business, financial condition, results of operations and cash flows.

Credit losses arise from the fact that, in most markets, we collect our fees from our merchants on the first day after the monthly billing period. This results in the build-up of a substantial receivable from our customers. If a merchant were to go out of business during the billing period, we may be unable to collect such fees, which could negatively affect our business, financial condition, results of operations and cash flows.

In addition, our business, growth, financial condition or results of operations could be materially adversely affected by political and economic instability or changes in a country's or region's economic conditions, changes in laws or regulations or in the interpretation of existing laws or regulations, whether caused by a change in government or otherwise, increased difficulty of conducting business in a country or region due to actual or potential political or military conflict or action by the United States or foreign governments that may restrict our ability to transact business in a foreign country or with certain foreign individuals or entities. Risks associated with heightened geopolitical and economic instability, such as those resulting from the invasion of Ukraine by Russia, include among others, reduction in consumer, government or corporate spending, international sanctions, embargoes, heightened inflation and actions taken by central banks to counter inflation, volatility in global financial markets, increased cyber disruptions or attacks, higher supply chain costs and increased tensions between the United States and countries in which we operate, which could result in charges related to the recoverability of assets, including financial assets, long-lived assets and goodwill and other losses, and could adversely affect our financial position and results of operations. To the extent the invasion of Ukraine by Russia adversely affects our business, it may also have the effect of heightening many other risks disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, any of which could materially adversely affect our business, financial condition, access to financing, results of operations and liquidity.

Climate-related events, including extreme weather events and natural disasters and their effect on critical infrastructure in the U.S. or internationally, could have similar adverse effects on our operations, customers or third-party suppliers. Furthermore, our shareholders, customers and other stakeholders have begun to consider how corporations are addressing Environmental, Social and Governance ("ESG") issues. Government regulators, investors, customers and the general public are increasingly focused on ESG practices and disclosures, and views about ESG are diverse and rapidly changing. These shifts in investing priorities may result in adverse effects on the trading price of the Company's common stock if investors determine that the Company has not made sufficient progress on ESG matters. We could also face potential negative ESG-related publicity in traditional media or social media if shareholders or other stakeholders determine that we have not adequately considered or addressed ESG matters. We have been the recipient of proposals from shareholders to promote their governance positions. Shareholders are increasingly submitting proposals related to a variety of ESG issues to public companies, and we may receive other such proposals in the future. Such proposals may not be in the long-term interests of the Company or our stockholders and may divert management's attention away from operational matters or create the impression that our practices are inadequate.

Failure to complete the acquisition of EVO could negatively affect the price of shares of our common stock as well as our future business and financial results.

If the acquisition of EVO is not completed for any reason, our business and financial results may be adversely affected, including as follows:

- We may experience negative reactions from the financial markets, including negative effects on the market price of our common stock; and

- We will have expended time and resources that could have otherwise been spent on our existing business.

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 September 30, 2022 is set forth below:

Period	Total Number of Shares Purchased [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs [(2)]
				(in millions)
July 1-31, 2022	1,048	$ 111.74	—	$ —
August 1-31, 2022	2,758,503	127.22	2,672,455	—
September 1-30, 2022	4,235,033	129.88	4,234,635	—
Total	6,994,584	$ 129.90	6,907,090	$ 610.3

(1) 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. During the quarter ended September 30, 2022, pursuant to our employee incentive plans, we withheld 87,494 shares, at an average price per share of $129.90, in order to satisfy employees' tax withholding and payment obligations in connection with the vesting of awards of restricted stock.

(2) As of September 30, 2022, the remaining amount available under our share repurchase program was $610.3 million. The board authorization does not expire but could be revoked at any time. In addition, we are not required by the board's authorization 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 August 1, 2022, by and among EVO Payments, Inc., Global Payments Inc. and Falcon Merger Sub Inc., incorporated by reference to Exhibit 2.1 to Global Payments Inc.'s Current Report on Form 8-K filed on August 2, 2022†
3.1	Third Amended and Restated Articles of Incorporation of Global Payments Inc., incorporated by reference to Exhibit 4.1 to Global Payment Inc.'s Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 filed on September 18, 2019.
3.2	Articles of Amendment to the Third Amended and Restated Articles of Incorporation of Global Payments Inc., incorporated by reference to Exhibit 3.1 to Global Payments Inc.'s Current Report on Form 8-K filed on May 1, 2020.
3.3	Eleventh Amended and Restated Bylaws of Global Payments Inc., incorporated by reference to Exhibit 3.1 to Global Payment Inc.'s Current Report on Form 8-K filed on May 3, 2022.
4.1	Indenture, dated as of August 8, 2022, between Global Payments Inc. and U.S. Bank Trust Company, National Association, as trustee, related to 1.00% Convertible Senior Notes due 2029, incorporated by reference to Exhibit 4.1 to Global Payments Inc.'s Current Report on Form 8-K filed on August 9, 2022
4.2	Form of 1.00% Convertible Senior Notes due 2029 (included in Exhibit 4.1)
4.3	Indenture, dated as of August 14, 2019, between Global Payments Inc. and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association), as trustee, incorporated by reference to Exhibit 4.1 to Global Payments Inc.'s Current Report on Form 8-K filed on August 14, 2019.

4.4	Supplemental Indenture No. 5, dated as of August 22, 2022, between Global Payments Inc. and U.S. Bank Trust Company, National Association, as trustee, incorporated by reference to Exhibit 4.2 to Global Payments Inc.'s Current Report on Form 8-K filed on August 22, 2022
4.5	Form of Global Note representing the Notes (included in Exhibit 4.4)
10.1*	Employment Agreement, dated as of September 20, 2019, by and between Global Payments Inc. and Joshua J. Whipple
10.2*	Amendment to Employment Agreement, dated as of August 2, 2022, by and between Global Payments Inc. and Joshua J. Whipple
10.3	Voting Agreement, dated as of August 1, 2022, by and among EVO Payments, Inc., Global Payments Inc., Falcon Merger Sub Inc., James G. Kelly and the James G. Kelly Grantor Trust Dated January 12, 2012, incorporated by reference to Exhibit 10.1 to Global Payments Inc.'s Current Report on Form 8-K filed on August 2, 2022
10.4	Voting Agreement, dated as of August 1, 2022, by and among EVO Payments, Inc., Global Payments Inc., Falcon Merger Sub Inc., MDCP Cardservices II LLC, Madison Dearborn Capital Partners VI-C, L.P. and MDCP Cardservices LLC, incorporated by reference to Exhibit 10.2 to Global Payments Inc.'s Current Report on Form 8-K filed on August 2, 2022
10.5	Common Unit Purchase Agreement, dated as of August 1, 2022, by and among Global Payments Inc., EVO Payments, Inc. and Blueapple, Inc., incorporated by reference to Exhibit 10.3 to Global Payments Inc.'s Current Report on Form 8-K filed on August 2, 2022
10.6	Investment Agreement, dated as of August 1, 2022, by and among Global Payments Inc., Silver Lake Partners VI DE (AIV), L.P. and Silver Lake Alpine II, L.P., incorporated by reference to Exhibit 10.4 to Global Payments Inc.'s Current Report on Form 8-K filed on August 2, 2022
10.7	Form of Capped Call Confirmation, incorporated by reference to Exhibit 10.1 to Global Payments Inc.'s Current Report on Form 8-K filed on August 9, 2022
10.8	Credit Agreement, dated as of August 19, 2022, among Global Payments Inc., as Borrower, the other Borrowers party thereto, Bank of America, N.A., as Administrative Agent and an L/C Issuer and the other Lenders and L/C Issuers party thereto, incorporated by reference to Exhibit 10.1 to Global Payments Inc.'s Current Report on Form 8-K filed on August 22, 2022
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 September 30, 2022, formatted in Inline XBRL (eXtensible Business Reporting Language) and filed electronically herewith: (i) the Unaudited Consolidated Statements of Income; (ii) the Unaudited Consolidated Statements of Comprehensive Income; (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. The instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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* Filed herewith.

† Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules have been omitted. The registrant hereby agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission 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: October 31, 2022

/s/ Joshua J. Whipple
Joshua J. Whipple
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into this 20th day of September 2019 by and between Global Payments Inc., a Georgia corporation (the "Company"), and Joshua J. Whipple (“Executive").

BACKGROUND

Executive shall serve as Senior Executive Vice President, Chief Strategy and Risk Officer of the Company, Executive and the Company desire to memorialize the terms of such employment in this Agreement. In addition, the Compensation Committee of the Board of Directors of the Company (the "Committee") has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined in § 6). As it is desired and anticipated that Executive will continue to be employed and provide services for the Company's successor for some period of time following a Change in Control, one purpose of this Agreement is to provide Executive with compensation and benefits arrangements which ensure that the compensation and benefits expectations of Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Committee has caused the Company to enter into this Agreement. This Agreement supersedes any prior agreement or other communication (oral or written) regarding Executive's employment, except as otherwise provided in § 17 of this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive agree as follows:

§ 1. Effective Date. This Agreement is effective as of September 18, 2019, the first date following the closing of the transaction contemplated by the Agreement and Plan of Merger by and between Total System Services, Inc. and the Company dated as of May 27, 2019 (such date, the "Effective Date").

§ 2. Employment. Executive is hereby employed as Senior Executive Vice President, Chief Strategy and Risk Officer of the Company as of the Effective Date. In such capacity, Executive shall have the duties and responsibilities commensurate with such position as shall be assigned to him by the Chief Executive Officer of the Company (the “Chief Executive Officer" or "CEO').

§ 3. Employment Period. Subject to § 7, Executive's initial Employment Period pursuant to this Agreement shall be the period which starts on the Effective Date and ends on the third (3rd) anniversary thereof; *provided*, Executive's Employment Period shall automatically be extended for one (1) additional year on the second (2nd) anniversary of the Effective Date and on each subsequent anniversary of the Effective Date unless either the Company or Executive provides notice (in accordance with § 17(f)) before such anniversary date that there will be no such extension, Executive's initial Employment Period and any subsequent extension of the initial Employment Period shall be referred to collectively as Executive's "Employment Period." A failure to extend Executive's Employment Period shall not be treated for any reason whatsoever as a termination of Executive's employment under § 7 unless the Company provides notice that there will be no such extension following a Change in Control and Executive's Employment Period would as a result of such notice end before the second (2nd) anniversary of the date of such Change in Control, in which case Executive shall have the right to resign effective at any time during the ninety (90) day period which starts on the date of such notice, and the date his resignation is effective shall be treated as a termination for Good Reason pursuant to § 7(c) of this Agreement and he shall receive all benefits called for under § 8(b) of this Agreement.

§ 4. Extent of Service. During the Employment Period, Executive shall render his services to the Company (or to any successor, including a successor following a Change in Control) in conformity with professional standards, in a prudent and workmanlike manner and in a manner consistent with the obligations imposed on officers of corporations under applicable law. Executive shall promote the interests of the Company and its subsidiaries in carrying out Executive's duties and shall not deliberately take any action which could, or fail to take any action which failure could, reasonably be expected to have a material adverse effect upon the business of the Company or any of its subsidiaries or any of their respective affiliates. Executive agrees to devote his business time, attention, skill and efforts exclusively to the faithful performance of his duties hereunder (both before and after a Change in Control); *provided*, *however*, that it shall not be a violation of this Agreement for Executive to (a) devote reasonable periods of time to charitable and community activities and, with the approval of the Chief Executive Officer, industry or professional activities; (b) manage or participate in personal business interests and investments, so long as such activities do not, in the judgment of the Chief Executive Officer, materially interfere with the performance of Executive's responsibilities under this Agreement and comply with all Company policies and codes and all of Executive covenants and agreements; and/or (C) subject to the approval of the CEO, serve as a director, trustee, or member of a committee of any organization involving no conflict of interest with the interests of the Company so long as such activities do not, in the judgment of the Chief Executive Officer, materially interfere with the performance of Executive's responsibilities under this Agreement and comply with all Company policies and codes and all of Executive's covenants and agreements.

§ 5. Compensation and Benefits,

(a) Base Salary. During the Employment Period, the Company will pay to Executive a base salary in the amount of U.S. $500,000 per year (the "Base Salary"), payable in equal bi-weekly or other installments as provided under the Company's standard payroll practices in effect for senior executives from time to time. Executive's Base Salary will be reviewed at least annually and, subject to approval of the CEO, the Company may increase Executive's Base Salary from time to time. The periodic review of Executive's salary by the CEO will consider, among other things, Executive's own performance and the Company's performance.

(b) Incentive and Savings Plans, During the Employment Period, Executive shall be entitled to participate in all incentive, retirement and savings plans, practices, policies and programs applicable generally to employees of the Company at the senior executive level, excluding the Chief Executive Officer. Certain executive programs will be made available on a selective basis at the discretion of the Chief Executive Officer, the Board of Directors of the Company (the "Board") or the Committee. Without limiting the foregoing, the following shall apply:

(i) Annual Bonus. Executive will have an annual bonus opportunity for each fiscal year of the Company based on the achievement of financial and performance objectives set by the CEO ("Bonus Opportunity"). The annual Bonus Opportunity and specific performance and financial objectives will be set forth in Executive's individual performance and incentive plan for each fiscal year. Executive's annual Bonus Opportunity at target levels for any year shall not be less than 55% of his then-current Base Salary for such year (the "Target Bonus Opportunity"). Executive must be an active employee on the date the annual bonuses are paid on a Company-wide basis in order to be eligible to receive any bonus payment (except as otherwise expressly provided in § 8), unless (A) Executive's employment terminates following a failure to extend his Employment Period in accordance with § 3, (B) his employment terminates at or after the end of the applicable fiscal year and (C) he satisfies all or substantially all of the performance requirements (other than continued service) for a bonus for such fiscal year, in which event he shall be eligible for a bonus as determined by the CEO, and such bonus, if any, shall be paid no later than two and one-half (2½) months after the end of such fiscal year.

(ii) Equity Awards. Executive will be eligible to participate in the Company's Amended and Restated 2011 Incentive Plan (the "2011 Plan") and any successor to such plan in accordance with the terms and conditions of the 2011 Plan and any successor to such plan. The Company may, from time to time, upon approval by the Committee, grant to Executive options to purchase shares of Company Common Stock, stock appreciation rights, restricted Company Common Stock, restricted stock units, performance shares, and/or performance units and/or other Company Common Stock related grants as a long-term incentive for performance.

(c) Welfare Benefit Plans. During the Employment Period, Executive and Executive's family shall be eligible for participation in, and shall be eligible to receive all benefits under, the welfare benefit plans, practices, policies and programs provided by the Company, including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs on the same basis as similarly situated executives of the Company (the "Welfare Plans").

(d) Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by Executive in accordance with the policies, practices and procedures of the Company; *provided, however*, (i) the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in another calendar year, (ii) no such reimbursement may be exchanged or liquidated for another payment or benefit, and (iii) any reimbursements of such expenses shall be made as soon as practicable under the circumstances but in any event no later than the end of the calendar year following the calendar year in which the related expenses are incurred.

(e) Additional Benefits. During the Employment Period, Executive shall be offered the opportunity to receive or participate in any additional benefits provided to similarly situated executives of the Company in accordance with, and subject to the eligibility requirements of, the plans, practices, programs and policies of the Company and applicable laws and regulations. Executive also shall be provided with vacation entitlements in accordance with the Company's policy as in effect from time to time.

§ 6. Change in Control.

(a) For the purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events after the Effective Date:

(i) The acquisition by any individual, entity or group (within the meaning of § 13(d)(3) or § 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); *provided, however*, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by a Person who is on the Effective Date the beneficial owner of thirty-five percent (35%) or more of the Outstanding Company Voting Securities, (B) any acquisition directly from the Company, (C) any acquisition by the Company which reduces the number of Outstanding Company Voting Securities and thereby results in any person having beneficial ownership of more than thirty-five percent (35%) of the Outstanding Company Voting Securities, (D) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (E) any acquisition by any corporation pursuant to a transaction which meets the requirements of clauses (A), (B) and (C) of subsection (ii) of this § 6; or

(ii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding shares of the Company's common stock (the "Outstanding Company Common Stock") and Outstanding Company Voting Securities immediately prior to such Business Combination (individually, a "Company Owner") beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as each Company Owner's ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any Company Owner, the Company or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, thirty-five percent (35%) or more of the combined voting power of the then outstanding voting securities of such corporation, and (C) at least a majority of the members of the board of directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were Incumbent Directors (as defined below) at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iii) A majority of the individuals who, as of the Effective Date, constitute the Board (the "Incumbent Directors") are replaced within a twelve (12) month period; *provided, however*, that, for purposes of this § 6(a)(iii), any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also Incumbent Directors (or deemed to be such pursuant to this proviso) shall be considered Incumbent Directors; *provided, further*, that any individual who was elected to the Board as a result of an election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any "person" (such term for purposes of this definition being as defined in § 3(a) 9) of the Exchange Act, and as used in § 13(d)(3) and § 14(d)(2) of the Exchange Act) other than the Incumbent Directors shall not be considered an Incumbent Director.

(b) For purposes of this Agreement, a "§ 409A Change in Control" shall mean a "Change in Control" which also constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, all within the meaning of § 409A of the Internal Revenue Code of 1986, as amended (the "Code").

(c) For the avoidance of doubt, the occurrence of the Effective Date and the closing of the transaction contemplated by the Agreement and Plan of Merger by and between Total System Services, Inc. and the Company dated as of May 27, 2019 shall not be considered a "Change in Control" for purposes of this Agreement.

§ 7. Termination of Employment.

(a) Death, Retirement or Disability. Executive's employment and the Employment Period shall terminate automatically upon Executive's death or Retirement. For purposes of this Agreement, "Retirement" shall mean Executive's voluntary resignation of employment on or after attaining age fifty-five (55) with at least ten (10) years of service. If the CEO determines in good faith that the Disability of Executive has occurred (pursuant to the definition of Disability set forth in this § 7(a)), the Company may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such written notice by Executive (the "Disability Effective Date"), *provided* that, within the thirty (30) days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "Disability" shall mean the inability of Executive, as determined by the CEO, to substantially perform the essential functions of his regular duties and responsibilities with or without reasonable accommodation, due to a medically determinable physical or mental illness or other disability which has lasted (or can reasonably be expected to last) for a substantially continuous period of at least six (6) consecutive months.

(b) Termination by the Company With or Without Cause. The Company may terminate Executive's employment with or without Cause. For all purposes under this Agreement, "Cause" shall mean a determination by the CEO that:

(i) Executive has failed to perform substantially Executive's duties and responsibilities under this Agreement (other than any such failure resulting from incapacity due to physical or mental illness, and specifically excluding any failure by Executive, after reasonable efforts, to meet reasonable performance expectations), after a written demand for substantial performance is delivered to Executive by the Chief Executive Officer which specifically identifies the manner in which such person believes that Executive has failed to substantially perform Executive's duties and responsibilities and which has not been cured to the reasonable satisfaction of such person within ten (10) business days of the written demand delivered to Executive; or

(ii) Executive engaged in any act of fraud, misappropriation, embezzlement or similar dishonest or wrongful act, including, without limitation, any violation of the Sarbanes Oxley Act or similar laws or legal standards, but excluding for this purpose any non-criminal violation of Sarbanes-Oxley or similar laws or legal standards that has no significant adverse impact on the Company or its reputation and does not involve dishonesty or render Executive ineligible for any licensing, bonding or insurance coverage or for employment or engagement in any Company work or activity; or

(iii) Executive has engaged in the abuse of alcohol, prescription drugs or any substance which materially interferes with Executive's ability to perform Executive's duties and responsibilities under this Agreement or Executive has engaged in the use of illegal drugs, or

(iv) Executive has violated any laws, agreements or written Company policies or codes prohibiting employment discrimination, harassment, conflicts of interest, retaliation, competition with the Company, solicitation of Company customers or employees on behalf of anyone other than Company, improper use or disclosure of Trade Secrets, Confidential Information or other proprietary information of the Company; or

(v) Executive has committed, been convicted for, or entered a plea of guilty or *nolo contendere* (or any plea of similar substance or effect) to, a felony or a crime involving dishonesty or other moral turpitude.

(c) Resignation by Executive. Executive may resign for "Good Reason" or no reason. For all purposes under this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances without the written consent of Executive:

(i) a material adverse reduction in Executive's position, duties or responsibilities; or

(ii) a reduction by the Company: (A) in Executive's Base Salary as in effect on the Effective Date or as the same may be increased from time to time (unless a similar reduction is made in the salary of similarly situated senior executives); (B) in Executive's Target Bonus Opportunity below the minimum set forth in § 5(b) (i) (unless a similar reduction is made in the bonus opportunity of similarly situated senior executives); or (C) in the benefits pursuant to the Welfare Plans (unless a similar reduction is made in the benefits of similarly situated senior executives); or

(iii) any failure by the Company to comply with and satisfy § 16(c); or

(iv) a requirement that Executive be based in any office or location other than in the greater metropolitan area of Atlanta, Georgia; or

(v) any material breach by the Company of the terms of this Agreement.

Notwithstanding the foregoing, no event or act or omission shall constitute “Good Reason" under this § 7(c) unless (x) Executive in accordance with § 17(f) provides notice of such event or act or omission to the CEO no later than thirty (30) days after Executive has knowledge of such event or act or omission, (y) the CEO fails to remedy such event or act or omission within thirty (30) days of the receipt of such notice (the "Cure Period") and (z) Executive resigns effective no later than ninety (90) days after the end of the Cure Period.

(d) Notice of Termination. Any termination by the Company or resignation by Executive shall be communicated by Notice of Termination to the other party hereto given in accordance with § 17(f). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) states the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specifies the applicable Date of Termination. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(e) Date of Termination, Separation from Service and Applicable Pay Date.

(i) "Date of Termination" means (1) if Executive resigns for Good Reason, the date specified in the Notice of Termination, *provided* that (A) the CEO may specify any earlier Date of Termination and (B) the Date of Termination specified in the notice shall not be less than sixty (60) days after the date of delivery of the notice if the resignation is for Good Reason following a Change in Control, (2) if Executive's employment is terminated by the Company other than by reason of Disability, the date of receipt of the Notice of Termination, or any later date specified therein, or (3) if Executive's employment is terminated by reason of death, Disability or Retirement, the Date of Termination will be the date of death or Retirement, or the Disability Effective Date, as the case may be.

(ii) "Separation from Service" means a "separation from service" within the meaning of § 409A of the Code which occurs in connection with Executive's termination of employment, and the Company and Executive acknowledge and agree that such a "separation from service" may come before, after or coincide with Executive's Date of Termination.

(iii) "Applicable Pay Date" means the date that Executive has a Separation from Service (which date shall be referred to as the "Immediate Pay Date") or, if the Company determines that making a payment or providing a benefit to Executive on the Immediate Pay Date would require the Company to report all or any part of such payment or benefit to the Internal Revenue Service as subject to taxation under § 409A of the Code, the date that is six (6) months and one (1) day after the date Executive has a Separation from Service (which date shall be referred to as the "Delayed Pay Date").

§ 8. Obligations of the Company upon Termination.

(a) Prior to a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause, Death or Disability If, prior to a Change in Control or on or after the second (2^{nd}) anniversary of the date of a Change in Control, the Company terminates Executive's employment other than for Cause, death or Disability or Executive resigns for Good Reason, then (and with respect to the payments and benefits described in clauses (ii) through (x) of this § 8(a), only if Executive executes (and does not revoke) a Release in substantially the form of Exhibit A hereto (the "Release") within sixty (60) days of the Date of Termination):

(i) the Company will pay to Executive in a lump sum in cash within thirty (30) days after the Date of Termination the sum of (A) Executive's Base Salary (as in effect on the Date of Termination) earned through the Date of Termination to the extent not theretofore paid, (B) Executive's business expenses for which reimbursement has been requested pursuant to the Company's expense reimbursement policy but which have not been reimbursed before Executive's applicable Date of Termination and (C) Executive's Annual Bonus, if any, earned for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such bonus has been certified as payable by the CEO but has not been paid before the Date of Termination (the sum of the amounts described in clauses (A), (B) and (C) shall be referred to as the "Accrued Obligations"); and

(ii) (A) if the Applicable Pay Date is the Delayed Pay Date, the Company will pay Executive on the Delayed Pay Date a lump sum equal to the amount of the Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Base Salary, as in effect immediately prior to such reduction in Base Salary) Executive would have earned if Executive had been continuously employed by Company from the Date of Termination until the Delayed Pay Date or (B) if the Applicable Pay Date is the Immediate Pay Date, the Company will continue to pay Executive an amount equal to his monthly Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Base Salary, as in effect immediately prior to such reduction in Base Salary) until payments begin under § 8(a)(iii) without any duplication of payments between this § 8(a)(ii) and § 8(a)(iii); and

(iii) commencing on the seven (7)-month anniversary of the date Executive has a Separation from Service, the Company will continue to pay Executive an amount equal to Executive's monthly Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Base Salary, as in effect immediately prior to such reduction in Base Salary), payable in equal monthly or more frequent installments in accordance with the Company's then standard payroll practices for a period of twelve (12) consecutive months; and

(iv) as additional severance (and not in lieu of any bonus for the fiscal year in which the Date of Termination occurs), the Company will pay Executive a lump sum equal to one and one-half (½) times the amount of Executive's Target Bonus Opportunity (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) as in effect immediately prior to such reduction in Executive's Target Bonus Opportunity) on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service; and

(v) the Company shall pay to Executive a lump sum cash amount within sixty (60) days following the Date of Termination equal to the product of (A) eighteen (18) multiplied by (B) one hundred percent (100%) of the monthly premiums for continuation of health care coverage under the Company's group health plan for purposes of continuation coverage under § 4980B of the Code ("COBRA") with respect to the maximum level of coverage in effect for Executive and his spouse and dependents as of immediately prior to the Date of Termination, and

(vi) the Company will pay Executive a pro-rated annual bonus for the fiscal year in which the Date of Termination occurs equal to (i) the amount Executive would have earned, if any, under § 5(b)(i) for the year of termination based on actual financial performance for such fiscal year, times (ii) a fraction, the numerator of which is the number of full months in the fiscal year preceding the Date of Termination and the denominator of which is twelve (12); *provided* that such bonus shall be paid only if the pre-established performance targets are in fact certified by the CEO to have been met, and such bonus shall be paid in a single lump sum cash payment no later than two and one-half (2½) months after the end of the fiscal year in which the bonus is earned; *provided further* that if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Target Bonus Opportunity, such prorated bonus shall be calculated based on

Executive's Target Bonus Opportunity as in effect immediately prior to such reduction in Executive's Target Bonus Opportunity, and

(vii) all restricted Company Common Stock or units which represent shares of Company Common Stock, excluding those that are subject to performance conditions ("Restricted Stock"), granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination and, in the case of units, shall be settled within sixty (60) days following the Date of Termination (or any later date required by § 409A of the Code); and

(viii) all options to acquire Company Common Stock or appreciation rights with respect to shares of Company Common Stock ("Options") granted to Executive following the Effective Date and held by Executive as of the Date of Termination that would have become vested (by lapse of time) within the twenty-four (24) month period immediately following the Date of Termination had Executive remained employed during such period will become immediately vested as of the Date of Termination; and

(ix) all vested but unexercised Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination (including those with accelerated vesting pursuant to § 8(a)(viii)) shall remain exercisable through the earlier of (A) the original expiration date of the Option, (B) the ninetieth (90th) day following the Date of Termination, or (C) the date that is the tenth (10th) anniversary of the original date of grant of the Option; and

(x) any restricted Company Common Stock or units which represent shares of Company Common Stock contingent on the satisfaction of the related performance requirements ("Performance Restricted Stock") granted to Executive following the Effective Date and held by Executive as of the Date of Termination shall be treated as follows:

(1) If the Date of Termination occurs during the first year of a Performance Cycle (as defined in the applicable award agreement), a portion of the total shares of Company Common Stock subject to such award, pro-rated based on the number of days elapsed in the Performance Cycle as of the Date of Termination, shall vest assuming target levels of performance, and such award shall be settled no later than two and one-half (2½) months after the Date of Termination (or any later date required by § 409A of the Code); and

(2) If the Date of Termination occurs after the first year of a Performance Cycle, a portion of the total shares of Company Common Stock subject to such award, pro-rated based on the number of days elapsed in the Performance Cycle as of the Date of Termination (it being understood that proration shall not apply if the Date of Termination occurs after the end of the Performance Cycle but prior to the settlement date of the award), shall vest based on actual performance at the end of the full Performance Cycle, and such award shall be settled no later than two and one-half (2½) months after the end of the Performance Cycle (or any later date required by § 409A of the Code);

provided, however, if Executive is Retirement-eligible on the Date of Termination, such Performance Restricted Stock shall be treated in accordance with § 8(d)(v)(1) and not this § 8(a)(x); and

(xi) to the extent not theretofore paid or provided, the Company will timely pay or provide to Executive pursuant to the timing rules of the controlling terms of any plan, program, policy, practice, contract or agreement of the Company any other amounts or benefits, including but not limited to, previously earned but unpaid annual incentive awards, previously earned but unpaid long-term incentive awards, and properly documented and approved but unpaid business expenses, required to be paid or provided or which Executive is eligible to receive under any such plan, program, policy or practice or contract or agreement of the Company (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits");

(b) After or in Connection with a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause, Death or Disability. If there occurs a Change in Control and the Company terminates Executive's employment other than for Cause, death or Disability before the second (2nd) anniversary of such Change in Control or Executive resigns for Good Reason before the second (2nd) anniversary of such Change in Control, then (and with respect to the payments and benefits described in clauses (ii) through (ix) of this § 8(b), only if Executive executes (and does not revoke) the Release within sixty (60) days of the Date of Termination):

(i) the Company (or its successor) shall pay to Executive the Accrued Obligations in a lump sum in cash within thirty (30) days after the Date of Termination; and

(ii) the Company (or its successor) will pay Executive two (2) times the amount of Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) as in effect immediately prior to such reduction in Base Salary). If the Change in Control is a § 409A Change in Control, the two (2) times Base Salary amount payable under this § 8(b)(ii) will be paid in a single lump sum on the Applicable Pay Date. However, if the Change in Control is not a § 409A Change in Control, the two (2) times Base Salary amount payable under this § 8(b)(ii) will be paid in three (3) parts—

(A) the first part will be paid in the amount and at the time and in form called for in § 8(a)(ii),

(B) the second part will be paid in the amount and at the time and in the form called for in § 8(a)(iii), and

(C) the balance will be paid in a single lump sum on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service; and

(iii) as additional severance and not in lieu of any bonus for the fiscal year in which the Date of Termination occurs), the Company (or its successor) will pay Executive a lump sum equal to two (2) times the amount of Executive's Target Bonus Opportunity (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) as in effect immediately prior to such reduction in Executive's Target Bonus Opportunity) on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service; and

(iv) the Company shall pay to Executive a lump sum cash amount within sixty (60) days following the Date of Termination equal to the product of (A) eighteen (18) multiplied by (B) one hundred percent (100%) of the monthly premiums for continuation of health care coverage under the Company's group health plan for purposes of continuation coverage under COBRA with respect to the maximum level of coverage in effect for Executive and his spouse and dependents as of immediately prior to the Date of Termination; and

(v) Executive will be entitled to a pro-rated bonus under § 5(b) for the fiscal year in which the Date of Termination occurs, the amount and timing of which shall depend upon when the Date of Termination occurs, as follows:

(1) if the Date of Termination occurs before the end of the fiscal year in which the Change in Control occurred, the pro-rated bonus will equal (i) one hundred percent (100%) of Executive's Target Bonus Opportunity (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Target Bonus Opportunity, as in effect immediately prior to such reduction in Executive's Target Bonus Opportunity), times (ii) a fraction, the numerator of which is the number of full months in the fiscal year preceding the Date of Termination and the denominator of which is twelve (12), and such pro-rated bonus shall be paid no later than two and one-half (24) months after the end of the Company's fiscal year which includes Executive's Date of Termination; or

(2) if the Date of Termination occurs during a fiscal year that began after the Change in Control occurred, the pro-rated bonus (based on the number of full months in the fiscal year preceding the Date of Termination as described in § 8(b)(v)(1)) will be based on actual performance results as certified by the CEO and will be paid to Executive no later than two and one-half (2½) months after the end of the Company's fiscal year which includes Executive's Date of Termination; provided that if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Target Bonus Opportunity, such prorated bonus shall be calculated based on Executive's Target Bonus Opportunity as in effect immediately prior to such reduction in Executive's Target Bonus Opportunity; and

(vi) all Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination and, in the case of units, shall be settled within sixty (60) days following the Date of Termination (or any later date required by § 409A of the Code); and

(vii) all Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested and exercisable as of the Date of Termination; and

(viii) all vested but unexercised Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination (including those with accelerated vesting pursuant to § 8(b)(vii)) will remain exercisable through the earlier of (A) the original expiration date of the Option, or (B) the ninetieth (90th) day following the Date of Termination, or (C) the date that is the tenth (10^{h}) anniversary of the original date of grant of the Option; and

(ix) any Performance Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination shall be treated as follows:

(1) If the Date of Termination occurs during the first year of a Performance Cycle, the award shall vest in full (without proration) assuming target levels of performance, and such award shall be settled no later than two and one-half (2½) months after the Date of Termination (or any later date required by § 409A of the Code); and

(2) If the Date of Termination occurs after the first year of a Performance Cycle, the award shall vest in full (without proration) based on actual performance at the end of the full Performance Cycle, and such award shall be settled no later than two and one-half (2½) months after the end of the Performance Cycle (or any later date required by § 409A of the Code);

provided, however, if Executive is Retirement-eligible on the Date of Termination, such Performance Restricted Stock shall be treated in accordance with § 8(d)(iv)(1) and not this § 8(b)(ix); and

(x) to the extent not theretofore paid or provided, the Company will timely pay or provide to Executive his Other Benefits pursuant to the timing rules of the controlling terms of any plan, program, policy, practice, contract or agreement of the Company.

(c) <u>In Anticipation of a Change in Control; Termination by the Company Other Than for Cause, Death or Disability or Resignation by Executive for Good Reason</u>. If Executive's employment is terminated by the Company other than for Cause, death or Disability or Executive resigns for Good Reason after the issuance of press release or a filing is made with the Securities and Exchange Commission regarding a transaction which could lead to a Change in Control and there is a Change in Control as a result of the consummation of such transaction no later than nine (9) months and one (1) day after the date of Executive's Separation from Service, then

(i) Executive will continue to be eligible to receive his benefits under § 8(a) in the amount and form and at the time provided in § 8(a), but

(ii) Executive will in addition receive the benefits described in § 8(b), if greater, as if his employment had been terminated without Cause or he had resigned for Good Reason at the consummation of such Change in Control, *provided* Executive immediately following the Change in Control shall have timely executed and not revoked the Release described in § 8(b), and, *further provided*

(1) there will under no circumstances be any duplication whatsoever of any payments or benefits between this § 8(c)(ii) and § 8(c)(i);

(2) the additional severance benefits provided under § 8(b)(ii)(C) will be paid in a single lump sum on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service;

(3) the severance benefits provided under § 8(b)(iii) will be paid in lieu of the severance benefits contemplated by § 8(a)(iv) in a single lump sum on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service;

(4) if the Change in Control occurs before the date the pro rated annual bonus provided under § 8(a)(vi) is scheduled to be paid, then Executive will be entitled to the greater of either the pro-rated annual bonus determined and paid under § 8(a)(vi) or the pro-rated bonus determined under § 8(b)(v)(1) but paid in the form and at the time called for under § 8(a)(vi);

(5) any outstanding Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination which failed to vest under § 8(a)(viii) will vest under § 8(b)(vii) at the Change in Control, and the date of the Change in Control will be treated under § 8(b)(viii) as Executive's Date of Termination, and

(6) if the Change in Control occurs before settlement of Performance Restricted Shares granted to Executive following the Effective Date and held by Executive as of the Date of Termination, Executive will be entitled to the number of shares of Company Common Stock to be delivered under § 8(b)(ix), which will be delivered in the form and at the time such shares of Company Common Stock are otherwise scheduled to be delivered under § 8(a)(x).

(d) Death, Disability or Retirement. Upon the Date of Termination due to Executive's death, Disability or Retirement:

(i) the Company shall pay to Executive the Accrued Obligations in a lump sum in cash within thirty (30) days after the Date of Termination, and

(ii) all Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination and, in the case of units, shall be settled within sixty (60) days following the Date of Termination (or any later date required by § 409A of the Code); and

(iii) all Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested and exercisable as of the Date of Termination; and

(iv) all vested but unexercised Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination (including those with accelerated vesting pursuant to the foregoing sentence) shall remain exercisable through the earliest of (A) the original expiration date of the Option, (B) the ninetieth 90^{th}) day following the Date of Termination or such longer period as specified in the plan document governing the applicable award, or (C) the date that is the 10th anniversary of the original date of grant of the Option; and

(v) any grant of Performance Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination shall be treated as follows:

(1) in the case of termination on account of Retirement only, the award shall vest in full (without proration) based on actual performance at the end of the full Performance Cycle, and such award shall be settled no later than two and one-half (2½) months after the end of the Performance Cycle (or any later date required by § 409A of the Code); or

(2) in the case of termination on account of death or Disability only, the award shall vest in full (without proration) assuming target levels of performance, and such award shall be settled no later than two and one-half (22) months after the Date of Termination (or any later date required by § 409A of the Code); and

(vi) or the period of months required by COBRA after the Date of Termination due to Executive's death, Disability or Retirement, Executive or his dependents shall have the right to elect continuation of healthcare coverage under the Company's group plan (if allowed by the plan) in accordance with COBRA, *provided* Executive or his dependents shall pay the entire cost of such coverage; and

(vii) to the extent not theretofore paid or provided, the Company will timely pay or provide to Executive his Other Benefits pursuant to the timing rules of the controlling terms of any plan, program, policy, practice, contract or agreement of the Company. The term Other Benefits as used in this § 8(d) shall include, without limitation, and Executive or his estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death, disability or retirement benefits, if any, as are applicable to Executive on the Date of Termination.

(e) Cause or Voluntary Resignation without Good Reason. Regardless of whether or not a Change in Control shall have occurred, if Executive's employment is terminated for Cause, or if

Executive voluntarily resigns without Good Reason, the Company's obligations under this Agreement to Executive shall terminate, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to Executive in a lump sum in cash within thirty (30) days after the Date of Termination. For the period required by COBRA after the Date of Termination for Cause or for the voluntary resignation by Executive, Executive shall have the right to elect continuation of healthcare coverage under the Company's group plan in accordance with COBRA, *provided* Executive shall pay the entire cost of such coverage.

(f) Full Settlement. Subject to § 17(d), the payments and benefits provided under this § 8 shall be in full satisfaction of the obligations of the Company and its affiliates to Executive under this Agreement or any other plan, agreement, policy or arrangement of the Company and its affiliates upon his termination of employment.

§ 9. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company and for which Executive may qualify, nor, subject to § 17(d), shall anything herein limit or otherwise affect such rights as Executive may have under any contract or agreement with the Company. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

§ 10. Treatment of Certain Payments.

(a) Anything in the Agreement to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject Executive to the excise tax under § 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to the Agreement (the "Agreement Payments") so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Agreement Payments shall be so reduced only if the Accounting Firm determines that Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were so reduced, Executive shall receive all Agreement Payments to which Executive is entitled hereunder.

(b) If the Accounting Firm determines that Agreement Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this § 10 shall be binding upon the Company and Executive and shall be made as soon as reasonably practicable and in no event later than fifteen (15) days following the Date of Termination. For purposes of reducing the Agreement Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits in the following order: (i) cash payments that may not be valued under Treas. Reg. § 1.280G-1, Q&A-24(c) ("24(c)"), (ii) equity-based payments that may not be valued under 24(c), (iii) cash payments that may be valued under 24(c), (iv) equity-based payments that may be valued under 24(c) and (v) other types of benefits. With respect to each category of the foregoing, such reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of § 409A of the Code and next with respect to payments that are deferred compensation, in each case, beginning with payments or benefits that are to be paid the farthest in time from the Accounting Firm's determination. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) As a result of the uncertainty in the application of § 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the

Company to or for the benefit of Executive pursuant to this Agreement that should not have been so paid or distributed (each, an "Overpayment") or that additional amounts that will have not been paid or distributed by the Company to or for the benefit of Executive pursuant to this Agreement could have been so paid or distributed (each, an "Underpayment"). In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or Executive that the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of Executive shall be repaid by Executive to the Company (as applicable) together with interest at the applicable federal rate provided for in § 7872(f)(2) of the Code; provided, however, that no such repayment shall be required if and to the extent such deemed repayment would not either reduce the amount on which Executive is subject to tax under § 1 and § 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive together with interest at the applicable federal rate provided for in § 7872(f)(2) of the Code.

(d) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by Executive (including, without limitation, Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant) before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under § 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under § 280G of the Code and/or exempt from the definition of the term "parachute payment within the meaning of Q&A-2(a) of the final regulations under § 280G of the Code in accordance with Q&A-5(a) of the final regulations under § 280G of the Code.

(e) The following terms shall have the following meanings for purposes of this § 10:

(i) "Accounting Firm" shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of § 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder and is reasonably acceptable to Executive, which firm shall not, without Executive's consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(ii) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with § 280G(b)(2)(A)(ii) and § 280G(d) (4) of the Code) of a Payment net of all taxes imposed on Executive with respect thereto under § 1 and § 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under § 1 of the Code and under state and local laws which applied to Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s).

(iii) "Parachute Value" of a Payment shall mean the present value as of the date of the change in control for purposes of § 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under § 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under § 4999 of the Code will apply to such Payment.

(iv) "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of § 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to the Agreement or otherwise.

(v) "Safe Harbor Amount" shall mean 2.99 times Executive's "base amount," within the meaning of § 280G(b)(3) of the Code.

(f) The provisions of this § 10 shall survive the expiration of the Agreement.

§ 11. Costs of Enforcement. In no event shall Executive be obligated to seek other employment by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment. In any action taken in good faith relating to the enforcement of this Agreement or any provision herein, including any arbitration provision in § 14, Executive shall be entitled to be paid any and all costs and expenses incurred by him in enforcing or establishing his rights thereunder, including, without limitation, reasonable attorneys' fees, and whether or not incurred in trial, bankruptcy or appellate proceedings, but only if Executive is successful on at least one material issue raised in the enforcement proceeding. Any costs or expenses that otherwise meet the requirements for reimbursement under this § 11 shall be reimbursed within one hundred and twenty (120) days of submission by Executive of a request for reimbursement, but in no event later than the last day of Executive's taxable year following the taxable year in which Executive becomes entitled to such reimbursement by reason of being successful on at least one material issue (provided a request for reimbursement has been made).

§ 12. Representations and Warranties. Executive hereby represents and warrants to the Company that Executive is not a party to, or otherwise subject to, any covenant not to compete with any person or entity other than a contract with his current employer, a copy of which has been provided to the Company.

§ 13. Restrictions on Conduct of Executive.

(a) General. Executive and the Company understand and agree that the purpose of the provisions of this § 13 is to protect legitimate business interests of the Company, as more fully described below, and is not intended to eliminate Executive's post-employment competition with the Company per se, nor is it intended to impair or infringe upon Executive's right to work, earn a living, or acquire and possess property from the fruits of his labor. Executive hereby acknowledges that the post employment restrictions set forth in this § 13 are reasonable and that they do not, and will not, unduly impair his ability to earn a living after the termination of this Agreement. Therefore, subject to the limitations of reasonableness imposed by law, Executive shall be subject to the restrictions set forth in this § 13. For the purposes of this § 13, "Company" shall be deemed to include the Company and all its parents, affiliates, subsidiaries and successors.

(b) Definitions. The following terms used in this § 13 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

"Competitive Position" means any employment with a Competitor in which Executive has duties for such Competitor that relate to Competitive Services.

"Competitive Services" means services competitive with the business activities engaged in by the Company or an affiliate as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in § 13 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant acquiring, demand deposit accounts and other financial service solutions to the underbanked and other consumers and businesses, payment solutions to card issuers, and software, payroll and processing solutions.

"Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services.

"Confidential Information" means all information regarding the Company, its activities, business or clients that is the subject of reasonable efforts by the Company to maintain its confidentiality and that is not generally disclosed by practice or authority to persons not employed by the Company, but that does not rise to the level of a Trade Secret. “Confidential Information" shall include, but is not limited to, financial plans and data concerning the Company; management planning information, business plans; operational methods; market studies, marketing plans or strategies, product development techniques or plans; lists of current or prospective customers; details of customer contracts; current and anticipated customer requirements; past, current and planned research and development; business acquisition plans; and new personnel acquisition plans, "Confidential Information" shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company. This definition shall not limit any definition of "confidential information” or any equivalent term under state or federal law.

"Determination Date" means the date of termination of Executive's employment with the Company for any reason whatsoever or any earlier date of an alleged breach of the Restrictive Covenants by Executive.

"Person" means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

"Principal or Representative” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

"Protected Customers" means any person to whom the Company has sold or provided its products or services during the twelve (12) months prior to the Determination Date.

“Protected Employees" means employees of the Company who were employed by the Company at any time within six (6) months prior to the Determination Date.

“Restricted Period" means the Employment Period and a period extending two (2) years from the termination of Executive's employment with the Company.

"Restricted Territory" means the area in which the Company or an affiliate conducts business, which includes without limitation the entire United States and its territories and possessions.

"Restrictive Covenants" means the restrictive covenants contained in § 13(c) hereof.

"Trade Secret” means all information, without regard to form, including, but not limited to, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists or a list of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Without limiting the foregoing, Trade Secret means any item of Confidential Information that constitutes a "trade secret" under the common law or applicable state law.

(c) Restrictive Covenants.

(i) Restriction on Disclosure and Use of Confidential Information and Trade Secrets. Executive understands and agrees that the Confidential Information and Trade Secrets constitute valuable assets of the Company and its affiliated entities, and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that Executive shall not, directly or indirectly, at any time during the Employment Period or at any time following the end of the Employment Period for any reason reveal, divulge, or disclose to any person not expressly authorized by the Company any Confidential Information, and Executive shall not, directly or indirectly, at any time during the Employment Period or at any time following the end of the Employment Period for any reason use or make use of any Confidential Information in connection with any business activity other than that of the Company. Throughout the term of this Agreement and at all times after the date that this Agreement terminates for any reason, Executive shall not directly or indirectly transmit or disclose any Trade Secret of the Company to any Person, and shall not make use of any such Trade Secret, directly or indirectly, for himself or for others, without the prior written consent of the Company. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Company's rights or Executive's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices.

Executive understands that nothing in this § 13 or this Agreement prohibits or limits Executive from: (i) disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process, *provided, however*, that in the event such disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive; (ii) reporting possible violations of federal, state, or local law or regulation to any governmental agency or entity, or from making other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation, and Executive shall not need the prior authorization of the Company to make any such reports or disclosures and shall not be required to notify the Company that Executive has made such reports or disclosures; (iii) disclosing a trade secret (as defined by 18 U.S.C. § 1839) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, in either event solely for the purpose of reporting or investigating a suspected violation of law; or (iv) disclosing a trade secret (as defined by 18 U.S.C. § 1839) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and that Executive shall not be held civilly or criminally liable for disclosures covered by clauses (iii) or (iv).

(ii) Non-solicitation of Protected Employees. Executive understands and agrees that the relationship between the Company and each of its Protected Employees constitutes a valuable asset of the

Company and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that during the Restricted Period Executive shall not directly or indirectly on Executive's own behalf or as a Principal or Representative of any Person or otherwise solicit or induce any Protected Employee with whom Executive worked or otherwise had material contact through his employment with the Company to terminate his or her employment relationship with the Company or to enter into employment with any other Person.

(iii) Restriction on Relationships with Protected Customers. Executive understands and agrees that the relationship between the Company and each of its Protected Customers constitutes a valuable asset of the Company and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that, during the Restricted Period, Executive shall not, without the prior written consent of the Company, directly or indirectly, on Executive's own behalf or as a Principal or Representative of any person, solicit, divert, take away or attempt to solicit, divert or take away a Protected Customer for the purpose of providing or selling Competitive Services, *provided, however*, that the prohibition of this covenant shall apply only to Protected Customers with whom Executive had Material Contact on the Company's behalf during the twelve (12) months immediately preceding the termination of his employment hereunder, For purposes of this Agreement, Executive shall be deemed to have "Material Contact" with a Protected Customer if he had business dealings with the Protected Customer on the Company's behalf.

(iv) Non-competition with the Company. The parties acknowledge: (A) that Executive's services under this Agreement require special expertise and talent in the provision of Competitive Services and that Executive will have substantial contacts with customers, suppliers, advertisers and vendors of the Company; (B) that pursuant to this Agreement, Executive will be placed in a position of trust and responsibility and he will have access to a substantial amount of Confidential Information and Trade Secrets and that the Company is placing him in such position and giving him access to such information in reliance upon his agreement not to compete with the Company during the Restricted Period; (C) that due to his management duties, Executive will be the repository of a substantial portion of the goodwill of the Company and would have an unfair advantage in competing with the Company; (D) that due to Executive's special experience and talent, the loss of Executive's services to the Company under this Agreement cannot reasonably or adequately be compensated solely by damages in an action at law; (E) that Executive is capable of competing with the Company; and (F) that Executive is capable of obtaining gainful, lucrative and desirable employment that does not violate the restrictions contained in this Agreement. In consideration of the compensation and benefits being paid and to be paid by the Company to Executive hereunder, Executive hereby agrees that, during the Restricted Period, Executive will not, without prior written consent of the Company, directly or indirectly seek or obtain a Competitive Position in the Restricted Territory; *provided, however*, that (1) the provisions of this Agreement shall not be deemed to prohibit the ownership by Executive of any securities of the Company or its affiliated entities or not more than five percent (5%) of any class of securities of any corporation having a class of securities registered pursuant to the Exchange Act; (2) for purposes of this § 13(c)(iv) only, the Restricted Period shall be reduced to eighteen (18) months if Executive's employment is terminated by Company or Executive pursuant to § 8(a) (Prior to a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause, Death or Disability); and (3) this § 13(c)(iv) shall lapse and terminate at the end of the Employment Period if the Company gives notice to Executive pursuant to § 3 that this Agreement will not be extended.

(d) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. In the event Executive breaches, or threatens to commit a breach of, any of the provisions of the Restrictive Covenants, the Company shall have the following rights and remedies, which shall be independent of any others and severally enforceable, and shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity:

(1) the right and remedy to enjoin, preliminarily and permanently, Executive from violating the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company;

(2) the right and remedy to require Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or

received by Executive as the result of any transactions constituting a breach of the Restrictive Covenants; and

(3) the right and remedy to cease paying and to the return of any termination-related payments or benefits (other than the Accrued Obligations or Other Benefits) if Executive violates any of the Restrictive Covenants and fails to remedy such violation to the reasonable satisfaction of the Chief Executive Officer within ten (10) days of written notice of such violation.

(ii) Severability of Covenants. Executive acknowledges and agrees that the Restrictive Covenants are reasonable and valid in time and scope and in all other respects. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Executive in agreeing to the provisions of this Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws. This § 13 shall survive the expiration or termination of this Agreement, provided, however, that the non-competition covenants set forth in § 13(c)(iv) shall not survive and shall terminate at the end of the Employment Period if the Company gives notice to Executive pursuant to § 3 that this Agreement will not be extended.

§ 14. Arbitration. Any claim or dispute arising under this Agreement (other than under § 13) shall be subject to arbitration, and prior to commencing any court action, the parties agree that they shall arbitrate all such controversies. The arbitration shall be conducted in Atlanta, Georgia, in accordance with the Employment Dispute Rules of the American Arbitration Association and the Federal Arbitration Act, 9 U.S.C. §1, *et seq.* The arbitrator(s) shall be authorized to award both liquidated and actual damages, in addition to injunctive relief, but no punitive damages. The arbitrator(s) shall also award attorney's fees and costs, without regard to any restriction on the amount of such award under Georgia or other applicable law, as required under § 11. Such an award shall be binding and conclusive upon the parties hereto, subject to 9 U.S.C. § 10. Each party shall have the right to have the award made the judgment of a court of competent jurisdiction.
Initials of parties as to this § 14:

Company:
Executive:

§ 15. Rabbi Trust. In order to ensure the payment of the severance benefit provided for in §§ 8(b)(ii) and (iii) of this Agreement, immediately following the commencement of any action by a third party with the aim of effecting a Change in Control, or the publicly announced threat by a third party to commence any such action, the Company shall fully fund through the Global Payments Inc, Benefit Security Trust, or similar "rabbi trust" the amount of the severance payment that would have been paid to Executive under §§ 8(b)(ii) and (iii) if the Date of Termination had occurred on the date of commencement, or publicly-announced threat of commencement, of such action by the third party; *provided, however*, that the trust shall not be funded if the funding thereof would result in taxable income to Executive by reason of § 409A(b) of the Code; and provided, further, in no event shall any trust assets at any time be located or transferred outside of the United States, within the meaning of § 409A(b) of the Code. Amounts shall be paid to Executive from such trust as provided under this Agreement and the trust. The right of Executive to receive payments under this Agreement shall be an unsecured claim against the general assets of the Company and Executive shall have no rights in or against any specific assets of the Company. Finally, nothing in this § 15 shall relieve the Company of any liabilities under this Agreement to the extent such liabilities are not satisfied by a trust described in this § 15.

§ 16. Assignment and Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

§ 17. Miscellaneous.

(a) Waiver. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(b) Severability. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be invalid, illegal or unenforceable, either in whole or in part, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions or covenants, or any part thereof, of this Agreement, all of which shall remain in full force and effect.

(c) Other Agents. Nothing in this Agreement is to be interpreted as limiting the Company from employing other personnel on such terms and conditions as may be satisfactory to it.

(d) Entire Agreement. This Agreement contains the entire agreement between the Company and Executive with respect to the subject matter hereof and, from and after the Effective Date, this Agreement shall supersede any other agreement (oral or written) between the Company and Executive with respect to the subject matter hereof; *provided, however*, to the extent Executive continues following the Effective Date to hold outstanding equity-based awards of the Company that were granted prior to the Effective Date, treatment of such awards shall not be governed by this Agreement and shall instead be governed by the terms of any equity award agreements between Executive and the Company as in effect prior to the date of this Agreement.

(e) Governing Law. Except to the extent preempted by federal law, and without regard to conflict of laws principles, the laws of the State of Georgia shall govern this Agreement in all respects, whether as to its validity, construction, capacity, performance or otherwise.

(f) Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered or three (3) days after mailing if mailed, first class, certified mail, postage prepaid:

To Company: Global Payments Inc.
3550 Lenox Road
Suite 3000
Atlanta, Georgia 30326
Office of the Corporate Secretary

To Executive: At his current address or last known address on file with the Company

Any party may change the address to which notices, requests, demands and other communications shall be delivered or mailed by giving notice thereof to the other party in the same manner provided herein.

(g) Indemnification. The Company shall indemnify Executive to the maximum extent permitted under the Company's bylaws. Subject to reasonable availability of such insurance coverage and subject to applicable laws and regulations, a directors and officers' liability insurance policy (or policies) shall be maintained, during the Employment Period and for six (6) years thereafter, providing coverage that is no less favorable to Executive than the coverage provided to any other present officer or director of the Company and, following a Change in Control, the coverage shall be no less favorable to Executive than the coverage provided as of the date of the Change in Control.

(h) Amendments and Modifications, This Agreement may be amended or modified only by a writing signed by the Company and Executive, which makes specific reference to this Agreement.

(i) §409A.

(i) The Company and Executive intend no payments to be made and no benefits to be provided under this Agreement will be subject to taxation under § 409A of the Code and that the terms of this Agreement will be interpreted in good faith in a manner which is intended to minimize the risk that Executive will be subject to tax under § 409A of the Code with respect to any such payments or benefits, and the Company and Executive agree to cooperate fully and in good faith with one another to seek to minimize such risk. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by §409A of the Code, any payment that may be paid in more than one taxable year (depending on the time that Executive executes the Release) shall be paid in the later taxable year.

(ii) Items eligible for expense reimbursement under the terms of this Agreement shall be reimbursed in a manner intended to qualify for an exemption under § 409A of the Code, which shall include implementing the following limitations with respect to reimbursements: (A) the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in another calendar year, (B) no such reimbursement may be exchanged or liquidated for another payment or benefit, (C) any reimbursements of such expenses shall be made as soon as practicable under the circumstances but in any event no later than the end of the calendar year following the calendar in which the related expenses were incurred and (D) the Company's obligation to make reimbursements or to provide in-kind benefits that constitute deferred compensation under § 409A of the Code shall not extend beyond Executive's lifetime or, if later, the end of the twenty (20) year period which starts on the Effective Date.

(iii) Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under § 409A of the Code shall be paid under the applicable exception. The Company and Executive agree that each installment of payments and benefits provided under this Agreement shall be treated as a separate identified payment for purposes of § 409A of the Code and that neither the Company nor Executive shall have the right to accelerate or defer the delivery of any such payments or benefits if a determination is made in good faith that any such acceleration or deferral would present a risk that Executive would be subject to any tax under §409A of the Code; *provided, however*, to the extent permitted by § 409A of the Code, if the Applicable Pay Date is the Delayed Pay Date and Executive dies before such Delayed Pay Date, then any payments or benefits due on the Delayed Pay Date will be made within thirty (30) days following Executive's death (or, if earlier on the Delayed Pay Date). Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of § 409A of the Code (as determined in accordance with the methodology established by the Company and its affiliates as in effect on the date of Executive's Separation from Service), any payment that constitutes nonqualified deferred compensation within the meaning of § 409A of the Code that is otherwise due to Executive under this Agreement during the six (6) month period immediately following Executive's Separation from Service on account of Executive's Separation from Service shall be accumulated and paid to Executive on the Delayed Pay Date, to the extent necessary to prevent the imposition of tax penalties on Executive under § 409A of the Code. If Executive dies during the postponement period, the amounts and entitlements delayed on account of § 409A of the Code shall be paid to the personal representative of his estate on the first to occur of the Delayed Pay Date or thirty (30) days after the date of Executive's death.

(iv) Executive acknowledges and agrees that nothing in this Agreement shall be construed as a guarantee or indemnity by the Company for the tax consequences to the payments and benefits called for under this Agreement, including any tax consequences under § 409A of the Code, and Executive agrees that Executive shall be responsible for paying all taxes due with respect to such payments made and benefits provided to Executive.

(j) Tax Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(k) References; Construction. All references to sections (§) in this Agreement shall be to sections (§) of this Agreement except as expressly set forth in this Agreement. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof. For purposes of this Agreement, the term "including" shall mean "including, without limitation."

(l) Accounting Discrepancies. Executive shall be subject to any policy adopted by the Company after the Effective Date which is applicable to senior executives of the Company generally and which requires restitution by such an executive with respect to any payment made or benefit provided to, or on behalf of, such an executive, the calculation of which is based in whole or in part on accounting discrepancies or erroneous financial information.

(m) Survivability. The provisions of this Agreement that by their terms call for performance subsequent to the termination of either Executive's employment or this Agreement (including the terms of §§ 8, 10, 13 and 17(g)) shall so survive such termination.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and Executive hereto have duly executed and delivered this Employment Agreement as of the date first above written.

/s/ Jeffrey S. Sloan	/s/ Joshua J. Whipple
Jeffrey S. Sloan **Chief Executive Officer** **Global Payments Inc.**	**Joshua J. Whipple** **Chief Financial Officer** **Global Payments Inc.**

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.

EXHIBIT A

Form of Release

This Release is granted effective as of the [DATE] day of [MONTH], [YEAR], by Joshua J. Whipple ("Executive") in favor of Global Payments Inc. (the "Company"). This is the Release referred to that certain Employment Agreement effective as of September 18, 2019 by and between the Company and Executive (the "Employment Agreement"). Executive gives this Release in consideration of the Company's promises and covenants as recited in the Employment Agreement, with respect to which this Release is an integral part.

1. Release of the Company. Executive, for himself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, employees, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (the "Released Parties"), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorneys' fees and costs, or liabilities whatsoever, in law or in equity, which Executive ever had or now has against the Released Parties, including, without limitation, any claims arising by reason of or in any way connected with any employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors, and Executive. It is understood and agreed that this Release is intended to cover all actions, causes of action, claims or demands for any damage, loss or injury, whether known or unknown, of any nature whatsoever, including those which may be traced either directly or indirectly to the aforesaid employment relationship, or the termination of that relationship, that Executive has, had or purports to have, from the beginning of time to the date of this Release, and including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.*, Title VII of the Civil Rights Act, 42 U.S.C. § 2000(e), *et seq.*, or the Americans With Disabilities Act, 42 U.S.C. § 12101 *et seq.*; claims for statutory or common law wrongful discharge, claims arising under the Fair Labor Standards Act, 29 U.S.C. § 201*et seq.*, claims for attorney's fees, expenses and costs; claims for defamation; claims for emotional distress; claims for wages or vacation pay; claims for benefits, including any claims arising under the Executive Retirement Income Security Act, 29 U.S.C. § 1001, *et seq.*, and claims under any other applicable federal, state or local laws or legal concepts,*provided, however*, that nothing herein shall release the Company of (a) obligations to Executive to make termination payments under § 8 of the Employment Agreement or any other rights under the Employment Agreement, (b) any indemnification obligations to Executive under the Company's bylaws, certificate of incorporation, Delaware law or otherwise; (C) obligations with respect to insurance coverage under any directors and officers' liability insurance policies; (d) any rights that Executive may have as a stockholder of the Company; or (e) vested interests in any pension plan or other benefit or deferred compensation plan.

2. Release of Claims Under Age Discrimination in Employment Act. Without limiting the generality of the foregoing, Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.*, Executive acknowledges and agrees Executive has been, and hereby is, advised by Company to consult with an attorney prior to executing this Release. Executive further acknowledges and agrees that Company has offered Executive the opportunity, before executing this Release, to consider this Release for a period of twenty-one (21) calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven (7) calendar days after the execution of this Release and that Executive may revoke this Release within seven (7) calendar days from the date of execution hereof.

3. Non-Admission. It is understood and agreed by Executive that the payment made to him is not to be construed as an admission of any liability whatsoever on the part of the Company or any of the other Released Parties, by whom liability is expressly denied.

4. Non-Disparagement. Executive agrees that he will not in any way disparage Company, its affiliated and related companies, or their current and former employees, officers, directors, agents and representatives, or make or solicit any comments, statements, or the like to the media or to others that may be considered to be derogatory or detrimental to the good name or business reputation of any of the aforementioned parties or entities. This paragraph shall not limit the rights of Executive (a) to make any disclosures that are protected under the whistleblower provisions of federal law or regulation or provide testimony pursuant to a valid subpoena or in a judicial or administrative proceeding in which Executive is required to testify or otherwise as required by law or legal process; or (b) to make a complaint to, provide truthful information to, or participate in an investigation conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission.

5. Acknowledgement and Revocation Period. Executive agrees that he has carefully read this Release and is signing it voluntarily. Executive acknowledges that he has had twenty one (21) days from receipt of this Release to review it prior to signing or that, if Executive is signing this Release prior to the expiration of such twenty-one (21) day period, Executive is waiving his right to review the Release for such full twenty-one (21) day period prior to signing it. Executive has the right to revoke this release within seven (7) days following the date of its execution by him. In order to revoke this Release, Executive must deliver notice of the revocation in writing to Company's General Counsel before the expiration of the seven (7) day period. However, if Executive revokes this Release within such seven (7) day period, no severance benefit will be payable to him under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

6. No Revocation After Seven Days. Executive acknowledges and agrees that this Release may not be revoked at any time after the expiration of the seven (7) day revocation period and that he/she will not institute any suit, action, or proceeding, whether at law or equity, challenging the enforceability of this Release. Executive further acknowledges and agrees that, with the exception of an action to challenge the waiver of claims under the ADEA, Executive shall not ever attempt to challenge the terms of this Release, attempt to obtain an order declaring this Release to be null and void, or institute litigation against the Company or any other Releasee based upon a claim that is covered by the terms of the release contained herein, without first repaying all monies paid to him/her under § 8 of the Employment Agreement. Furthermore, with the exception of an action to challenge his waiver of claims under the ADEA, if Executive does not prevail in an action to challenge this Release, to obtain an order declaring this Release to be null and void, or in any action against the Company or any other Releasee based upon a claim that is covered by the release set forth herein, Executive shall pay to the Company and/or the appropriate Releasee all their costs and attorneys' fees incurred in their defense of Executive's action.

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

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

/s/ Joshua J. Whipple

Joshua J. Whipple
Chief Financial Officer
Global Payments Inc.
September 24, 2019

AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN JOSHUA J. WHIPPLE AND GLOBAL PAYMENTS INC.

WHEREAS, Global Payments Inc. ("Global") and Joshua J. Whipple ("Executive") are parties to an Employment Agreement dated September 20, 2019 (the "Agreement"); and

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

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

1. The first sentence of Section 2 (Employment) of the Agreement is deleted in its entirety and replaced with the following:

   Executive is hereby employed as Senior Executive Vice President, Chief Financial Officer of the Company as of July 1, 2022.

2. Section 5(a) (Base Salary) of the Agreement is deleted in its entirety and replaced with the following:

   Effective July 1, 2022, during the Employment Period, the Company will pay to Executive a base salary in the amount of U.S. $700,000 per year (the "Base Salary"), payable in equal bi-weekly or other installments as provided under the Company's standard payroll practices in effect for senior executives from time to time. Executive's Base Salary will be reviewed at least annually and, subject to approval of the Committee, the Company may increase Executive's Base Salary from time to time. The periodic review of Executive's salary by the Committee will consider, among other things, Executive's own performance and the Company's performance.

3. Section 5(b)) (Annual Bonus) is deleted in its entirety and replaced with the following:

   Executive will have an annual bonus opportunity for each fiscal year of the Company based on the achievement of financial and performance objectives set by the Committee ("Bonus Opportunity"). The annual Bonus Opportunity and specific performance and financial objectives will be set forth in Executive's individual performance and incentive plan for each fiscal year. Effective July 1, 2022, Executive's annual Bonus Opportunity at target levels for any year shall not be less than 110% of his then-current Base Salary for such year (the "Target Bonus Opportunity"). Executive must be an active employee on the date the annual bonuses are paid on a Company-wide basis in order to be eligible to receive any bonus payment (except as otherwise expressly provided in § 8), unless (A) Executive's employment terminates following a failure to extend his Employment Period in accordance with § 3, (B) his employment terminates at or after the end of the applicable fiscal year and (C) he satisfies all or substantially all of the performance requirements (other than continued service) for a bonus for such fiscal year, in which event he shall be eligible for a bonus as determined by the Committee, and such bonus, if any, shall be paid no later than two and one-half (2½) months after the end of such fiscal year.

4. Section 7(b)(1) of the Agreement shall be amended to include "or the Chairman of the Committee" after "by the Chief Executive Officer".

5. All references to "the CEO" in sections 4(c), 7(a) to 7(c), 7(e) (i), 8(a)(i) & (vi), and 8(b)(v)(2) of the Agreement shall be replaced with "the Committee."

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

IN WITNESS WHEREOF, the parties have caused this amendment to be executed by their respective officers duly authorized as of the 2nd day of August, 2022.

EXECUTIVE:	GLOBAL PAYMENTS INC.
/s/ Joshua J. Whipple	/s/ David L. Green
Joshua J. Whipple	**David L. Green** **Title: Senior EVP and General Counsel**
Date: 08/02/2022	**Date: 08/02/2022**

Exhibit 31.1

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

I, Jeffrey S. Sloan, certify that:

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

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Jeffrey S. Sloan

Date: October 31, 2022

Jeffrey S. Sloan
Chief Executive Officer

Exhibit 31.2

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, Joshua J. Whipple, 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/ Joshua J. Whipple

Date: October 31, 2022

Joshua J. Whipple
Chief Financial Officer

Exhibit 32.1

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 September 30, 2022 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 Joshua J. Whipple, 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	/s/ Joshua J. Whipple
Jeffrey S. Sloan **Chief Executive Officer** **Global Payments Inc.**	**Joshua J. Whipple** **Chief Financial Officer** **Global Payments Inc.**
October 31, 2022	**October 31, 2022**

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.