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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2008

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 No. 001-16111

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.)**
10 Glenlake Parkway, North Tower, Atlanta, Georgia	**30328-3473**
(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	**Name of each exchange on which registered**
Common Stock, No Par Value	New York Stock Exchange
Series A Junior Participating Preferred Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates (assuming for these purposes, but not conceding, that all executive officers, directors, and shareholders owning 15% or more of the outstanding shares of common stock as of November 30, 2007, are "affiliates" of the Registrant) was $3,397,984,623 based upon the last reported sale price on the New York Stock Exchange on November 30, 2007.

The number of shares of the registrant's common stock outstanding at July 21, 2008 was 79,656,560 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Specifically identified portions of the registrant's proxy statement for the 2008 annual meeting of shareholders are incorporated by reference in Part III.

GLOBAL PAYMENTS INC.
2008 FORM 10-K ANNUAL REPORT
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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Unless the context requires otherwise, references in this report to "Global Payments," the "Company," "we," "us," and "our" refer to Global Payments Inc. and our respective subsidiaries.

We believe that it is important to communicate our plans and expectations about the future to our shareholders and to the public. 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; the amount of future results of operations, such as revenue, certain expenses, operating margins, income tax rates, shares outstanding, capital expenditures, operating metrics, and earnings per share; our success and our timing in developing and introducing new products or services and expanding our business; and the successful integration of future acquisitions. 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 and estimates that are inherently subject to significant risks and uncertainties, many of which are beyond our control, cannot be foreseen and reflect future business decisions that are subject to change. Accordingly, we cannot guarantee you 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. These factors include, but are not limited to, those set forth in Item 1A—Risk Factors of this report, those set forth elsewhere in this report and those set forth in our press releases, reports and other filings made with the Securities and Exchange Commission, or SEC. 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.

PART I

ITEM 1—BUSINESS

General Developments

Financial Highlights

In the year ended May 31, 2008, or fiscal 2008, revenue increased 20% to $1,274.2 million from $1,061.5 million in the year ended May 31, 2007, or fiscal 2007. This revenue growth was primarily due to growth in our merchant services channels. Consolidated operating income was $251.4 million for fiscal 2008, compared to $218.1 million for fiscal 2007, which resulted in a decrease in operating margin to 19.7% for fiscal 2008 from 20.5% for fiscal 2007. Net income increased $19.8 million, or 14%, to $162.8 million in fiscal 2008 from $143.0 million in the prior year, resulting in a $0.26 increase in diluted earnings per share to $2.01 in fiscal 2008 from $1.75 in fiscal 2007.

Merchant services segment revenue increased $201.5 million or 22% to $1,130.6 million in fiscal 2008 from $929.1 million in fiscal 2007. Merchant services segment operating income increased 13% to $293.0 million in fiscal 2008 from $259.7 million in fiscal 2007, with operating margins of 25.9% and 27.9% for fiscal 2008 and 2007, respectively.

Money transfer segment revenue increased $11.2 million or 8% to $143.6 million in fiscal 2008 from $132.4 million in fiscal 2007. Money transfer segment operating income decreased 6% to $13.6 million in fiscal 2008 from $14.5 million in fiscal 2007, with operating margins of 9.5% and 10.9% for fiscal years 2008 and 2007, respectively.

The consolidated operating income amounts reflect restructuring and other charges of $1.3 million and $3.1 million in fiscal 2008 and fiscal 2007, respectively. These charges primarily relate to employee termination benefits, fixed asset abandonment and facility closure costs due to facility consolidations and the elimination of redundant activities.

Refer to “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a detailed explanation of these results.

Acquisitions

During fiscal 2008, we acquired a portfolio of merchants that process Discover transactions and the rights to process Discover transactions for our existing and new merchants. As a result of this acquisition, we will now process Discover transactions similarly to how we currently process Visa and MasterCard transactions. The purpose of this acquisition was to offer merchants a single point of contact for Discover, Visa and MasterCard card processing.

During fiscal 2008, we acquired a majority of the assets of Euroenvios Money Transfer, S.A. and Euroenvios Conecta, S.L., which we collectively refer to as LFS Spain. LFS Spain consisted of two privately-held corporations engaged in money transmittal and ancillary services from Spain to settlement locations primarily in Latin America. The purpose of the acquisition was to further our strategy of expanding our customer base and market share by opening additional branch locations.

During fiscal 2008, we acquired a series of money transfer branch locations in the United States. The purpose of these acquisitions was to increase the market presence of our DolEx-branded money transfer offering.

Facility Consolidations and Conversions

In March 2007, we decided to consolidate our technical support center located in St. Louis, Missouri into our operations center in Owings Mills, Maryland. We believe this consolidation will improve our customer service by allowing us to provide our customers with a single point of contact in one physical location. This

consolidation resulted in staff reduction, fixed asset abandonment and facility closure costs and was completed during our second quarter of fiscal 2008.

During fiscal 2008, as part of our ongoing strategy to integrate our acquisitions into our existing systems, we completed the conversion of our Hong Kong and Macau merchant portfolio away from HSBC Asia and onto our back-end operating platform.

Share Repurchase Program

On April 5, 2007, our Board of Directors approved a share repurchase program that authorized the purchase of up to $100 million of Global Payments' stock in the open market or as otherwise may be determined by us, subject to market conditions, business opportunities, and other factors. Under this authorization, we repurchased 2.3 million shares of our common stock during fiscal 2008 at a cost of $87.0 million, or an average of $37.85 per share, including commissions. As of May 31, 2008, we had $13.0 million remaining under our current share repurchase authorization.

Subsequent Events

On June 17, 2008, we entered into a purchase agreement with HSBC Bank plc, or HSBC UK, to obtain an interest in a newly formed limited partnership that will provide payment processing services to merchants in the United Kingdom and Internet merchants globally. The new partnership will operate under the name HSBC Merchant Services. On June 30, 2008, we completed the transaction and paid HSBC UK $439 million in cash to acquire a 51% majority ownership in the partnership. We will manage the day-to-day operations of the partnership, will control all major decisions and, accordingly, will consolidate the partnership's financial results for accounting purposes effective with the closing date. HSBC UK retained ownership of the remaining 49% and contributed its existing merchant acquiring business in the United Kingdom to the partnership. In addition, HSBC UK entered into a ten-year marketing alliance with the partnership in which HSBC UK will refer customers to the partnership for payment processing services in the United Kingdom. On June 23, 2008, we entered into a new five year, $200 million term loan to fund a portion of the acquisition. We funded the remaining purchase price with excess cash and our existing credit facilities.

Business Description

We are a leading payment processing and consumer money transfer company. As a high-volume processor of electronic transactions, we enable merchants, multinational corporations, financial institutions, consumers, government agencies and other profit and non-profit business enterprises to facilitate payments to purchase goods and services or further other economic goals. Our role is to serve as an intermediary in the exchange of information and funds that must occur between parties so that a payment transaction or money transfer can be completed. We were incorporated in Georgia as Global Payments Inc. in September 2000, and we spun-off from our former parent company on January 31, 2001. Including our time as part of our former parent company, we have provided transaction processing services since 1967.

We market our products and services throughout the United States, Canada, Europe and the Asia-Pacific region. We operate in two business segments, merchant services and money transfer, and we offer various products through these segments. Our merchant services segment targets customers in many vertical industries including financial institutions, gaming, government, health care, professional services, restaurants, retail, universities and utilities. Our money transfer segment primarily targets immigrants in the United States and Europe. See Note 11 in the notes to consolidated financial statements for additional segment information and "Item 1A—Risk Factors" for a discussion of risks involved with our international operations.

Total revenues from our merchant services and money transfer segments, by geography and sales channel, are as follows (amounts in thousands):

	Year Ended May 31,		
	2008	2007	2006
Domestic direct	$ 687,065	$ 558,026	$ 481,273
Canada	267,249	224,570	208,126
Asia-Pacific	72,367	48,449	—
Central and Eastern Europe	59,778	51,224	47,114
Domestic indirect and other	44,150	46,873	51,987
Merchant services	1,130,609	929,142	788,500
Domestic	119,019	115,416	109,067
Europe	24,601	16,965	10,489
Money transfer	143,620	132,381	119,556
Total revenues	$ 1,274,229	$ 1,061,523	$ 908,056

Merchant Services Segment

Our offerings in the merchant services segment provide merchants, independent sales organizations, or ISOs, and financial institutions with credit and debit card transaction processing, as well as check-related services. We use two basic business models to market our merchant services offerings. One model, referred to as "direct" merchant services, features a salaried and commissioned sales force, ISOs and independent sales representatives, all of whom sell our end-to-end services directly to merchants. Our other model, referred to as "indirect" merchant services, provides the same basic products and services as direct merchant services, primarily to financial institutions and a limited number of ISOs on an unbundled basis, that in turn resell our products and services to merchants. We also offer sales, installation and servicing of ATM and point of sale, or POS, terminals and selected card issuing services, which are components of indirect merchant services, through Global Payments Europe, s.r.o., formerly known as MUZO, which is our subsidiary based in the Czech Republic. Our direct merchant services are marketed in the United States, Canada, and throughout the Asia-Pacific region, while our indirect merchant services are marketed in the United States, Canada, and Europe.

Direct merchant services revenue is generated on services primarily priced as a percentage of transaction value, whereas indirect merchant services revenue is generated on services primarily priced on a specified amount per transaction. In both merchant services models, we also charge other processing fees unrelated to the number of transactions or the transaction value.

Direct Merchant Services

We market our services through a variety of sales channels that includes a dedicated sales force, ISOs, an internal telesales group, trade associations, alliance and agent bank relationships, retail outlets and financial institutions. In addition to receiving referrals from approximately 1,600 bank branch locations in Canada, we have affiliations in the United States with hundreds of organizations that provide sales leads, including financial institutions, alliance bank branch locations, trade associations, and value added resellers, or VARs. Additionally, we market directly to customers through print advertising and direct mail efforts. We also participate in major industry tradeshows and publicity events and actively execute various public relations campaigns. In the Asia-Pacific region, we market through a dedicated sales force and receive referrals from HSBC bank branch locations. We pursue this strategy because we believe that it utilizes one of the lowest cost delivery systems available to acquire customers successfully.

Credit and Debit Card Transaction Processing

Credit and debit card transaction processing includes the processing of Visa, MasterCard and Discover credit cards, cards issued by other card associations like American Express, Diners Club, and JCB, and on-line and off-line debit cards. Credit and debit card processing involves a consumer or cardholder acquiring goods or services from a merchant and using a credit or debit card as the form of payment. The term "merchant" generally refers to any organization that accepts credit or debit cards for the payment of goods and services, such as retail stores, including physical locations and internet sites, mail order or telephone order outlets, restaurants, universities and government agencies. We are the processing intermediary between the merchant and the card associations, debit networks and financial institutions.

Although card transactions may appear to be simple, a transaction requires a complex process involving various participants in a series of electronic connections. In addition to electronic transaction payment processors such as Global Payments, also known as merchant acquirers, participants in this process include card issuers, cardholders, merchants, card associations and card association members. Card issuers are financial institutions that issue credit and debit cards to approved applicants and are identifiable by their trade name typically imprinted on the issued cards.

An approved applicant for a credit or debit card from a card issuer is referred to as a cardholder, and may be any entity for which an issuer wishes to extend a line of credit, such as a consumer, corporation or government agency. The cardholder may use the card at any merchant location that meets the qualification standards of the relevant card association, such as MasterCard, Visa, Discover, other cards such as American Express and Diners Club, or debit networks such as NYCE, PULSE and STAR in the United States, Interac in Canada and the various debit networks in the Asia-Pacific region.

The card associations and debit networks consist of members, generally financial institutions, who establish uniform regulations that govern much of the industry. During a typical card transaction, the merchant and the card issuer do not interface directly with each other, but instead rely on merchant acquirers. A merchant acquirer can be an independent processor that acts with a member sponsor, such as Global Payments, or the merchant acquirer can be a bank itself. We perform a series of services including authorization, electronic draft capture, file transfers to facilitate the funds settlement and certain exception-based, back office support services such as chargeback and retrieval resolution. The following is a more detailed description of credit and debit card transactions:

A card transaction begins when a cardholder presents a card for payment at a merchant location and the merchant swipes the card's magnetic strip through a POS terminal card reader, which may be provided by Global Payments. Alternatively, card and transaction information may be captured and transmitted to our network through a POS device by one of a number of products that we offer directly or through a VAR. For a credit card transaction, authorization services generally refer to the process in which the card issuer indicates whether a particular credit card is authentic and whether the impending transaction value will cause the cardholder to exceed defined credit limits. The terminal electronically records sales draft information, such as the credit card identification number, transaction date and value of the goods or services purchased. Debit card payments differ slightly from traditional credit card transactions in that the cardholder is required to have sufficient funds available in a deposit account at the time of the transaction, or the debit card transaction will not be authorized. PIN-based or on-line debit transactions are sent through a debit network, while signature-based, off-line debit, or check card transactions are sent through card associations and require a signature at the time of purchase. Also, PIN-based or on-line debit transactions typically deduct the purchase amount from the cardholder's deposit account within a day of the purchase, depending on the time of the purchase. Signature-based, off-line debit or check card transactions typically debit the cardholder's deposit account two to three days after the purchase, although the funds are "held" with a memo posted to the cardholder's bank account. A credit card transaction posts to a cardholder's account, reducing the available credit limit in a similar manner.

After the card and transaction information is captured by the POS device, the terminal automatically either dials a pre-programmed phone number or otherwise connects to our network, such as through the internet or a

leased line, in order to receive authorization of the transaction. We route the request to the applicable card association or debit network. The card association or debit network forwards the authorization request to the card issuer, who determines a response based on the status of the cardholder's account. The response is returned to the merchant's terminal via the same communication network. This entire authorization and response process occurs within seconds from the time the merchant swipes the cardholder's card through the POS terminal card reader.

Electronic draft capture is the process of transferring sales draft data into an electronic format so that it may be sent through networks for clearing and settlement. The card associations use a system known as interchange, in the case of credit and off-line debit cards, and financial institutions use the debit networks, in the case of on-line debit cards, to transfer the information and funds between the card issuers and us to complete the link between merchants and card issuers.

In order to provide credit card transaction processing services, we must be designated as a certified processor by MasterCard and Visa, in addition to a Merchant Service Provider by MasterCard and an Independent Sales Organization by Visa. These designations are dependent upon member clearing banks of either organization sponsoring us and our adherence to the standards of the Visa and MasterCard associations. A financial institution that is a member of the Visa and/or MasterCard card associations (the "Member") must sponsor an electronic transaction payment processor such as Global Payments. We have four primary financial institution sponsors in the United States, Canada, and the Asia-Pacific region with whom we have sponsorship or depository and processing agreements. These agreements allow us to route transactions under the member banks' control and identification numbers to clear credit card transactions through Visa and MasterCard. The member financial institutions of Visa and MasterCard, some of which are our competitors, set the standards with which we must comply.

We also provide credit card transaction processing for Discover Financial Services or Discover Card ("Discover") and are designated as an acquirer by Discover. This designation provides us with a direct relationship between us and Discover, and therefore a Member sponsorship is not required. Our agreement with Discover allows us to route and clear transactions directly through Discover's network. Otherwise, we process Discover transactions similarly to how we process MasterCard and Visa transactions. Discover publishes acquirer operating regulations, with which we must comply. We use our Members to assist in funding merchants for Discover transactions.

Funds settlement refers to the process of transferring funds for sales and credits between cardholders and merchants. Depending on the type of transaction, either the credit card interchange system or the debit network is used to transfer the information and funds between the Member and card issuer to complete the link between merchants and card issuers.

For transactions processed on our systems, we use our network telecommunication infrastructure to deliver funding files to the Member, which creates a file to fund the merchants using country-specific payment networks such as the Federal Reserve's Automated Clearing House system in the United States or the Automated Clearing Settlement System or the Large Value Transfer System in Canada. In our United States portfolio and in most of our Canadian portfolio, merchant funding primarily occurs after the Member receives the funds from the card issuer through the card associations. For certain of our Canadian and Asia-Pacific merchant accounts, the Member funds the merchants before the Member receives the net settlement funds from the card associations, creating a net settlement asset at the Member. In certain Asia-Pacific countries, the Member provides the payment processing operations and related support services on our behalf under a transition services agreement. The Member will continue to provide these services until we fully integrate the Asia-Pacific operations into our own operations, which we expect will be completed in phases through 2010. After our integration, the Member will continue to provide funds settlement services similar to the functions performed by our Members in the United States and Canada.

Timing differences, interchange expenses, merchant reserves and exception items cause differences between the amount the Member receives from the card associations and the amount funded to the merchants. The

standards of the card associations restrict us from performing funds settlement or accessing merchant settlement funds, and, instead, require that these funds be in the possession of the Member until the merchant is funded. However, in practice and in accordance with the terms of our sponsorship agreements with our Members, we follow a net settlement process whereby, if the incoming amount from the card associations precedes the Member's funding obligation to the merchant, we temporarily hold the surplus on behalf of the Member, in a joint deposit account or in an account at the Member bank, and record a corresponding liability. Conversely, if the Member's funding obligation to the merchant precedes the incoming amount from the card associations, the amount of the Member's net receivable position is either subsequently advanced to the Member by us or the Member satisfies this obligation with its own funds. If the Member uses its own funds, the Member assesses a funding cost, which is included in interest and other expense on the accompanying consolidated statements of income. Each participant in the transaction process receives compensation for its services.

As an illustration, on a $100.00 credit card transaction, the card association may fund the Member $98.50 after retaining a hypothetical $1.50 referred to as an interchange fee or interchange expense. The card associations have published hundreds of different interchange expense rate arrangements. The card issuer seeks reimbursement of $100.00 from the cardholder in the cardholder's monthly credit card statement. The Member would, in turn, pay the merchant $100.00. The net settlement after this transaction would require us to advance to the Member $1.50. After the end of the month, we would bill the merchant a percentage of the transaction, or discount, to cover the full amount of the interchange fee and our net revenue from the transaction. If our net revenue from the merchant in the above example was 0.5% of the credit card transaction value, we would bill the merchant $2.00 at the end of the month for the transaction, reimburse ourselves for approximately $1.50 in interchange fees advanced to the Member and retain $0.50 as our net revenue for the transaction. Our gross profit on the transaction reflects the net revenue less operating expenses, including the network and systems cost to process the transaction and commissions paid to our sales force or ISOs.

If it is determined that the merchant in the above transaction is to be placed on reserve or delay, then collateral is held to minimize contingent liabilities to us associated with charges properly reversed by cardholders, otherwise known as chargebacks. This contingent liability arises from our performance guarantee to the Member sponsor. The merchant funds are held as a cash deposit to minimize this risk of loss associated with the transactions processed. On behalf of the Member, we hold all or a portion of the deposit for the convenience of the Member. In this situation, the Member would net fund us $98.50, the same amount the Member received from the card association. This amount is comprised of the $100.00 that would have been funded by the Member to the merchant, less the same $1.50 for the interchange expense.

If a transaction we had processed previously through the Member is charged back by the cardholder through the card issuer, the Member is notified of the shortfall in the anticipated wire transfer. If the amount of the chargeback is $5.00, the Member would receive $93.50, net from the card association and be required to fund the merchant the same $100.00. Therefore, we would be required to advance $6.50 to the Member. This amount is comprised of $5.00 for the chargeback, plus the same $1.50 for the interchange expense.

In addition to the card processing services described above, we also process retrieval requests on behalf of merchants for issuing banks and provide chargeback resolution services, both of which relate to cardholders disputing an amount that has been charged to their card. We review the dispute and handle the related exchange of information and funds between the merchant and the card issuer if a charge is to be reversed. As a result of our financial institution sponsorship and the terms of our standard merchants' agreement, our direct merchant services customers are liable for any charges properly reversed by the cardholder. In the event, however, that we are not able to collect such amount from the merchants, due to merchant fraud, insolvency, bankruptcy or any other reason, we may be liable for any such reversed charges. We utilize a number of systems and procedures to manage merchant risk. Our risk management services include credit underwriting, credit scoring, fraud control, account processing and collections. In addition, we may require cash deposits, guarantees, letters of credit and other types of collateral by certain merchants to minimize any such contingent liability. Notwithstanding our risk management activities, we have historically experienced losses due to merchant defaults.

Check Services

Our check products offer merchant customers risk management alternatives, in the case of our verification and recovery offerings, or risk elimination, in the case of our guarantee offerings, by leveraging our internal and external databases of checkwriters to help decide whether the merchant should accept a check as the form of payment from a particular checkwriter. Our check services products are part of our domestic direct service offering.

Check guarantee services include comprehensive check verification and guarantee services designed for a merchant's specific needs and risk adversity. This service offering guarantees payment of all checks that are electronically verified, primarily using POS check readers and our extensive databases, which allows merchants to expand their revenue base by applying less stringent requirements when accepting checks from consumers. If a verified check is dishonored, our check guarantee service generally provides the merchant with reimbursement of the check's face value, and then we pursue collection of the check through our internal collection services. While we have the right to collect the full amount of the check from the checkwriter, we have historically recovered less than 100% of the guaranteed checks. To protect against this risk, we use verification databases that contain information on historical delinquent check writing activity. We derive revenue for these services primarily by charging the merchant a percentage of the face value of each guaranteed check.

Check verification and recovery services are similar to those provided in the check guarantee service, except that these services do not guarantee payment of the verified checks. Check verification services provide a low-cost loss-reduction solution for merchants wishing to measure a customer's check worthiness quickly at the point of sale without incurring the additional expense of check guarantee services. We provide check recovery services for these customers upon their request. We derive revenues for these services primarily from the service fees collected from delinquent check writers, fees charged to merchants based on a transaction rate per verified check, and fees charged to merchants for specialized services, such as electronic re-deposits of dishonored checks.

In the specialized vertical market of gaming, our VIP LightSpeed proprietary software and VIP Preferred Advantage product provide the gaming industry with the tools necessary to establish revolving check cashing limits for the casinos' customers. VIP Preferred offers both traditional and electronic check cashing options which eliminates the need for paper checks as part of the VIP LightSpeed suite of products. Further, our ATM Cash Advantage product allows the casinos' customers to cash electronic checks at certain ATMs using a VIP Preferred Card to initiate the transaction. Lastly, our PlayerCash Advantage product, formerly referred to as Cash and Win, allows the casinos' customers to complete credit and debit card cash advances by utilizing specialized kiosks to initiate the advances and then completing the transaction at the casino cage. Our gaming products allow fast access to cash with high limits so that gaming establishments can increase the flow of money to their gaming floors and reduce risk. We derive revenue from our gaming products primarily based on a percentage of the transaction value.

Indirect Merchant Services

Through our indirect merchant services business model, we market unbundled products and services primarily to financial institutions and a limited number of ISOs that in turn resell our products and services to merchants. The primary service offering in this business model is credit and debit card transaction processing. These products and services are identical with those offered under our direct merchant services business model. We primarily perform authorization, electronic draft capture and file transfer services for our indirect merchant services customers. In addition, we may perform merchant accounting and other back office services. The primary differences between indirect merchant services credit and debit card transaction processing and direct merchant services relate to funds settlement and financial institution sponsorship. Our indirect merchant services customers perform their own funds settlement and either have separate financial institution sponsorship or their own identification numbers, referred to as Bank Identification Number, or BIN, for Visa

transactions and Interbank Card Association number, or ICA, for MasterCard transactions, to clear credit card transactions through Visa and MasterCard. Since we are not party to the financial institution sponsorship, we are not potentially liable for any charges properly reversed by the cardholder.

Our merchant accounting services provide information primarily for our indirect merchant services customers to monitor portfolio performance, control expenses, disseminate information and track profitability through the production and distribution of detailed statements summarizing electronic transaction payment processing activity. Our risk management services allow financial institutions to monitor credit and transaction risk, thereby enhancing the profitability of their merchant portfolios. Our risk management services include credit underwriting, credit scoring, fraud control, account processing and collections.

In Europe, we provide these indirect merchant services through our Global Payments Europe subsidiary. Consistent with the European payments processing environment, Global Payments Europe's offerings also include terminal management services for ATM and POS terminals, as well as card issuing services. Our card issuing services in Europe include card database management and card personalization. We also provide credit scoring services to financial institutions in the Czech Republic, Slovakia and Russia.

Our domestic indirect and other service offering also provides financial and operational data to financial institutions, corporations and government agencies and allows these organizations to exchange this information with financial institutions and other service providers. We also provide EDI tax filing and internet tax payment services that allow financial institutions and government agencies to offer corporate taxpayers a secure and convenient method of paying taxes electronically. These services are primarily priced based on a rate per transaction processed.

Money Transfer Segment

Our money transfer segment provides consumer money transfer services. A majority of the revenue derived from our money transfer offering consists of our electronic money transfer services marketed under our DolEx brand to first and second generation Latin Americans living in the United States. This segment regularly transfers money to family and friends living in Latin America. Following the Europhil acquisition in December 2004, we expanded our money transfer origination locations to Europe and our settlement locations to Morocco, the Philippines, Romania, Poland and other new destinations.

As of May 31, 2008, we operated 793 originating retail branch locations in the United States and 90 in Europe, and have settlement arrangements with more than 12,000 bank, exchange house, and retail locations worldwide. The money transfer service offering is primarily driven by transaction levels and unit pricing. Our business strategy is to competitively price our services, provide a timely and quality service, diversify our services through new product offerings and increase our physical presence through branch acquisitions and, to a lesser extent, new branch openings, and expand our settlement network. We believe this strategy will further expand our customer base and increase our market share.

In a typical money transfer transaction, a customer visits one of our originating branch locations and pays a fee based on the nature and amount of the transaction performed on the customer's behalf. Where applicable, the customer is quoted a retail exchange rate when the money transfer transaction is requested. The customer will receive a receipt that includes the amount the beneficiary will receive, the retail exchange rate, money transfer fee, settlement location and total amount that was remitted to us. We earn additional revenue based on the difference between the retail exchange rate that is quoted and the wholesale exchange rate when the currency is purchased, which is in much larger denominations than the individual customer's transaction. On each business day, we estimate the amount of currency needed by our settlement locations, bid the wholesale exchange rates based on the amount needed and purchase currency at the best available rates.

Employees

As of May 31, 2008, we had 4,899 employees. Many of our employees are highly skilled in technical areas specific to electronic transaction payment processing and money transfer. We believe that our current and future operations depend substantially on retaining our key technical employees.

Competition

Merchant Services Segment

Our primary competitors in the electronic transaction payment processing industry include other merchant acquirers, as well as major national and regional financial institution processors and ISOs, some of which are our customers. Certain of these companies are privately held, and the majority of those that are publicly held do not release the information necessary to quantify our relative competitive position precisely. As an independent merchant acquirer, our principal affiliation with financial institutions relates to the sponsorship that enables our access to the card associations and debit networks. We believe an independent merchant acquirer, such as Global Payments, will tend to be more of an advocate for the merchant customer, as there is no other relationship with a card issuing business or cardholder customer service, which is typical of a financial institution processor. Also, a financial institution processor's sales channel is primarily based on customer referrals within the institution while an independent processor or ISO will tend to be focused on sales from all channels, including internally generated leads. Finally, a financial institution processor may not have the same executive focus on a merchant acquiring business, as the business is generally not core to the total revenues of the financial institution. We primarily differ from ISOs in that we have our own processing platform and financial institution sponsorship agreements.

Based on industry publications such as *The Nilson Report*, dated March 2008, we are a leading mid-market and small-market merchant acquirer in the United States. According to that report, one of our competitors, First Data Corporation and its affiliates, which include Chase Paymentech Solutions, is the largest electronic transaction payment processor in the United States.

Our primary competitor in Canada is Moneris Solutions, which we believe has a larger share of the Canadian merchant acquiring market based on volume processed. Moneris Solutions is a joint venture between the Royal Bank of Canada and the Bank of Montreal. We also consider Chase Paymentech Solutions and TD Merchant Services to be major competitors in the Canadian market.

In the Asia-Pacific region, our primary competition is from financial institutions that offer merchant acquiring services. In Europe, our primary competition is from financial institutions, other third party processors and from software providers that offer financial institutions the ability to process transactions in-house.

We service a variety of industry segments and specialize in direct merchant services, primarily the mid-market and small-market segments in the United States, large and mid-market segments in Canada and large and mid-market segments in the Asia-Pacific region. We define mid-market as a merchant with an average of $150,000 to $300,000 in annual card volume. Card volume represents the dollar value of transactions processed by the merchant for credit and debit card transactions. Many of our ISO relationships provide merchant referrals in the small-market segment, with average annual card volumes below $150,000. National accounts or large-market merchants that we serve typically range between $3 million to $10 million in annual card volume, although we serve a limited number of merchants with more than $100 million in such volume and a select few merchants with more than $1 billion in such volume.

Our primary strategy to distinguish ourselves from our competitors focuses on offering a variety of electronic transaction payment processing solutions to our customers. These enhanced services involve vertical market functionality and sophisticated reporting features that add value to the information obtained from our electronic transaction payment processing databases. We believe that our knowledge of these specific markets,

the size and effectiveness of our dedicated sales force, affiliations with trade associations, agent banks, original equipment manufacturers or OEMs and value added resellers or VARs, our ability to offer specific, integrated solutions to our customers, including hardware, software, processing, and network facilities, and our flexibility in packaging these products are positive factors that enhance our competitive position.

Money Transfer Segment

Our primary competitors in the money transfer industry are Western Union and MoneyGram, who are more diversified with a broader international reach than us. In addition, we face competition from a number of smaller money transfer operators who focus on money transfers from the United States to Latin America. Many of our competitors use agency agreements with third parties at the point of sale to collect funds and input transaction data. We generally use a fixed-cost, branch-owned model at the point of sale rather than a variable-cost, agent-based model. We believe this model enhances our growth strategy, as higher transaction levels may provide significant future leverage.

The most significant competitive factors relating to our money transfer offering include price, reliability, customer service, functionality, the breadth and effectiveness of our distribution channel and value-added features. These competitive factors will continue to change as new distribution channels and alternative payment solutions are developed by our competitors and us. Many money transfer operators, including us, are developing ancillary products and services such as stored value cards, check cashing and bill payments. Increasingly, card-based solutions are being introduced at the origination and settlement points, replacing the current cash-based solution. Our ability to effectively compete in the marketplace depends on our ability to adapt to these technological and competitive advancements. We believe our knowledge of the industry, our relative size and our branch-owned model give us an advantage over our competitors when adapting to these changes.

Industry Overview and Target Markets

Industry Overview

Payment processing service providers offer high-volume electronic transaction payment processing and support services directly to financial institutions, merchants, multinational corporations, government agencies and ISOs. Generally, the payment processing market in the United States and Canada continues to transition from traditional financial institution providers to independent merchant acquirers, such as Global Payments. We believe merchants seek more efficient distribution channels, as well as increased technological capabilities required for the rapid and efficient creation, processing, handling, storage, and retrieval of information.

In the European and Asia-Pacific regions, financial institutions remain the dominant provider of payment processing services to merchants, although the outsourcing of back-end processing services to third party service providers is becoming more prevalent. Throughout all markets, processing services have become increasingly complex, requiring significant capital commitments to develop, maintain and update the systems necessary to provide these advanced services at a competitive price.

We also provide electronic money transfer services to consumers in the United States and Europe who send money to Latin America, Morocco, the Philippines, Romania, Poland and other destinations. Unlike our major competitors in the Latin American corridor that operate an agent-based network, we generally utilize a branch-owned network strategy at the point of sale. We believe that this differentiation allows us to be more flexible and competitive when setting our prices and introducing new products and services.

As a result of continued growth in our industry, several large merchant acquirers, including us, have expanded operations both domestically and internationally. This expansion has come in the form of acquisitions and the creation of alliances and joint ventures. We believe that the electronic payment transaction processing and money transfer industries will continue to consolidate as banks and independent processors that do not have the necessary infrastructure to participate in a highly competitive environment look to exit the business.

In the Canadian market, Visa, MasterCard and Interac are planning to migrate to cards containing chip technology over the coming years. Chip technology provides the ability to process payment transactions securely by protecting the cardholder information in an encrypted and confidential manner. The chip is difficult to copy and has the additional capacity to be personalized by a card issuer, including the ability to be programmed with spending and usage limits, making it possible to authorize some transactions off-line. Chip technology can also help enable a variety of additional card features including applications such as loyalty, access control, rewards and public transit passes. We expect that it will take multiple years for all participants to implement the computer equipment and merchant terminals necessary to accept and process the chip card compliant transactions in the Canadian marketplace. We have developed a long-term plan to ensure our merchants will benefit from the migration to chip technology in the Canadian market. In addition, we have begun to deploy chip card-capable terminals in the Canadian market. Chip card technology is already prevalent in the European and Asia-Pacific markets.

We believe the number of electronic transactions will continue to grow in the future and that an increasing percentage of these transactions will be processed through emerging technologies. To help our customers reduce their transaction costs and speed up the transaction approval process, we have integrated new technologies into our service offerings such as internet protocol communications and check truncation or conversion at the point of sale. If new technologies like radio frequency identification or contactless payment cards continue to evolve and are desired by merchants and consumers, we plan to continue developing new products and services that will exploit the benefits that these new technologies can offer our customers. We also believe that new emerging markets will continue to develop in areas that have been previously dominated by paper-based transactions. Industries such as quick service restaurants, government, recurring payments, and business-to-business should continue to see transaction volumes migrate to more electronic-based settlement solutions. We believe that the continued development of new products and services and the emergence of new vertical markets will be a factor in the growth of our business for the foreseeable future.

Target Markets

We believe that significant global opportunities exist for continued growth in the application of electronic transaction payment processing and money transfer services. Although the United States accounts for the largest payment processing volume in the world, global expansion by financial institutions into new geographies and the increased recognition by governments of the ability of payment cards to facilitate economic growth are rapidly transforming the electronic commerce market into a global payments opportunity. Additionally, increased migration trends led by the rapid globalization of the economy are also leading the way for increased electronic money transfer opportunities.

The growth of retail credit card transactions, as well as the rapid growth in the utilization of debit cards, directly correlates with the historic growth of our business. According to *The Nilson Report* dated May 2008, worldwide annual general purpose card purchase volume increased 13.8% to $6.1 trillion in 2007. General purpose cards include the major card association brands such as American Express, Discover, Diners Club, JCB, MasterCard and Visa. In Canada, general purpose cards also include Interac debit cards.

The Nilson Report dated May 2008 estimates that more than $2.7 trillion of annual consumer spending was charged in 2007 using general purpose cards in the United States, an 11% increase from 2006. Based on figures reported in *The Nilson Report* dated February 2008, $400 billion (U.S.) of annual Canadian consumer spending uses general purpose cards as the form of payment, representing an increase of 10% over 2006. *The Nilson Report* dated June 2008 estimates that $1.7 trillion of annual consumer spending was charged in 2007 using general purpose cards in Europe, a 13% increase from 2006.

We process in ten countries and territories in the Asia-Pacific region. This market includes almost 40% of the world's population and 70% of the total Asia-Pacific population according to the *CIA World Factbook.* The gross domestic product of the countries and territories in this market as a whole grew 15% per year on average between 2002 and 2006 according to the World Bank's World Development Indicators database. We believe there are significant, long-term growth opportunities for payment processing in this market.

According to the World Bank's *Migration and Remittances Factbook 2008 edition*, nearly 191 million people, or approximately 3% of the world's population, are international immigrants. The World Bank estimates that over $318 billion was remitted internationally worldwide in 2007 with a significant portion of the volume originating in the United States. According to the Inter-American Development Bank, the expected value of electronic money transfer remittances to the Latin American market in 2007 was estimated to be almost $66.5 billion, of which $46 billion is estimated to be from the United States. The growth rate of remittances from the United States to Latin America has decreased over the past year, primarily due to a slowing United States economy, a downturn in the United States housing and construction markets, and increased enforcement of immigration policies.

Strategy

In pursuing our business strategy, we seek to increase our penetration in existing markets, expand into new geographic regions, as represented by our acquisitions in the Asia-Pacific and European regions, and expand into new payment areas, as represented by our acquisitions in the electronic money transfer industry. We believe that this strategy provides us with the greatest opportunity to expand our existing business, leverage our existing infrastructure, and maintain a consistent base of recurring revenues, thereby maximizing shareholder equity and acquisition returns on investment. We intend to accomplish this overall strategy as follows:

Existing offerings

In pursuing this business strategy, we intend to increase our penetration of existing markets and to further leverage our infrastructure. Our objectives to execute this strategy include the following:

- expand our direct merchant services distribution channels, primarily our existing sales force, ISOs, OEMs, VARs and other referral relationships;
- provide the best possible customer service at levels that exceed our competitors by investing in technology, training and product enhancements;
- grow our direct merchant services market share in the United States, Canada, United Kingdom, and Asia-Pacific region by concentrating on the small and mid-market merchant segments;
- grow our indirect merchant services market share in Europe by concentrating on financial institutions with an existing or an emerging focus on merchant acquiring, card issuing, and credit scoring;
- grow our money transfer customer base and market share by expanding our branch and settlement locations and offering competitive pricing;
- provide the latest, secure and enhanced products and services by developing value-added applications, enhancing existing products and developing new systems and services to blend technology with our customer needs; and
- focus on potential domestic and international acquisitions or investments and alliances with companies that have high growth potential and operate in profitable sectors of payments-related industries through compatible products and services, and development and distribution capabilities.

International markets

We intend to focus on further diversification in international markets with high payments industry growth, such as Latin America, Europe and the Asia-Pacific region. We may expand our direct merchant services, indirect merchant services and money transfer offerings into these markets, either organically or through acquisitions. We are evaluating these markets due to the following attractive characteristics:

- currently low but growing credit and debit card utilization;
- high level of immigrants who desire to send money using a non-bank provider;
- the absence of a dominant merchant acquirer or processor; and
- potential to satisfy our acquisition strategy.

Infrastructure

Our focus on the existing infrastructure will center on attracting, developing and retaining talent to execute our strategy and migrate our systems to leading edge technology. We intend to continue systems integrations, primarily the consolidation of operating platforms.

We continue to make progress on our next generation technology processing platform. This platform is planned to be a new front-end operating environment for our merchant processing in the United States, Asia-Pacific, the United Kingdom, and Canada, and is intended to replace several legacy platforms that have higher cost structures. Aside from cost advantages, there are many other benefits to this new platform, such as increased speed to market of new products, ease of scalability, enhanced reporting options, hardware environment flexibility, and compliance with EMV and PCI standards. In addition, the platform is being designed as a potential integration platform for future acquisitions, which may help us achieve higher acquisition synergies in the future.

Maximize corporate returns

Finally, we believe we will maximize corporate returns by leveraging our core technology and operational capabilities and continue cost reduction initiatives to maximize shareholder equity and acquisition returns on investment. Currently, we have the following multi-year initiatives, among others, underway that we expect will facilitate this goal:

- developing a new technology platform that will enable us to consolidate our front-end platforms in the United States and Canada;
- migrating the Asia-Pacific and United Kingdom back-end and front-end platforms away from HSBC and onto our own platforms;
- pursuing price reductions from our vendor relationships; and
- streamlining of management positions and operating functions.

Compliance

Money Transfer Licensing and Regulations

We are subject to various United States federal, state and foreign laws and regulations governing money transmission and the sale of payment instruments, such as official checks and money orders.

In the United States, most states license consumer money transfer service providers and issuers of money orders such as DolEx. The applicable state statutes and regulations typically require DolEx to obtain and maintain certain required licenses as a condition to performing these activities. These statutes and regulations vary, but generally require DolEx to do the following: (a) satisfy minimum net worth and other financial covenant requirements; (b) periodically submit information regarding financial results, changes in corporate documentation or ownership, insurance, and other relevant information; (c) procure and maintain a surety bond with minimum statutory levels of coverage; (d) demonstrate the character and fitness of the officers and directors of DolEx; and (e) be subject to periodic financial and operational audits. The state licenses have varying renewal periods. Certain licenses have a specific term of one or more years and require renewals at the end of such term, while others remain in effect unless revoked.

The money transfer service offering also is subject to regulation by various agencies of the federal government that are charged with implementing and enforcing anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, collectively referred to as the BSA. The BSA, among other things, requires money transfer companies to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and maintain transaction records. In addition, certain economic and trade sanctions programs that are administered by the Treasury

Department's Office of Foreign Assets Control, or OFAC, prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations.

Global Payments' European money transfer companies, created through Europhil, our acquisition in December 2004, are regulated by various governmental agencies in Spain, Belgium, and the United Kingdom in their money transfer activities. Prior to its acquisition by Global Payments, Europhil received approval from these governmental agencies to act as a money transfer service provider. The requirements of these governmental agencies vary, but generally require Europhil to do the following: (a) satisfy minimum share capital requirements; (b) periodically submit information regarding financial results, changes in corporate documentation or ownership, insurance, and other relevant information; (c) register and maintain transaction information; (d) maintain adequate insurance coverage; (e) ensure the transparency of the conditions of the transactions to its customers; (f) implement safeguards and restrictions to prevent money laundering; and (g) subject itself to periodic audits.

In addition, the money transfer service offerings are subject to regulation in the settlement countries in which DolEx and Europhil offer their services. These regulations may include limitations on what types of entities may offer money transfer services, limitations on the amount of principal that can be moved into or out of a country, limitations on the number of money transfers that may be received by a customer, limitations on the exchange rates between foreign currencies, and regulations intended to help detect and prevent money laundering.

DolEx and Europhil have developed compliance programs to monitor regulatory requirements and developments and to implement policies and procedures to help satisfy these requirements in each origination and settlement jurisdiction. In addition, our use of a United States and European branch network for the origination of electronic money transfers, rather than an agent model typically utilized by our larger competitors, allows greater control over our regulatory compliance.

Where to Find More Information

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

Our SEC filings may also be viewed and copied at the following SEC public reference room, and at the offices of the New York Stock Exchange, where our common stock is quoted under the symbol "GPN."

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

NYSE Euronext
20 Broad Street
New York, NY 10005

ITEM 1A—RISK FACTORS

Our revenues from the sale of services to merchants that accept Visa cards and MasterCard cards are dependent upon our continued Visa and MasterCard certification and financial institution sponsorship.

In order to provide our transaction processing services, we must be designated a certified processor by, and be a merchant service provider of, MasterCard and an independent sales organization of Visa. These designations are dependent upon our being sponsored by member clearing banks of both organizations and our continuing adherence to the standards of the Visa and MasterCard associations. There are a limited number of member clearing banks worldwide that are willing to sponsor certified processors, such as us, and attaining new sponsorship agreements is highly difficult. The member financial institutions of Visa and MasterCard, some of which are our competitors, set the standards with which we must comply. If we fail to comply with these standards, our designation as a certified processor, a merchant service provider or as an independent sales organization could be suspended or terminated. The termination of any of these designations, the loss of any of our four primary sponsor banks, or any changes in the Visa and MasterCard rules that prevent our registration or otherwise limit our ability to provide transaction processing and marketing services for the Visa or MasterCard organizations would likely result in the loss of merchant customers and lead to a material reduction in our revenues and earnings.

Loss of key Independent Sales Organizations could reduce our revenue growth.

Our ISO sales channel, which purchases and resells our end-to-end services to its own portfolio of merchant customers, is a strong contributor to our revenue growth. If an ISO switches to another transaction processor, we will no longer receive new merchant referrals from the ISO. In addition, we risk losing existing merchants that were originally enrolled by the ISO. Consequently, if a key ISO switches to another transaction processor, our revenues and earnings could be negatively affected.

Risks associated with operations outside the United States could adversely affect our business, financial position and results of operations.

We are exposed to foreign currency risks resulting from changes in currency exchange rates because of our significant international operations, as well as our significant electronic money transfer operations in the United States and Europe. Our international revenues and profits will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. We do not use forward contracts or other derivative instruments to mitigate the risks associated with our foreign operations.

We have significant operations in subsidiaries in Canada, the Czech Republic, and throughout the Asia-Pacific region whose functional currency is their local currency. We will have a similar risk in the United Kingdom as a result of our acquisition of HSBC Merchant Services. We are subject to the risk that currency exchange rates between these regions and the United States will fluctuate, potentially resulting in a loss of some of our revenue and earnings when such amounts are exchanged into United States dollars.

We also have significant money transfer operations in the United States and Europe which subject us to foreign currency exchange risks as our customers deposit funds in the local currencies of the originating countries where our branches are located, and we typically deliver funds denominated in the home country currencies to each of our settlement locations.

In addition, in certain of the jurisdictions in which we operate, we may become subject to exchange control regulations that might restrict or prohibit the conversion of our foreign currency into United States dollars or limit our ability to freely move currency in or out of particular jurisdictions.

Some of our competitors are larger and have greater financial and operational resources than we do, which may give them an advantage in our market with respect to the pricing of our products and services offered to our customers, our ability to develop new technologies, and our ability to complete acquisitions.

We operate in the electronic payments and money transfer markets. Our primary competitors in these markets include other independent processors and electronic money transmitters, as well as certain major national and regional banks, financial institutions and independent sales organizations. Companies who are larger than we are have greater financial and operational resources than we have. This may allow them to offer better pricing terms to customers, which could result in a loss of our potential or current customers or could force us to lower our prices as well. Either of these actions could have a significant effect on our revenues and earnings. In addition, our competitors may have the ability to devote more financial and operational resources than we can to the development of new technologies, including internet payment processing services that provide improved operating functionality and features to their product and service offerings. If successful, their development efforts could render our product and services offerings less desirable to customers, again resulting in the loss of customers or a reduction in the price we could demand for our offerings. Lastly, our competitors may be willing or able to pay more than us for acquisitions, which may cause us to lose certain acquisitions that we would otherwise desire to complete.

Our money transfer service offerings are dependent on financial institutions to provide such offerings.

Our money transfer service offerings involve transferring funds internationally and are dependent upon foreign and domestic financial institutions, including our competitors, to execute funds transfers and foreign currency transactions. Changes to existing regulations of financial institution operations, such as those designed to combat terrorism or money laundering, could require us to change our operational procedures in such a way that might increase our costs of doing business or could require us to terminate certain product offerings. In addition, as a result of existing regulations and/or changes to such regulations, financial institutions could decide to cease providing the services on which we depend entirely, requiring us to terminate certain product offerings in specifically impacted markets. In fact, several significant financial institutions have ceased providing such services as a result of existing regulations, which, in a particular instance, required us to rapidly switch to different financial institution providers of these services. In the future, the inability to purchase these services from significant regional or national financial institutions would likely result in a material reduction to our money transfer revenue and earnings.

We are subject to the business cycles and credit risk of our merchant customers and, to a lesser extent, consumer checkwriters.

A recessionary economic environment could affect our merchants through a higher rate of bankruptcy filings, resulting in lower revenues and earnings for us. Our merchants are liable for any charges properly reversed by the card issuer on behalf of the cardholder. In the event, however, that we are not able to collect such amounts from the merchants, due to merchant fraud, insolvency, bankruptcy or any other reason, we may be liable for any such charges. Any risks associated with an unexpected recessionary economy that we could not mitigate may result in lower revenues and earnings for us. Although we believe our historical loss rates are within or below industry averages, we process billions of dollars in annual volume that are subject to these risks.

A recessionary economic environment could also cause checkwriters to dishonor a greater number of checks issued to our merchant customers. If we are unable to collect the face value of these checks, we may incur higher losses and lower earnings.

In order to remain competitive and to continue to increase our revenues and earnings, we must continually update our products and services, a process which could result in increased research and development costs in excess of historical levels and the loss of revenues, earnings and customers if the new products and services do not perform as intended or are not accepted in the marketplace.

The electronic payments and money transfer markets in which we compete include a wide range of products and services including electronic transaction payment processing, money transfer, transaction reporting and other

customer support services. These markets are characterized by technological change, new product introductions, evolving industry standards and changing customer needs. In order to remain competitive, we are continually involved in a number of research and development projects including the development of a new front-end platform for electronic payments processing. These projects carry the risks associated with any research and development effort, including cost overruns, delays in delivery and performance problems. In the electronic payments and money transfer markets these risks are even more acute. Our markets are constantly experiencing rapid technological change. Any delay in the delivery of new products or services could render them less desirable to our customers, or possibly even obsolete. In addition, the products and services we deliver to the electronic payments and money transfer markets are designed to process very complex transactions and deliver reports and other information on those transactions, all at very high volumes and processing speeds. Any performance issue that arises with a new product or service could result in significant processing or reporting errors. As a result of these factors, our research and development efforts could result in increased costs that could reduce our earnings, in addition to a loss of revenue and earnings if promised new products are not timely delivered to our customers or do not perform as anticipated.

Security breaches or system failures could harm our reputation and adversely affect future earnings.

We handle personal consumer data, such as names, credit and debit account numbers, checking account numbers and payment history records. We process that data and deliver our products and services by utilizing computer systems and telecommunications networks operated both by us and by third party service providers. Although plans and procedures are in place to protect this sensitive data and to prevent failure of, and to provide backup for, our systems, we cannot be certain that our measures will be successful. A security breach or other misuse of such data, or failures of key operating systems and their back-ups, could harm our reputation and deter customers from using our products and services, increase our operating expenses in order to correct the breaches or failures, expose us to unbudgeted or uninsured liability, increase our risk of regulatory scrutiny including the imposition of penalties and fines under state, federal and foreign laws, and adversely affect our continued Visa and MasterCard certification and financial institution sponsorship.

Reduced levels of consumer spending can adversely affect our revenues and earnings.

Significant portions of our revenue and earnings are derived from fees from processing consumer credit card and debit card transactions and electronic money transfer transactions. Any recession or economic downturn in the United States or any other country where we do business could negatively impact consumer spending and adversely affect our revenues and earnings.

Changes in state, federal and foreign laws and regulations affecting the electronic money transfer industry might make it more difficult for our customers to initiate money transfers, which would adversely affect our revenues and earnings.

If state, federal or foreign authorities adopt new regulations or raise enforcement levels on existing regulations that make it more difficult for our customers to initiate, or their beneficiaries to receive, electronic money transfers, then our revenues and earnings may be negatively affected. This particular topic has been widely debated in the United States at both the state and federal levels, with a currently unclear outcome. Any regulation or enforcement practices that are more restrictive than historical levels that relate to Latin American immigrants, including those who are not legal residents of the United States, could adversely impact our electronic money transfer revenue and earnings.

Changes in immigration patterns can adversely affect our revenues and earnings from electronic money transfers.

Our electronic money transfer business primarily focuses on customers who immigrate to the United States from Latin American countries in order to find higher paying jobs and then send a portion of their earnings to family members in Latin America. In addition, our electronic money transfer business also focuses on customers

who immigrate to Belgium, the United Kingdom, and Spain from Latin American countries, Morocco, the Philippines, Romania, Poland and other countries. Any changes in these immigration patterns for any reason, including government policies or enforcement, may negatively affect the number of immigrants in Belgium, the United Kingdom, the United States, Spain and any new countries in which we expand our money transfer service offering in the future, which may reduce our customer base and our corresponding revenues and earnings.

In order for us to continue to grow and increase our profitability, we must continue to expand our share of the existing electronic payments and money transfer markets and also expand into new markets.

Our future growth and profitability depend upon our continued expansion within the markets in which we currently operate, the further expansion of these markets, the emergence of other markets for electronic transaction payment processing, including internet payment systems, and our ability to penetrate these markets. As part of our strategy to achieve this expansion, we are continually looking for acquisition opportunities, investments and alliance relationships with other businesses that will allow us to increase our market penetration, technological capabilities, product offerings and distribution capabilities. We may not be able to successfully identify suitable acquisition, investment and alliance candidates in the future, and if we do, they may not provide us with the benefits we anticipated. Once completed, investments and alliances may not realize the value that we expect.

Our expansion into new markets is also dependent upon our ability to apply our existing technology or to develop new applications to meet the particular service needs of each new market. We may not have adequate financial or technological resources to develop products and distribution channels that will satisfy the demands of these new markets. If we fail to expand into new and existing electronic payments and money transfer markets, we may not be able to continue to grow our revenues and earnings.

Any changes made to laws, regulations, card association rules or other industry standards affecting our business in any of the geographic regions in which we operate may require significant development efforts or have an unfavorable impact to our financial results.

There may be changes in the laws, regulations, card association rules or other industry standards that affect the way we do business. In the United States, legislation has recently been introduced at the federal level to regulate the fees charged to merchants for card processing services. We are unable to predict whether any of this potential legislation will be enacted or whether any card association rule or other industry standard will change. Furthermore, we cannot predict the impact of any of these changes on our operations and financial condition. These changes may require significant efforts to change our systems and products and may require changes to how we price our services to customers. Failure to comply with these laws, regulations, and standards may impact our ability to do business and jeopardize our card association certification and financial institution sponsorship.

Increases in credit card association fees may result in the loss of customers or a reduction in our earnings.

From time to time, the credit card associations, including Visa and MasterCard, increase the fees (interchange and assessment fees) that they charge processors such as us. We could attempt to pass these increases along to our merchant customers, but this strategy might result in the loss of those customers to our competitors who do not pass along the increases. If competitive practices prevent our passing along such increased fees to our merchant customers in the future, we may have to absorb all or a portion of such increases thereby increasing our operating costs and reducing our earnings.

Utility and system interruptions or processing errors could adversely affect our operations.

In order to process transactions promptly, our computer equipment and network servers must be functional on a 24-hour basis, which requires access to telecommunications facilities and the availability of electricity. Furthermore, with respect to certain processing services, we are dependent on the systems and services of third

party vendors. Telecommunications services and the electricity supply are susceptible to disruption. Computer system interruptions and other processing errors, whether involving our own systems or the systems operated by our third party vendors, may result from such disruption or from human error or other unrelated causes. Any extensive or long-term disruptions in our processing services could cause us to incur substantial additional expense and the loss of customers, which could have an adverse affect on our operations and financial condition.

The integration of our acquired operations, or other future acquisitions, if any, could result in increased operating costs if the anticipated synergies of operating both businesses as one are not achieved, a loss of strategic opportunities if management is distracted by the integration process, and a loss of customers if our service levels drop during or following the integration process.

The integration of these businesses with ours presents several challenges, including the fact that they may be based in the regions where we do not currently have operations. If the integration process does not proceed smoothly, the following factors could reduce our revenues and earnings, increase our operating costs, and/or result in a loss of projected synergies:

- we could lose employees to our competitors in the region, which could significantly affect our ability to operate the business and complete the integration, if we are unable to successfully integrate the benefits plans, duties and responsibilities, and other factors of interest to the management and employees of the acquired business;
- we could lose customers to our competitors, which would reduce our revenues and earnings, if the integration process causes any delays with the delivery of our services, or the quality of those services; and
- the acquisition and the related integration could divert the attention of our management from other strategic matters including possible acquisitions and alliances and planning for new product development or expansion into new electronic payments markets.

Continued consolidation in the banking and retail industries could adversely affect our growth.

As banks continue to consolidate, our ability to offer our services through indirect channels successfully will depend in part on whether the institutions that survive are willing to outsource their credit and debit card processing to third party vendors and whether those institutions have pre-existing relationships with any of our competitors. Larger banks and larger merchants with greater transaction volumes may demand lower fees which could result in lower revenues and earnings for us.

Loss of strategic industries could reduce revenues and earnings.

Although our merchant acquiring portfolio is well diversified and neither one economic sector nor any customer concentration represents a significant portion of our business, a decrease in strategic industries could cause us to lose significant revenues and earnings.

If we lose key personnel or are unable to attract additional qualified personnel as we grow, our business could be adversely affected.

We are dependent upon the ability and experience of a number of our key personnel who have substantial experience with our operations, the rapidly changing transaction processing and money transfer industries, and the selected markets in which we offer our services. It is possible that the loss of the services of one or a combination of our key personnel would have an adverse effect on our operations. Our success also depends on our ability to continue to attract, manage, and retain additional qualified management and technical personnel as we grow. We cannot guarantee that we will continue to attract or retain such personnel.

Our financial results may be adversely affected if we have to impair our intangible assets or goodwill.

As a result of our acquisitions, a significant portion of our total assets consist of intangible assets (including goodwill). Goodwill and intangible assets, net of amortization, together accounted for approximately 47% and 52% of the total assets on our balance sheet as of May 31, 2008 and May 31, 2007, respectively. We may not realize the full fair value of our intangible assets and goodwill. We expect to engage in additional acquisitions, which may result in our recognition of additional intangible assets and goodwill. Under current accounting standards, we are able to amortize certain intangible assets over the useful life of the asset, while goodwill is not amortized. We evaluate on a regular basis whether all or a portion of our goodwill and other indefinite-lived intangible assets may be impaired. Under current accounting rules, any determination that impairment has occurred would require us to write-off the impaired portion of goodwill and such intangible assets, resulting in a charge to our earnings. Such a write-off could adversely affect our financial condition and results of operations.

We may become subject to additional United States, state or foreign taxes that cannot be passed through to our merchant services or money transfer customers, in which case our earnings could be adversely affected.

Payment processing companies like us may be subject to taxation by various jurisdictions on our net income or certain portions of our fees charged to customers for our services. Application of these taxes is an emerging issue in our industry and the taxing authorities have not yet all adopted uniform regulations on this topic. If we are required to pay such taxes and are not able to pass the tax expense through to our merchant customers, our costs will increase, reducing our earnings.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

Section 404 of the Sarbanes-Oxley Act requires us to evaluate annually the effectiveness of our internal controls over financial reporting as of the end of each fiscal year and to include a management report assessing the effectiveness of our internal controls over financial reporting in our annual report. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

Further, this assessment may be complicated by any acquisitions we may complete. During the first fiscal quarter of 2007, we completed the purchase of a fifty-six percent ownership interest in the Asia-Pacific merchant acquiring business of The Hongkong and Shanghai Banking Corporation Limited, or HSBC Asia. This business provides card payment processing services to merchants in the Asia-Pacific region. The business includes HSBC Asia's payment processing operations in the following ten countries and territories: Brunei, China, Hong Kong, India, Macau, Malaysia, Maldives, Singapore, Sri Lanka and Taiwan. In conjunction with this acquisition, we entered into a transition services agreement with HSBC Asia that may be terminated at any time. Under this agreement, we expect HSBC Asia will continue to perform payment processing operations and related support services until we integrate these functions into our own operations. Until we can integrate the acquisition's financial reporting function into our own, we will rely on HSBC Asia to provide financial data, such as revenue billed to merchants, to assist us with compiling our accounting records. Accordingly, our internal controls over financial reporting could be materially affected, or are reasonably likely to be materially affected, by HSBC Asia's internal controls and procedures. In order to mitigate this risk, we have implemented internal controls over financial reporting which monitor the accuracy of the financial data being provided by HSBC Asia. We will have a similar situation in the United Kingdom as a result of our fifty-one percent acquisition of HSBC Merchant Services.

While we continue to dedicate resources and management time to ensuring that we have effective controls over financial reporting, failure to achieve and maintain an effective internal control environment could have a material adverse effect on the market's perception of our business and our stock price.

Anti-takeover provisions of our articles of incorporation and by-laws, our rights agreement and provisions of Georgia law could delay or prevent a change of control that individual shareholders favor.

Provisions of our articles of incorporation and by-laws, our rights agreement and provisions of applicable Georgia law may discourage, delay or prevent a merger or other change of control that shareholders may consider favorable. The provisions of our articles and by-laws, among other things:

- divide our Board of Directors into three classes, with members of each class to be elected in staggered three-year terms;
- limit the right of shareholders to remove directors;
- regulate how shareholders may present proposals or nominate directors for election at annual meetings of shareholders; and
- authorize our Board of Directors to issue preferred shares in one or more series, without shareholder approval.

We may not be able to or we may decide not to pay dividends or repurchase shares at a level anticipated by shareholders on our common stock, which could reduce shareholder returns.

The payment of dividends and repurchase of shares are at the discretion of our Board of Directors and will be subject to our financial results, our working capital requirements, the availability of acquisitions and other business opportunities, the availability of surplus funds, interest rate levels, debt covenants, our stock price levels and restrictions under financing agreements. No assurance can be given that we will be able to or will choose to pay any dividends or repurchase any shares in the foreseeable future.

Unfavorable resolution of tax contingencies could adversely affect our tax expense.

We have established contingent liabilities for tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. These liabilities reflect what we believe to be reasonable assumptions as to the likely final resolution of each issue if raised by a taxing authority. While we believe that the liabilities are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be finally resolved at a financial cost less than any related liability. An unfavorable resolution, therefore, could negatively impact our results of operations.

We conduct a portion of our business in various Latin American, Eastern European and Asia-Pacific countries, where the risk of continued political, economic and regulatory change that could impact our operating results is greater than in the United States.

We expect to continue to expand our operations into various countries in Latin America, Eastern Europe, and the Asia-Pacific. Some of these countries have undergone significant political, economic and social change in recent years, and the risk of new, unforeseen changes in these countries remains greater than in the United States. In particular, changes in laws or regulations or in the interpretation of existing laws or regulations, whether caused by a change in government or otherwise, could materially adversely affect our business, growth, financial condition or results of operations.

Transmittal of data by electronic means and telecommunications is subject to specific regulation in many countries. Although these regulations have not had a material impact on us to date, changes in these regulations, including taxation or limitations on transfers of data between countries, could have a material adverse effect on our business, growth, financial condition or results of operations.

ITEM 1B—UNRESOLVED STAFF COMMENTS

None.

ITEM 2—PROPERTIES

The following summarizes the type of facilities we use to operate our business as of May 31, 2008:

Type of Facility	Leased	Owned
Facilities in the United States:		
Multi-Purpose (Operations, Sales, Administrative)	3	—
Operations/Customer Support	27	—
Sales and money transfer retail branches	800	1
	830	1
International Facilities:		
Multi-Purpose (Operations, Sales, Administrative)	15	3
Operations/Customer Support	12	—
Sales and money transfer retail branches	100	5
	127	8
Total	957	9

Our principal facilities in the United States are located in Atlanta, Georgia; Owings Mills, Maryland; Arlington, Texas and Niles, Illinois. Our principal international facilities are located in Toronto, Canada; Prague, Czech Republic; the Hong Kong Special Administrative Region; Mexico City, Mexico; Monterrey, Mexico and Madrid, Spain. The majority of our sales facilities are money transfer originating retail branches.

We believe that all of our facilities and equipment are suitable and adequate for our business as presently conducted.

ITEM 3—LEGAL PROCEEDINGS

We are party to a number of claims and lawsuits incidental to the normal course of our business. In our opinion, the ultimate outcome of such matters, in the aggregate, will not have a material adverse impact on our financial position, liquidity or results of operations.

ITEM 4—SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our shareholders during our fourth quarter ended May 31, 2008.

PART II

ITEM 5—MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock trades on the New York Stock Exchange under the ticker symbol "GPN." The table set forth below provides the intraday high and low sales prices and dividends paid per share of our common stock for the four quarters during fiscal 2008 and 2007. We expect to continue to pay our shareholders a dividend per share, on a quarterly basis, in an amount comparable to the dividends indicated in the table. However, any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend upon our results of operations, financial condition, capital requirements and such other factors as the Board of Directors deems relevant.

	High	Low	Dividend Per Share
Fiscal 2008:			
First Quarter	$41.58	$35.14	$ 0.02
Second Quarter	48.18	38.45	0.02
Third Quarter	46.69	35.54	0.02
Fourth Quarter	47.40	36.86	0.02
Fiscal 2007:			
First Quarter	$49.84	$36.48	$ 0.02
Second Quarter	46.15	37.31	0.02
Third Quarter	49.13	37.38	0.02
Fourth Quarter	41.43	30.00	0.02

The number of shareholders of record of our common stock as of July 21, 2008 was 2,400.

Equity Compensation Plan Information

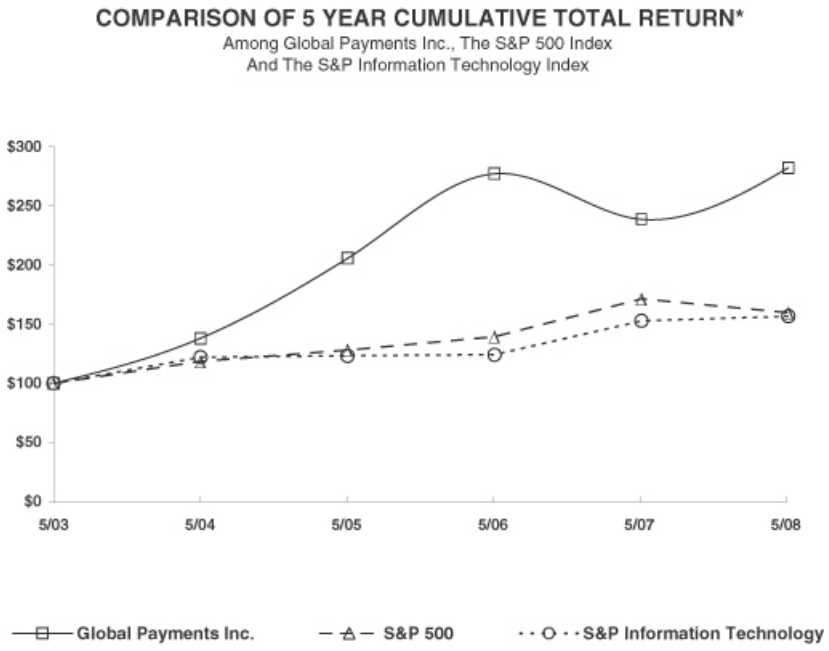
The information regarding our compensation plans under which equity securities are authorized for issuance is set forth in "Item 12—Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Report.

Sale of Unregistered Securities

We have not issued any unregistered securities during our fiscal year ended May 31, 2008.

Stock Performance Graph

The following line-graph presentation compares our cumulative shareholder returns with the Standard & Poor's Information Technology Index and the Standard & Poor's 500 Stock Index for the past five years. The line graph assumes the investment of $100 in our common stock, the Standard & Poor's Information Technology Index, and the Standard & Poor's 500 Stock Index on May 31, 2003 and assumes reinvestment of all dividends.



* $100 invested on 5/31/03 in stock or index-including reinvestment of dividends. Fiscal year ending May 31.

	Global Payments	S&P 500	S&P Information Technology
May 31, 2003	$100.00	$100.00	$ 100.00
May 31, 2004	137.75	118.33	121.98
May 31, 2005	205.20	128.07	123.08
May 31, 2006	276.37	139.14	123.99
May 31, 2007	238.04	170.85	152.54
May 31, 2008	281.27	159.41	156.43

Issuer Purchases of Equity Securities

In fiscal 2007, our Board of Directors approved a share repurchase program that authorized the purchase of up to $100 million of Global Payments' stock in the open market or as otherwise may be determined by us, subject to market conditions, business opportunities, and other factors. Under this authorization, we have repurchased 2.3 million shares of our common stock. This authorization has no expiration date and may be suspended or terminated at any time. Repurchased shares will be retired but will be available for future issuance.

The shares repurchased in the fourth quarter of fiscal 2008, the average price paid, including commissions, and the dollar value remaining available for purchase are as follows:

Period	Total Number of Shares (or Units) Purchased (a)	Average Price Paid per Share (or Unit) (b)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (c)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (d)
March 1, 2008 – March 31, 2008	—	$ —	—	$ 12,980,136
April 1, 2008 – April 30, 2008	—	—	—	$ 12,980,136
May 1, 2008 – May 31, 2008	—	—	—	$12,980,136
Total	—	$ —	—	

ITEM 6—SELECTED FINANCIAL DATA

You should read the selected financial data set forth below in conjunction with "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8—Financial Statements and Supplementary Data" included elsewhere in this annual report. The income statement data for each of the three fiscal years ended May 31, 2008, 2007, and 2006 and the balance sheet data as of May 31, 2008 and 2007 are derived from the audited consolidated financial statements included elsewhere in this annual report. The income statement data for each of the two fiscal years ended May 31, 2005 and 2004 and the balance sheet data as of May 31, 2006 and 2005 were derived from audited consolidated financial statements included in our Form 10-K for the fiscal year ended May 31, 2006. The balance sheet data as of May 31, 2004 was derived from audited consolidated financial statements included in our Form 10-K for the fiscal year ended May 31, 2005.

	Year Ended May 31,				
	2008	2007	2006	2005	2004
	(in thousands, except per share data)				
Income statement data:					
Revenue	$ 1,274,229	$ 1,061,523	$ 908,056	$ 784,331	$ 629,320
Operating income (1)	251,359	218,089	201,088	160,101	112,901
Net income	162,754	142,985	125,524	92,896	62,443
Per share data: (2)					
Basic earnings per share	$ 2.05	$ 1.78	$ 1.59	$ 1.20	$ 0.83
Diluted earnings per share	2.01	1.75	1.53	1.16	0.80
Dividends per share	0.08	0.08	0.08	0.08	0.08
Balance sheet data:					
Total assets	$ 1,445,907	$ 1,200,629	$ 1,018,678	$ 853,505	$ 862,774
Lines of credit	1,527	—	—	50,000	122,000
Line of credit with CIBC	—	—	—	8,606	83,109
Obligations under capital leases	—	—	746	2,441	3,251
Total shareholders' equity	1,126,818	957,776	770,223	578,350	449,422

(1) Includes restructuring and other charges of $1,317, $3,088, $1,878, $3,726, and $9,648 in fiscal 2008, 2007, 2006, 2005 and 2004, respectively. See Note 10 of the notes to consolidated financial statements for a more detailed discussion of fiscal 2008, 2007 and 2006 restructuring and other charges.

(2) Fiscal 2004 per share amounts restated to reflect two-for one stock split effected in the form of a stock dividend distributed October 28, 2005.

ITEM 7—MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following 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 results could differ materially from the results anticipated by our forward-looking statements as a result of many known and unknown factors, including but not limited to those discussed in "Item 1A—Risk Factors" of this report. See also "Cautionary Notice Regarding Forward-Looking Statements" located above "Item 1—Business."

You should read the following discussion and analysis in conjunction with "Item 6—Selected Financial Data" and "Item 8—Financial Statements and Supplementary Data" appearing elsewhere in this annual report.

Business

We are a leading payment processing and consumer money transfer company. As a high-volume processor of electronic transactions, we enable merchants, multinational corporations, financial institutions, consumers, government agencies and other profit and non-profit business enterprises to facilitate payments to purchase goods and services or further other economic goals. Our role is to serve as an intermediary in the exchange of information and funds that must occur between parties so that a payment transaction or money transfer can be completed. We were incorporated in Georgia as Global Payments Inc. in September 2000, and we spun-off from our former parent company on January 31, 2001. Including our time as part of our former parent company, we have provided transaction processing services since 1967.

We market our products and services throughout the United States, Canada, Europe and the Asia-Pacific region. We operate in two business segments, merchant services and money transfer, and we offer various products through these segments. Our merchant services segment targets customers in many vertical industries including financial institutions, government, professional services, restaurants, universities, utilities, gaming, retail and health care. Our money transfer segment primarily targets immigrants in the United States and Europe. See Note 11 in the notes to consolidated financial statements for additional segment information.

Our offerings in the merchant services segment provide merchants, independent sales organizations, or ISOs, and financial institutions with credit and debit card transaction processing, as well as check-related services. We use two basic business models to market our merchant services offerings. One model, referred to as "direct" merchant services, features a salaried and commissioned sales force, ISOs and independent sales representatives, all of whom sell our end-to-end services directly to merchants. Our other model, referred to as "indirect" merchant services, provides the same basic products and services as direct merchant services, primarily to financial institutions and a limited number of ISOs on an unbundled basis, that in turn resell our products and services to merchants. We also offer sales, installation, and servicing of ATM and point of sale, or POS, terminals and selected card issuing services, which are components of indirect merchant services, through Global Payments Europe, s.r.o., formerly known as MUZO, which is our subsidiary based in the Czech Republic. Our direct merchant services are marketed in the United States, Canada, and throughout the Asia-Pacific region, while our indirect merchant services are marketed in the United States, Canada, and Europe. Through our acquisition of HSBC Merchant Services in the United Kingdom on June 30, 2008, we will be offering direct merchant services in the United Kingdom.

Direct merchant services revenue is generated on services primarily priced as a percentage of transaction value, whereas indirect merchant services revenue is generated on services primarily priced on a specified amount per transaction. In both merchant services models, we also charge for other processing fees unrelated to the number of transactions or the transaction value.

Our money transfer segment provides money transfer services. A majority of the revenue derived from our money transfer offering consists of our electronic money transfer services marketed under our DolEx brand to

first and second generation Latin Americans living in the United States. This consumer segment regularly transfers money to family and friends living in Latin America. Following the Europhil acquisition in December 2004, we expanded our money transfer origination locations into Europe and our settlement locations to Morocco, the Philippines, Romania, Poland and other new destinations.

Money transfer revenue is earned on fees charged to customers based on the nature and amount of the transaction performed on the customers' behalf and is recognized at the time of funds transfer. We also earn money transfer revenue on the difference between the retail exchange rate quoted at the time when the money transfer transaction is requested and the wholesale exchange rate at the time when the currency is purchased. This revenue is recognized when the money transfer transaction is processed through the settlement system and the funds are available to the beneficiary, as this is the point in time when the amount of revenue is determinable.

Our products and services are marketed through a variety of distinct sales channels that include a dedicated direct sales force, ISOs, an internal telesales group, retail outlets, trade associations, alliance bank relationships and financial institutions.

Executive Overview

In the year ended May 31, 2008, or fiscal 2008, revenue increased 20% to $1,274.2 million from $1,061.5 million in the year ended May 31, 2007, or fiscal 2007. This revenue growth was primarily due to growth in our merchant services channels. Consolidated operating income was $251.4 million for fiscal 2008, compared to $218.1 million for fiscal 2007, which resulted in a decrease in operating margin to 19.7% for fiscal 2008 from 20.5% for fiscal 2007. Net income increased $19.8 million, or 14%, to $162.8 million in fiscal 2008 from $143.0 million in the prior year, resulting in a $0.26 increase in diluted earnings per share to $2.01 in fiscal 2008 from $1.75 in fiscal 2007.

Merchant services segment revenue increased $201.5 million or 22% to $1,130.6 million in fiscal 2008 from $929.1 million in fiscal 2007. Merchant services segment operating income increased 13% to $293.0 million in fiscal 2008 from $259.7 million in fiscal 2007, with operating margins of 25.9% and 27.9% for fiscal 2008 and 2007, respectively.

Money transfer segment revenue increased $11.2 million or 8% to $143.6 million in fiscal 2008 from $132.4 million in fiscal 2007. Money transfer segment operating income decreased 6% to $13.6 million in fiscal 2008 from $14.5 million in fiscal 2007, with operating margins of 9.5% and 10.9% for fiscal years 2008 and 2007, respectively.

The consolidated operating income amounts reflect restructuring and other charges of $1.3 million and $3.1 million in fiscal 2008 and fiscal 2007, respectively. These charges primarily relate to employee termination benefits, fixed asset abandonment and facility closure costs due to facility consolidations and the elimination of redundant activities.

Acquisitions

During fiscal 2008, we acquired a portfolio of merchants that process Discover transactions and the rights to process Discover transactions for our existing and new merchants. As a result of this acquisition, we will now process Discover transactions similarly to how we currently process Visa and MasterCard transactions. The purpose of this acquisition was to offer merchants a single point of contact for Discover, Visa and MasterCard card processing.

During fiscal 2008, we acquired a majority of the assets of Euroenvios Money Transfer, S.A. and Euroenvios Conecta, S.L., which we collectively refer to as LFS Spain. LFS Spain consisted of two privately-held corporations engaged in money transmittal and ancillary services from Spain to settlement locations primarily in Latin America. The purpose of the acquisition was to further our strategy of expanding our customer base and market share by opening additional branch locations.

During fiscal 2008, we acquired a series of money transfer branch locations in the United States. The purpose of these acquisitions was to increase the market presence of our DolEx-branded money transfer offering.

Facility Consolidations and Conversions

In March 2007, we decided to consolidate our technical support center located in St. Louis, Missouri into our operations center in Owings Mills, Maryland. We believe this consolidation will improve our customer service by allowing us to provide our customers with a single point of contact in one physical location. This consolidation resulted in staff reduction, fixed asset abandonment and facility closure costs and was completed during our second quarter of fiscal 2008.

During fiscal 2008, as part of our ongoing strategy to integrate our acquisitions into our existing systems, we completed the conversion of our Hong Kong and Macau merchant portfolio away from HSBC Asia and onto our back-end operating platform.

Share Repurchase Program

On April 5, 2007, our Board of Directors approved a share repurchase program that authorized the purchase of up to $100 million of Global Payments' stock in the open market or as otherwise may be determined by us, subject to market conditions, business opportunities, and other factors. Under this authorization, we repurchased 2.3 million shares of our common stock during fiscal 2008 at a cost of $87.0 million, or an average of $37.85 per share, including commissions. As of May 31, 2008, we had $13.0 million remaining under our current share repurchase authorization. No amounts were repurchased during fiscal 2007.

Subsequent Events

On June 17, 2008, we entered into a purchase agreement with HSBC Bank plc, or HSBC UK, to obtain an interest in a newly formed limited partnership that will provide payment processing services to merchants in the United Kingdom and Internet merchants globally. The new partnership will operate under the name HSBC Merchant Services. On June 30, 2008, we completed the transaction and paid HSBC UK $439 million in cash to acquire a 51% majority ownership in the partnership. We will manage the day-to-day operations of the partnership, will control all major decisions and, accordingly, will consolidate the partnership's financial results for accounting purposes effective with the closing date. HSBC UK retained ownership of the remaining 49% and contributed its existing merchant acquiring business in the United Kingdom to the partnership. In addition, HSBC UK entered into a ten-year marketing alliance with the partnership in which HSBC UK will refer customers to the partnership for payment processing services in the United Kingdom. On June 23, 2008, we entered into a new five year, $200 million term loan to fund a portion of the acquisition. We funded the remaining purchase price with excess cash and our existing credit facilities. See Note 16 in the notes to the consolidated financial statements for a more detailed discussion of the terms of the acquisition.

Results of Operations

Fiscal Year Ended May 31, 2008 Compared to Fiscal Year Ended May 31, 2007

The following table shows key selected financial data for the fiscal years ended May 31, 2008 and 2007, this data as a percentage of total revenues, and the changes between fiscal years in dollars and as a percentage of fiscal 2007.

	2008	% of Revenue (1)	2007	% of Revenue (1)	Change	% Change
			(dollar amounts in thousands)			
Revenues:						
Domestic direct	$ 687,065	54%	$ 558,026	53%	$129,039	23%
Canada	267,249	21	224,570	21	42,679	19
Asia-Pacific	72,367	6	48,449	5	23,918	49
Central and Eastern Europe	59,778	5	51,224	5	8,554	17
Domestic indirect and other	44,150	3	46,873	4	(2,723)	(6)
Merchant services	1,130,609	89	929,142	88	201,467	22
Domestic	119,019	9	115,416	11	3,603	3
Europe	24,601	2	16,965	2	7,636	45
Money transfer	143,620	11	132,381	12	11,239	8
Total revenues	$1,274,229	100%	$1,061,523	100%	$212,706	20%
Consolidated operating expenses:						
Cost of service	$ 475,612	37.3%	$ 414,837	39.1%	$ 60,775	15%
Sales, general and administrative	545,941	42.8	425,509	40.1	120,432	28
Restructuring and other	1,317	0.1	3,088	0.3	(1,771)	(57)
Operating income	$ 251,359	19.7%	$ 218,089	20.5%	$ 33,270	15%
Operating income for segments:						
Merchant services	$ 293,030		$ 259,670		$ 33,360	13%
Money transfer	13,635		14,476		(841)	(6)
Corporate	(53,989)		(52,969)		(1,020)	(2)
Restructuring and other	(1,317)		(3,088)		1,771	57
Operating income	$ 251,359		$ 218,089		$ 33,270	15%
Operating margin for segments:						
Merchant services segment	25.9%		27.9%		(2.0)%	
Money transfer segment	9.5%		10.9%		(1.4)%	

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

Revenues

We derive our revenues from three primary sources: charges based on volumes and fees for services, charges based on transaction quantity, and equipment sales, leases and service fees. Revenues generated by these areas depend upon a number of factors, such as demand for and price of our services, the technological competitiveness of our product offerings, our reputation for providing timely and reliable service, competition within our industry, and general economic conditions.

In fiscal 2008, revenue increased 20% to $1,274.2 million compared to the prior year's comparable period. We attribute this revenue growth primarily to our merchant services channels. We intend to continue to grow our domestic and international presence, build our ISO sales channel, increase customer satisfaction, assess

opportunities for profitable growth through acquisitions, pursue enhanced products and services for our customers, and leverage our existing business model. We expect our fiscal 2009 consolidated revenues to range from $1,620 million to $1,675 million, reflecting growth of 27% to 31% over fiscal 2008. This range includes the partial year impact of our June 30, 2008 acquisition of HSBC Merchant Services in the United Kingdom.

Merchant Services Segment

Revenue from our merchant services segment for fiscal 2008 increased by $201.5 million or 22% to $1,130.6 million compared to the prior year's comparable period.

We have continued to grow our domestic direct merchant channel by adding small and mid-market merchants in diversified vertical markets, primarily through our ISOs. For fiscal 2008, our credit and debit card processed transactions grew 26% and our revenue grew 23% for this channel compared to the prior year period. In fiscal 2008 compared to the prior year's comparable period, our domestic direct credit card average dollar value of transaction, or average ticket, decreased in the mid single digit percentage range, due to a shift toward smaller merchants added through our ISOs. Offsetting this decline in average ticket was a mid single digit percentage increase in our average discount revenue per dollar value volume, or spread, in fiscal 2008 compared to the prior year's comparable period. Our spread was favorably impacted by the shift towards smaller merchants added through our ISOs. Smaller merchants tend to have lower average tickets and higher spreads than larger merchants. Aside from the impact of changes in our average ticket and spread, the remaining difference between our transaction growth and revenue growth was due to our service fees, equipment fees and check-related services. The total of this revenue grew at a lesser rate than our credit and debit card transaction growth.

For fiscal 2008, our Canadian direct credit and debit card processed transactions grew 3%, with overall Canadian revenue growth of 19% compared to the prior year period. The difference between our transaction growth and revenue growth was primarily due to a favorable Canadian currency exchange rate and a positive impact from changes in the Canadian market interchange structure implemented in April 2008, offset by the unfavorable impact of non-recurring card association incentive revenue realized during fiscal 2007.

Our Asia-Pacific merchant services revenue for fiscal 2008 increased 49% compared to the prior year period. This growth was due to enhancing our sales force, industry expansion and strategic pricing initiatives. Also contributing to the growth is the impact of reporting a full year of results in fiscal 2008 compared to a partial year in fiscal 2007. We completed the purchase of our ownership in HSBC's Asia-Pacific merchant acquiring business on July 24, 2006, and began operating in this channel at that time.

Our Central and Eastern European merchant services revenue for fiscal 2008 increased 17% compared to the prior year period, largely due to a favorable Czech currency exchange rate, the impact of our Diginet acquisition and growth in credit and debit card processed transactions of 11%. Revenue growth was offset by the loss of a major customer which deconverted at the end of fiscal 2007, in addition to the impact of price reductions granted on contract renewals.

We experienced continued and expected declines in our domestic indirect and other channel during fiscal 2008, with a decline in revenue of 6% compared to the prior year's comparable period. We attributed this revenue decline to the industry consolidation of financial institutions and competitive pricing pressures.

Money Transfer Segment

For fiscal 2008, revenue from our money transfer segment increased 8% to $143.6 million compared to the prior year's comparable period.

Our domestic money transfer channel relates to all revenue originating from the money transfer branches that we operate in the United States, which may include money transfers to destinations both inside and outside

of the United States. For fiscal 2008, our domestic money transfer channel transactions grew 7% and revenue increased 3%, compared to the prior year's comparable period.

The growth in transactions was driven primarily by same store sales growth and acquired branch locations. We decreased our domestic branch footprint to 793 domestic branches for fiscal 2008, compared to 875 branch locations in fiscal 2007. On a sequential basis, our domestic branch footprint as of May 31, 2008 decreased by 32 locations compared to our domestic branch footprint as of February 29, 2008. This decrease in domestic branches was the result of the closure of underperforming locations, partially offset by branch acquisitions and, to a lesser extent, new branch openings.

The difference between our domestic transaction growth and revenue growth was primarily due to lower pricing. We believe that fewer immigrants may be coming to the United States due to increased immigration legislation and enforcement, a downturn in the United States housing market, and an improving Mexican economy, which may be contributing to a competitive pricing environment. We have a significant amount of goodwill and other indefinite-lived intangible assets associated with this business. Although we currently believe that these unfavorable trends are temporary, if they either worsen or continue for longer than we expect, or if any future adverse trends arise in the operating performance of this business, the carrying amount of these intangible assets may be impacted. In contrast with the unfavorable pricing trends for the full fiscal 2008 year, recent trends have improved. For the three months ended May 31, 2008, we achieved 13% revenue growth in this business. This growth reflected a significant improvement in operating performance compared to the nine months ended February 29, 2008, primarily due to stabilized pricing.

Our European money transfer channel relates to all revenue generated from the money transfer branches that we operate in Europe, which may include money transfers to destinations both inside and outside of Europe. In Europe, we increased our branch footprint to 90 locations for fiscal 2008, compared to 68 locations in fiscal 2007, primarily through our acquisition of LFS Spain. For fiscal 2008, our European money transfer revenue grew 45%, primarily due to acquired and new branch locations, which resulted in transaction growth of 34%. Revenues for fiscal 2008 were also impacted by a favorable year-over-year currency exchange rate.

Consolidated Operating Expenses

Cost of service consists primarily of the following costs: operational-related personnel, including those who monitor our transaction processing systems and settlement; assessments and other fees paid to card associations; transaction processing systems, including third-party services such as the costs of settlement channels for money transfer services; transition services paid to HSBC in the Asia-Pacific market; network telecommunications capability, depreciation and occupancy costs associated with the facilities performing these functions; amortization of intangible assets; and provisions for operating losses.

Cost of service increased 15% to $475.6 million for fiscal 2008 compared to the prior year's comparable period. As a percentage of revenue, cost of service decreased to 37.3% of revenue for fiscal 2008 from 39.1% in fiscal 2007.

For fiscal 2008, the decline in cost of service as a percentage of revenue was related to our revenue growth and the related economies of scale benefits. The growth in cost of service expenses was primarily due to the following factors: the addition of our Asia-Pacific channel; costs associated with our money transfer segment; the weakening of the United States dollar compared to the currencies of Canada, the Czech Republic, and Spain; increased losses in our check guarantee service offering; and increases in variable processing expenses associated with our revenue growth, primarily assessment fees paid to card associations.

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

Sales, general and administrative expenses increased 28% to $545.9 million compared to the prior year's comparable period. As a percentage of revenue, these expenses increased to 42.8% for fiscal 2008 compared to 40.1% in fiscal 2007.

The increases in sales, general and administrative expenses were primarily due to growth in commission payments to ISOs resulting from the increased revenue in this sales channel. The ISO channel generally has a dilutive effect on our operating margin compared to our other channels due to the ongoing commission payments to the ISOs. The ISO commission model differs from our other sales channels where the commissions are primarily paid for only a twelve-month period. The addition of our new Asia-Pacific channel also contributed to the increases in sales, general and administrative expenses due to the investment in the regional sales force and infrastructure. Lastly, the weakening of the United States dollar compared to the currencies of Canada, the Czech Republic and Spain also increased these expenses.

Offsetting the increases in sales, general and administrative expenses was the favorable impact of a non-recurring, non-cash operating tax item of $7.0 million that was recognized in fiscal 2008. During fiscal 2008, we determined that an accrued liability relating to a contingent operating tax matter was no longer deemed to be probable. We made this determination as a result of consultation with outside legal counsel and further analysis of applicable legislation. As such, we released the related liability. See *Taxes* under Note 13 in the notes to the consolidated financial statements for additional details.

Operating Income and Operating Margin for Segments

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

Merchant Services Segment

Operating income in the merchant services segment increased 13% to $293.0 million for fiscal 2008 compared to the prior year's comparable period. The operating margin was 25.9% and 27.9% for fiscal 2008 and fiscal 2007, respectively.

This operating margin decline was primarily due to the growth of our ISO channel, the ongoing investments in our Asia-Pacific channel, the customer attrition and pricing pressure in our Central and Eastern European channel, increased losses in our check guarantee service offering, and the prior year non-recurring card association incentive revenue in Canada. Offsetting this decline in operating margin was the impact of the operating tax item discussed above. Lastly, due to strengthened foreign currencies compared to the United States dollar, we received a benefit during fiscal 2008 of $42.1 million in revenue and $0.15 in diluted earnings per share, most of which relates to our merchant services segment.

Money Transfer Segment

Operating income in the money transfer segment decreased 6% to $13.6 million for fiscal 2008 compared to the prior year's comparable period. This decrease resulted in an operating margin of 9.5% for fiscal 2008, compared to 10.9% in the prior year's comparable period.

This operating margin decline was primarily due to the increased price competition discussed above and our use of a fixed-cost, branch model at the point of sale. In addition, we incurred costs associated with the closure of underperforming locations, such as lease termination fees and fixed asset write-offs. In contrast with the operating margin decline for the full fiscal 2008 year, recent trends have improved. For the three months ended

May 31, 2008, we achieved operating income growth of 116% in this segment compared to the prior year's comparable period, and our operating margin improved to 18.6% compared to 10.2% in the prior year's comparable period. These strong results were primarily due to stabilized pricing, the closure of underperforming branch locations, and economies of scale benefits resulting from our fixed cost model.

Corporate

Our corporate expenses primarily include costs associated with our Atlanta headquarters, insurance, employee incentive programs, Board of Directors' fees, share-based compensation, and certain corporate staffing areas, including finance, accounting, legal, human resources, marketing, and executive. Our corporate costs increased 2% to $54.0 million for fiscal 2008 compared to $53.0 million for fiscal 2007. These increases were primarily due to higher employee incentive program expenses, offset by lower share-based compensation costs.

Restructuring and Other Charges

During the fourth quarter of fiscal 2007, we committed to plans to close two locations and consolidate their functions into existing locations, which is consistent with our strategy to leverage infrastructure and consolidate operations. These restructuring plans required staff reduction and facility closure costs and were completed during our second quarter of fiscal 2008. We recorded restructuring charges of $1.3 million in fiscal 2008. We recorded restructuring and other charges of $3.1 million in fiscal 2007.

Consolidated Operating Income

Consolidated operating income increased 15% to $251.4 million for fiscal 2008 compared to the prior year's comparable period. This change resulted in an operating margin of 19.7% for fiscal 2008 compared to 20.5% in the prior year's comparable period.

Consolidated Other Income/Expense, Net

Other income and expense consists primarily of interest income and interest expense. Interest and other income, net increased to $10.0 million in fiscal 2008 compared to $8.2 million in the prior year's comparable period. This improvement was largely due to higher interest income due to higher cash balances.

Provision for Income Taxes

In fiscal 2008, our effective tax rate, reflected as the provision for income taxes divided by income before income taxes, including the effect of minority interest, increased to 35.6% from 34.1% in fiscal 2007. This increase was primarily due to favorable one-time tax benefit items in the prior year's comparable period related to income tax statute expirations and certain tax planning initiatives.

Minority Interest, Net of Tax

Minority interest, net of tax decreased to $8.1 million for fiscal 2008 compared to $9.9 million in the prior year's comparable period. This decrease primarily related to our investment in our Asia-Pacific channel, offset by growth in our Comerica Bank alliance.

Net Income and Diluted Earnings Per Share

Net income increased 14% to $162.8 million in fiscal 2008 compared to the prior year's comparable period. This growth resulted in a 15% increase in diluted earnings per share to $2.01 in fiscal 2008 compared to the prior year's comparable period. We expect diluted earnings per share to range from $2.20 to $2.30 for fiscal 2009.

New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157,*Fair Value Measurements* ("FAS 157"). This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Companies are required to implement FAS 157 for the first financial statements issued for fiscal years beginning after November 15, 2007 for financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis. In November 2007, the Financial Accounting Standards Board granted a one year deferral for the implementation of FAS 157 for non-financial assets and liabilities. The adoption of FAS 157 on June 1, 2008 is not expected to have a material impact on our consolidated balance sheet or consolidated statement of income, but the implementation of FAS 157 will require additional disclosures.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159,*The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115* ("FAS 159"). This statement permits us to choose to measure many financial instruments and certain other items at fair value. Upon adoption of FAS 159 on June 1, 2008, we will not elect the fair value option for any financial instrument we do not currently report at fair value.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 (Revised)*Business Combinations* ("FAS 141R"). This statement establishes principles and requirements for how we recognize and measure in our financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. In addition, this standard establishes principles and requirements for how we recognize and measure the goodwill acquired in the business combination or gain from a bargain purchase, and how we determine what information to disclose to enable financial statement users to evaluate the nature and financial effects of the business combination. FAS 141R will become effective for us for business combinations in which the acquisition date is on or after June 1, 2009.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 160,*Noncontrolling Interests in Consolidated Financial Statements* ("FAS 160"). This statement applies to the accounting for noncontrolling interests (currently referred to as minority interest) in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 will become effective for us on June 1, 2009. As further described in Note 13 and 16 of the consolidated financial statements, we have minority interest that includes redemption provisions that are not solely within our control, commonly referred to as a redeemable minority interest. At the March 12, 2008 meeting of the FASB Emerging Issues Task Force ("EITF"), certain revisions occurred to EITF Topic No. D-98, *Classification and Measurement of Redeemable Securities* ("Topic D-98"). These revisions clarified that Topic D-98 applies to redeemable minority interests and requires that its provision be applied no later than the effective date of FAS 160. While we are still evaluating the impact on our consolidated financial statements of FAS 160, we have determined that, upon adoption of this standard and in conjunction with the provisions of Topic D-98, an adjustment for the then fair value of redeemable minority interests will be required. This adjustment will ultimately increase the carrying value of redeemable minority interests to the redemption value with a corresponding charge to equity. Under Topic D-98, we will have a choice of either accreting redeemable minority interest to its redemption value over the redemption period or recognizing changes in the redemption value immediately as they occur. We are currently evaluating the recognition and measurement provisions of Topic D-98, and we have not yet concluded which measurement method we will apply.

Fiscal Year Ended May 31, 2007 Compared to Fiscal Year Ended May 31, 2006

The following table shows key selected financial data for the fiscal years ended May 31, 2007 and 2006, this data as a percentage of total revenues, and the changes between fiscal years in dollars and as a percentage of fiscal 2006.

	2007	% of Revenue (1)	2006	% of Revenue (1)	Change	% Change
			(dollar amounts in thousands)			
Revenues:						
Domestic direct	$ 558,026	53%	$481,273	53%	$ 76,753	16%
Canada	224,570	21	208,126	23	16,444	8
Asia-Pacific	48,449	5	—	—	48,449	—
Central and Eastern Europe	51,224	5	47,114	5	4,110	9
Domestic indirect and other	46,873	4	51,987	6	(5,114)	(10)
Merchant services	929,142	88	788,500	87	140,642	18
Domestic	115,416	11	109,067	12	6,349	6
Europe	16,965	2	10,489	1	6,476	62
Money transfer	132,381	12	119,556	13	12,825	11
Total revenues	$1,061,523	100%	$908,056	100%	$153,467	17%
Consolidated operating expenses:						
Cost of service	$ 414,837	39.1%	$358,020	39.4%	$ 56,817	16%
Sales, general and administrative	425,509	40.1	347,070	38.2	78,439	23
Restructuring and other	3,088	0.3	1,878	0.2	1,210	64
Operating income	$ 218,089	20.5%	$201,088	22.1%	$ 17,001	8%
Operating income for segments:						
Merchant services	$ 259,670		$224,221		$ 35,449	16%
Money transfer	14,476		18,741		(4,265)	(23)
Corporate	(52,969)		(39,996)		(12,973)	(32)
Restructuring and other	(3,088)		(1,878)		(1,210)	(64)
Operating income	$ 218,089		$201,088		$ 17,001	8%
Operating margin for segments:						
Merchant services segment	27.9%		28.4%		(0.5)%	
Money transfer segment	10.9%		15.7%		(4.8)%	

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

Revenues

We derive our revenues from three primary sources: charges based on volumes and fees for services, charges based on transaction quantity, and equipment sales, leases and service fees. Revenues generated by these areas depend upon a number of factors, such as demand for and price of our services, the technological competitiveness of our product offerings, our reputation for providing timely and reliable service, competition within our industry, and general economic conditions. In fiscal 2007, revenue increased 17% to $1,061.5 million from $908.1 million for fiscal 2006. We attribute this revenue growth primarily to our domestic direct and new Asia-Pacific merchant services channels.

Merchant Services Segment

Revenue from our merchant services segment for fiscal 2007 increased by $140.6 million or 18% to $929.1 million from $788.5 million for fiscal 2006.

We have continued to grow our domestic direct merchant services channel by adding small and mid-market merchants in diversified vertical markets, primarily through our ISOs. For fiscal 2007, our credit and debit card processed transactions grew 25% and our revenue grew 16% for this channel compared to the prior year. The difference between our transaction growth and revenue growth was primarily a result of a mid single digit percentage decline compared to the prior year in our domestic direct credit card average dollar value of transaction, or average ticket, due to a shift toward smaller merchants added through our ISOs. Our average discount revenue per dollar value volume, or spread, was constant compared to the prior year and, therefore, did not impact the difference between our transaction growth and revenue growth. Our spread was favorably impacted by the shift towards smaller merchants added through our ISOs. Smaller merchants tend to have lower average tickets and higher spreads than larger merchants. This favorable impact on spread was offset by pricing compression relating to merchants added through our direct sales force. Aside from the decline in average ticket described above, the remaining difference between our transaction growth and revenue growth was due to our domestic direct revenue that is not based on the amount of transactions or average ticket described above. This type of revenue includes service fees, equipment fees and check-related services. The total of this revenue grew at a lesser rate than our credit and debit card transaction growth.

For fiscal 2007, our Canadian direct credit and debit card processed transactions grew 4%, with overall Canadian revenue growth of 8% compared to the prior year. Our Canadian transaction growth was largely offset by mid single digit percentage declines in our average credit card spread, compared to the prior year. Our revenue growth for fiscal 2007 was primarily due to a favorable Canadian currency exchange rate and card association incentive revenue relating to various programs being implemented in the Canadian market. These card association incentives are not recurring in nature.

Our Asia-Pacific merchant services revenue for fiscal 2007 was $48.4 million. We completed the purchase of our ownership in HSBC Asia's merchant acquiring business on July 24, 2006, and began operating in this channel at that time.

Our Central and Eastern European merchant services revenue for fiscal 2007 increased 9% compared to the prior year period, largely due to a favorable Czech currency exchange rate, the impact of our Diginet acquisition and growth in credit and debit card processed transactions of 15%. These factors were partially offset by the impact of price reductions granted on contract renewals. The deconversion process of the large customer that announced its intention to deconvert prior to the completion of our MUZO acquisition was substantially completed during fiscal 2007.

We experienced continued and expected declines in our domestic indirect and other channel, with a 4% year-over-year decline in credit and debit card transactions processed and a 10% decline in revenue for fiscal 2007. We attributed these revenue declines to the industry consolidation of financial institutions and competitive pricing pressures.

Money Transfer Segment

For fiscal 2007, our domestic money transfer channel transactions grew 18% and revenue grew 6%, compared to fiscal 2006. The growth in transactions was driven primarily by same store sales growth and an increasing domestic branch footprint resulting in 875 domestic branches as of May 31, 2007, compared to 835 domestic branch locations as of May 31, 2006. The difference between our transaction growth and our revenue growth was due to lower pricing compared to the prior year, which was consistent with our strategy of price leadership. During fiscal 2007, we experienced a highly competitive pricing environment. Our fiscal 2007 revenue was also negatively impacted by one of our landlords entering the money transfer business and competing with us. As a result, we exited those locations, opened new locations nearby, and responded to aggressive price competition from this landlord to pursue the existing customer base.

In Europe, we ended fiscal 2007 with 68 branch locations, compared to 40 locations as of May 31, 2006. For fiscal 2007, our European money transfer revenue grew 62%, with transaction growth of 73%. This growth was largely due to new branch locations compared to the prior year.

Consolidated Operating Expenses

Cost of service consists primarily of the following costs: operational-related personnel, including those who monitor our transaction processing systems and settlement; assessments and other fees paid to card associations; transaction processing systems, including third-party services such as the costs of settlement channels for money transfer services; transition services paid to HSBC in the Asia-Pacific market; network telecommunications capability, depreciation and occupancy costs associated with the facilities performing these functions; amortization of intangible assets; and provisions for operating losses.

Cost of service increased 16% to $414.8 million for fiscal 2007 compared to $358.0 million in fiscal 2006. As a percentage of revenue, cost of service decreased to 39.1% of revenue for fiscal 2007 from 39.4% in fiscal 2006.

In fiscal 2007, the decline in cost of service as a percentage of revenue was partially related to our revenue growth and the related economies of scale benefits. In addition, this decline was related to several cost factors, including savings from exiting our shared service agreement with our former parent company and a decline in year-over-year operating costs from our domestic and Canadian customer service and back-office centers, including our Dallas facility that we closed in November 2005. In addition, during the quarter ended August 31, 2005, we recognized an impairment loss of $2.2 million in connection with the MUZO trademark, which is included in cost of service in the accompanying consolidated statement of income for fiscal 2006.

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

Sales, general and administrative expenses increased by $78.4 million or 23% to $425.5 million for fiscal 2007 from $347.1 million for fiscal 2006. As a percentage of revenue, these expenses increased to 40.1% for fiscal 2007 compared to 38.2% for fiscal 2006.

The increases in sales, general and administrative expenses were primarily due to growth in commission payments to ISOs resulting from the increased revenue in this sales channel. The ISO channel generally has a dilutive effect on our operating margin compared to our other channels due to the ongoing commission payments to the ISOs. The ISO commission model differs from our other sales channels where the commissions are primarily paid for only a twelve-month period. The addition of our new Asia-Pacific channel also contributed to the increases in sales, general and administrative expenses due to the investment in the regional sales force and infrastructure.

In addition, sales, general and administrative expenses increased for fiscal 2007 compared to fiscal 2006 as a result of our adoption, using the modified prospective method, of Statement of Financial Accounting Standards No. 123 (revised 2004): *Share-based Payment*, or FAS 123R, on June 1, 2006. The total share-based compensation cost that has been included in sales, general and administrative expenses for our share-based awards and option plans was $15.2 million for fiscal 2007. The total share-based compensation cost that has been included in sales, general and administrative expenses for our share-based awards and option plans was $2.8 million for fiscal 2006. During fiscal 2007, we recognized $12.4 million in incremental employee stock option expense as a result of FAS 123R.

Operating Income and Operating Margin for Segments

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

Merchant Services Segment

Operating income in the merchant services segment increased 16% to $259.7 million for fiscal 2007 compared to $224.2 million for fiscal 2006. This change resulted in an operating margin of 27.9% for fiscal 2007, compared to 28.4% for fiscal 2006. Our operating margin decreased for fiscal 2007 primarily due to the increases in ISO commission payments and the addition of, and our investment in, our new Asia-Pacific channel, offset by merchant services revenue growth and the cost of service savings discussed above.

Money Transfer Segment

Operating income in the money transfer segment decreased 23% to $14.5 million for fiscal 2007 compared to $18.7 million for fiscal 2006. This decrease resulted in an operating margin of 10.9% for fiscal 2007, compared to 15.7% for fiscal 2006. This operating margin decline was primarily due to the increased price competition discussed above and our use of a fixed-cost, branch-owned model at the point of sale.

Corporate

Our corporate expenses primarily include costs associated with our Atlanta headquarters, insurance, employee incentive programs, Board of Directors' fees, and certain corporate staffing areas, including finance, accounting, legal, human resources, marketing, and executive. For fiscal 2007, corporate also includes expenses associated with our share-based compensation. Our corporate costs increased 32% to $53.0 million for fiscal 2007 compared to $40.0 million for fiscal 2006. These increases are primarily due to share-based compensation costs related to our implementation of FAS 123R, as described above.

Restructuring and Other Charges

During the fourth quarter of fiscal 2007, we committed to plans to close two locations and consolidate their functions into existing locations, which is consistent with our strategy to leverage infrastructure and consolidate operations. These restructuring plans will required staff reduction and facility closure costs and were completed during our second quarter of fiscal 2008. We recorded restructuring and other charges of $3.1 million in fiscal 2007. In fiscal 2006, we incurred $1.9 million in restructuring charges in connection with our 2005 restructuring plans.

Consolidated Operating Income

Consolidated operating income increased $17.0 million or 8% to $218.1 million for fiscal 2007 compared to $201.1 million for fiscal 2006. This change resulted in an operating margin of 20.5% for fiscal 2007 compared to 22.1% for fiscal 2006.

Consolidated Other Income/Expense, Net

Other income and expense consists primarily of interest income and interest expense. Interest and other income increased $7.8 million to $8.2 million for fiscal 2007 compared to $0.4 million for fiscal 2006. This improvement was largely due to higher interest income due to higher cash balances and investment rates.

Provision for Income Taxes

In fiscal 2007, our tax rate, reflected as the provision for income taxes divided by income before income tax and minority interest, decreased to 32.4% from 33.5% in fiscal 2006. The changes in our effective tax rate are due to tax planning initiatives and the impact of international growth.

Minority Interest, Net of Tax

Minority interest, net of tax increased $1.4 million to $9.9 million for fiscal 2007 compared to $8.5 million for fiscal 2006. This increase was due to our new HSBC merchant acquiring acquisition in the Asia-Pacific region.

Net Income and Diluted Earnings Per Share

Net income increased $17.5 million or 14% to $143.0 million for fiscal 2007 from $125.5 million for fiscal 2006. This increase resulted in a $0.22 increase in diluted earnings per share to $1.75 for fiscal 2007 compared to $1.53 for fiscal 2006.

Liquidity and Capital Resources

Cash flow generated from operations provides us with a significant source of liquidity to meet our needs. For fiscal 2008, we had cash and cash equivalents totaling $456.1 million. For fiscal 2008, our cash and cash equivalents included $131.6 million related to Merchant reserves. While this cash is not restricted and can be used in our general operations, we do not intend to use it, as we believe that designating this cash to collateralize Merchant reserves strengthens our fiduciary standing with our member sponsors and is in accordance with the guidelines set by the card associations. See *Cash and cash equivalents* under Note 1 in the notes to the consolidated financial statements for additional details.

Net cash provided by operating activities increased $81.3 million to $272.4 million for fiscal 2008 from $191.1 million in fiscal 2007. The increase in cash flow from operating activities was primarily due to the increases in net income of $19.8 million and cash provided by changes in working capital of $57.1 million.

The working capital change was primarily due to the change in net settlement processing assets and obligations of $52.2 million, the change in income taxes payable of $19.4 million, the change in accounts payable and accrued liabilities of $3.8 million, and the change in payables to money transfer beneficiaries of $2.5 million, partially offset by the change in accounts receivable of $15.4 million and the change in claims receivable of $3.6 million.

The change in net settlement processing assets and obligations relates to timing differences, processed volume changes and exchange rate fluctuations. In addition, the change is associated with the addition of certain Asia-Pacific jurisdictions that have been converted to our back-end processing systems. See *Settlement processing assets and obligations* under Note 1 in the notes to the consolidated financial statements for additional details. The change in income taxes payable is attributed to the timing and amount of estimated tax payments this year compared to last year. The change in accounts payable and accrued liabilities is due to timing differences related to payments versus accruals, primarily ISO commissions, year-end bonus accruals, employee benefit payments, obligations to purchase foreign currencies, and third party processing charges. The change in payables to money transfer beneficiaries is attributed to timing differences which fluctuate with the volume and value of our money transfer transactions. The change in accounts receivable is primarily due to the timing and growth of our domestic direct revenue and foreign exchange rate variances on our accounts receivable balances. The change in claims receivable fluctuates based on the current inventory of claims relative to the character, value and age of the claims, and the rate and value of write-offs.

Net cash used in investing activities decreased $53.4 million to $63.2 million in fiscal 2008 from $116.6 million in fiscal 2007 due to a decrease in business acquisition activities. During fiscal 2008, business and

intangible asset acquisitions required $18.2 million for the acquisition of money transfer branch locations, the Discover portfolio acquisition, the LFS Spain acquisition, and a customer list and long-term merchant referral agreement in our Canadian merchant services channel. During fiscal 2007, business acquisition activity required $81.3 million for the HSBC Asia-Pacific merchant acquiring acquisition, the Diginet acquisition, and the acquisition of money transfer branches. On June 30, 2008, we completed the transaction with HSBC Bank plc in the United Kingdom and paid $439 million in cash to acquire a 51% majority ownership in the partnership. In connection with this acquisition, on June 23, 2008, we entered into a new five year, $200 million term loan agreement. We funded the remaining purchase price with excess cash and our existing credit facilities.

Capital expenditures increased to $45.0 million in fiscal 2008 from $35.4 million in fiscal 2007. These expenditures primarily relate to software and infrastructure, including our next generation technology processing platform. The capital expenditures for fiscal 2008 also included spending for merchant terminals and our operating center consolidation plan that we committed to during the fourth quarter of fiscal 2007.

For fiscal 2008, $76.4 million, net was used in financing activities compared to $10.9 million, net provided by financing activities in fiscal 2007. The increase in cash used in financing activities was primarily due to $87.0 million in share repurchases of our common stock during fiscal 2008. See the *Executive Overview* above for additional details.

We believe that our current level of cash and borrowing capacity under our term loan and lines of credit described below, together with future cash flows from operations, are sufficient to meet the needs of our existing operations and planned requirements for the foreseeable future. For fiscal 2009, we do not have any material capital commitments, other than commitments under operating leases and planned expansions, including the HSBC Merchant Services acquisition in the United Kingdom.

We regularly evaluate cash requirements for current operations, commitments, development activities and acquisitions, and we may elect to raise additional funds for these purposes in the future, either through the issuance of debt, equity or otherwise. Our current cash flow strategy is to pay off debt, to make planned capital investments in our business, to pursue acquisitions that meet our growth strategies, to pay dividends and repurchase our shares at the discretion of our Board of Directors, to collateralize our Merchant reserves, and to invest excess cash in investments that we believe are of high-quality and marketable in the short term.

Credit Facilities

In November 2006, we entered into a five year, $350 million unsecured revolving credit facility agreement with a syndicate of banks based in the United States, which we refer to as our U.S. Credit Facility. The credit agreement contains certain financial and non-financial covenants and events of default customary for financings of this nature. We complied with these covenants as of May 31, 2008. The facility expires in November 2011, and borrowings bear a variable interest rate based on a market short-term floating rate plus a margin that varies according to our leverage position.

In addition, the U.S. Credit Facility allows us to expand the facility size to $700 million by requesting additional commitments from existing or new lenders. We plan to use the U.S. Credit Facility to fund future strategic acquisitions, to provide a source of working capital, and for general corporate purposes. As of both May 31, 2008 and May 31, 2007, we had no borrowings outstanding on our U.S. Credit Facility.

In November 2006, we entered into an amendment to our credit facility, which we refer to as our Canadian Credit Facility, with the Canadian Imperial Bank of Commerce, or CIBC, as administrative agent and lender. The Canadian Credit Facility is a facility which consists of a line of credit of $25 million Canadian dollars, or $25.2 million United States dollars based on the May 31, 2008 exchange rate. In addition, the Canadian Credit Facility allows us to expand the size of the uncommitted facility to $50 million Canadian dollars during the peak holiday season and does not have a fixed term. The Canadian Credit Facility carries no termination date, but can be

terminated by CIBC with advance notice. The Canadian Credit Facility has a variable interest rate based on the Canadian dollar London Interbank Offered Rate plus a margin.

The Canadian Credit Facility allows us to provide certain Canadian merchants with "same day value" for their Visa credit card deposits. Same day value is the practice of giving merchants value for credit card transactions on the date of the applicable sale even though we receive the corresponding settlement funds from Visa Canada/International at a later date. The amounts borrowed under the Canadian Credit Facility are restricted in use to pay Canadian Visa merchants and such amounts are generally received from Visa Canada/International on the following day.

Our obligations under the Canadian Credit Facility are secured by a first priority security interest in the members' accounts receivable from Visa Canada/International and Interac Associates for our transactions processed through the CIBC Visa BIN and Interac debit network, the bank accounts in which the settlement funds are deposited, and by guarantees from certain of our subsidiaries. These guarantees are subordinate to any guarantees granted by such subsidiaries under our U.S. Credit Facility. The Canadian Credit Facility also contains certain financial and non-financial covenants and events of default customary for financings of this nature. We complied with these covenants as of May 31, 2008. As of both May 31, 2008 and May 31, 2007, we had no borrowings outstanding on our Canadian Credit Facility.

In April 2008, we entered into a new unsecured revolving credit agreement with the National Bank of Canada, which we refer to as our NBC Credit Facility. The terms of this facility will be subject to annual review on March 31 of each year. The NBC Credit Facility is a facility which consists of a line of credit of $40 million Canadian, or $40.3 million United States dollars based on the May 31, 2008 exchange rate, and a line of credit of $5 million United States dollars. We are able to expand the size of the facility to $80 million Canadian on certain Canadian holidays. The NBC Credit Facility is subject to revision and renewal each March 31 and has a variable interest rate based on the National Bank of Canada prime rate. The NBC Credit Facility contains certain financial and non-financial covenants and events of default customary for financings of this nature. We complied with these covenants as of May 31, 2008.

We will use the NBC Credit Facility to provide certain Canadian merchants with same day value for their United States and Canadian dollar MasterCard credit card transactions and debit card transactions. As of May 31, 2008, we had $0.1 million of borrowings outstanding on our NBC Credit Facility, based on the exchange rate in effect on that date.

During the fiscal year 2008, our Chinese subsidiary in the Asia-Pacific region entered into a revolving credit facility to provide a source of working capital. This credit facility is denominated in Chinese Renminbi and has a variable interest rate based on the lending rate stipulated by the People's Bank of China. This facility is subject to annual review up to and including June 30, 2008. As of May 31, 2008, this facility totaled $2.5 million, of which we had $0.6 million of borrowings outstanding, based on the exchange rate in effect on that date.

During the fiscal year 2008, our subsidiary in Macau in the Asia-Pacific region entered into a revolving overdraft facility which allows us to fund merchants prior to receipt of corresponding settlement funds from Visa and MasterCard. This is denominated in Macau Pataca and has a variable interest rate based on the lending rate stipulated by The Hongkong and Shanghai Banking Corporation Limited, plus a margin. This facility is subject to review at any time and in any event by January 1, 2009, and subject to overriding right of withdrawal and repayment on demand. As of May 31, 2008, this facility totaled $3.8 million, of which we had $0.9 million of borrowings outstanding, based on the exchange rate in effect on that date.

On June 23, 2008, we entered into a new five year, $200 million term loan agreement with a syndicate of banks in the United States. The term loan bears interest, at our election, at the prime rate or London Interbank Offered Rate plus a margin based on our leverage position. As of July 1, 2008, the interest rate on the term loan was 3.605%. The term loan calls for quarterly principal payments of $5 million beginning with the quarter

ending August 31, 2008 and increasing to $10 million beginning with the quarter ending August 31, 2010 and $15 million beginning with the quarter ending August 31, 2011.

Redeemable Minority Interest

We have a redeemable minority interest associated with our Asia-Pacific merchant services channel. Global Payments Asia-Pacific Limited, or GPAP, is the entity through which we conduct our merchant acquiring business in the Asia-Pacific region. We own 56% of GPAP and HSBC Asia owns the remaining 44%. The GPAP shareholders agreement includes provisions pursuant to which HSBC Asia may compel us to purchase, at fair value, additional GPAP shares from HSBC Asia, known as the "Put Option." HSBC Asia may exercise the Put Option on the fifth anniversary of the closing of the acquisition and on each anniversary thereafter. By exercising the Put Option, HSBC Asia can require us to purchase, on an annual basis, up to 15% of the total issued shares of GPAP. While not redeemable until July 2011, we estimate the maximum total redemption amount of the minority interest under the Put Option would be $87.4 million, as of May 31, 2008.

Off-Balance Sheet Arrangements

We have not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interest, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market, or credit risk support other than the guarantee products described under "Critical Accounting Estimates" below.

Commitments and Contractual Obligations

The following table summarizes our contractual obligations and commitments as of May 31, 2008:

	Payments Due by Future Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	5+ Years
			(in thousands)		
Operating leases (Note 13)	$ 67,446	$ 22,883	$ 28,105	$ 8,642	$ 7,816

Note: This table excludes other obligations that we may have, such as employee benefit plan obligations, and other current and long–term liabilities reflected in our consolidated balance sheet and the minority interest put option rights described in Note 13 and 16. We do not have any material purchase commitments as of May 31, 2008.

We believe that cash flows from operations and borrowing programs will provide adequate sources of liquidity and capital resources to meet our expected long-term needs for the operation of our business and the satisfaction of these obligations and commitments.

Critical Accounting Estimates

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

of our financial condition or results of operations. We refer to accounting estimates of this type as "critical accounting estimates." The critical accounting estimates that we discuss below are those that we believe are most important to an understanding of our consolidated financial statements.

Accounting estimates necessarily require subjective determinations about future events and conditions. Therefore, the following descriptions of critical accounting estimates are forward-looking statements, and actual results could differ materially from the results anticipated by these forward-looking statements. You should read the following in conjunction with Note 1 of the notes to consolidated financial statements and the risk factors contained in "Item 1A—Risk Factors" of this annual report.

Reserve for operating losses

As a part of our direct merchant credit card and debit card processing services and check guarantee services in the United States, Canada and Asia-Pacific, we experience merchant losses and check guarantee losses, which we collectively refer to as "operating losses." Merchant losses occur when we are unable to collect amounts from merchant customers for any charges properly reversed by the cardholder. Check guarantee losses occur when we are unable to collect the full amount of a guaranteed check from the checkwriter. Please refer to the notes to consolidated financial statements for a further explanation of these operating losses.

We process credit card transactions for direct merchants and recognize revenue based on a percentage of the gross amount charged. Our direct merchant customers have the liability for any charges properly reversed by the cardholder. In the event, however, that we are not able to collect such amount from the merchants, due to merchant fraud, insolvency, bankruptcy or any other reason, we may be liable for any such reversed charges. We require cash deposits, guarantees, letters of credit and other types of collateral by certain merchants to minimize any such contingent liability, and we also utilize a number of systems and procedures to manage merchant risk. We have, however, historically experienced losses due to merchant defaults.

We account for our potential liability relating to merchant losses as guarantees. We estimate the fair value of these guarantees by adding a fair value margin to our estimate of losses. This estimate of losses is comprised of known losses and a projection of future losses based on an assumed percentage of our United States, Canadian, and Asia-Pacific direct merchant credit card and off-line debit card sales volumes processed, or processed volume. For the years ended May 31, 2008, 2007, and 2006, our processed volume was $134.7 billion, $100.1 billion, and $86.4 billion, respectively. For these same periods, we recorded provisions for merchant losses of $5.7 million, $3.1 million, and $2.7 million, respectively. As a percentage of processed volume, these charges were 0.0043%, 0.0031%, and 0.0032%, respectively, during the above periods. For these same years, we experienced actual losses of $5.2 million, $3.3 million, and $3.3 million, respectively. Since actual losses were similar to the merchant loss provisions provided above, we believe that our estimation process has been materially accurate on a historical basis. A 10% increase or decrease in our provision for merchant losses as a percentage of processed volume for the year ended May 31, 2008 would have resulted in a decrease or increase in net income of $0.4 million. Further, if our provision for merchant losses as a percentage of processed volume for our fiscal 2008 had equaled our provision for merchant losses as a percentage of processed volume of 0.0031% for the same prior year period, our net income would have increased by $1.1 million. As of May 31, 2008 and 2007, $3.4 million and $2.8 million, respectively, have been recorded for guarantees associated with merchant card processing and are included in settlement processing obligations in the accompanying consolidated balance sheets.

In our check guarantee service offering, we charge our merchants a percentage of the gross amount of the check and guarantee payment of the check to the merchant in the event the check is not honored by the checkwriter's bank. We have the right to collect the full amount of the check from the checkwriter but have not historically recovered 100% of the guaranteed checks.

Our check guarantee loss reserve is also comprised of known losses and a projection of future losses based on an assumed percentage of the face value of our guaranteed checks. For the years ended May 31, 2008, 2007,

and 2006, we guaranteed total check face values of $2.7 billion, $2.6 billion, and $2.5 billion, respectively. For those same periods, we recorded provisions for check guarantee losses of $23.9 million, $18.2 million, and $17.9 million, respectively. As a percentage of the total guaranteed check face value, these charges were 0.90%, 0.70%, and 0.71%, respectively, during the years mentioned above. For these same years, we experienced actual losses of $23.0 million, $18.8 million, and $16.1 million, respectively. Since actual losses were similar to the check guarantee loss provisions provided above, we believe that our estimation process has been materially accurate on a historical basis. A 10% increase or decrease in our percentage assumption for the year ended May 31, 2008 would have resulted in a decrease or increase in net income of $1.6 million. Further, if our guarantee loss as a percentage of guarantee volume for our fiscal 2008 had equaled our guarantee loss as a percentage of guarantee volume of 0.70% for the same prior year period, our net income would have increased by $3.4 million. As of May 31, 2008 and 2007, we had a check guarantee reserve of $6.1 million and $5.1 million, respectively, which is included in claims receivable, net, in the accompanying consolidated balance sheets.

We derive our projected loss rate assumptions primarily based on a rolling six month analysis of historic loss activity. These assumptions, however, bear the risk of change, which may occur as a result of several qualitative factors. For merchant losses, these factors include the following: a change in the creditworthiness of our merchant customers; a change in the levels of credit card fraud affecting our merchant customers; and a change in the effectiveness of our internal credit, risk management, and collection departments. For check guarantee losses, these factors include a change in the levels of dishonored consumer checks presented to our guarantee service merchant customers and a change in the effectiveness of our internal check guarantee procedures, customer acceptance and retention policies, or collection protocols. Application of our percentage assumptions involve uncertainty regarding changes in any of the factors above, especially those that are outside of our control, such as the financial health of the United States, Canadian, and the Asia-Pacific regional economies at a regional or national level and the related impact on our customers.

Goodwill and long-lived asset valuations

We regularly evaluate whether events and circumstances have occurred that indicate the carrying amounts of goodwill, property and equipment, and other intangible assets may warrant revision or may not be recoverable. Goodwill and other indefinite-life intangible assets are evaluated for impairment annually by applying a fair value based test. Property and equipment and finite-lived intangible assets are evaluated for impairment when facts and circumstances indicate the carrying value of such assets may exceed their fair values. When factors indicate that these assets should be evaluated for possible impairment, we assess the potential impairment of their carrying values by determining whether the carrying value of such long-lived assets will be recovered through the future undiscounted cash flows expected from use of the asset and its eventual disposition.

We completed our most recent annual goodwill and indefinite-life intangible asset impairment test as of January 1, 2008 and determined that no impairment charges were required as of that date.

Other intangible assets primarily represent customer-related intangible assets (such as customer lists and merchant contracts), contract-based intangible assets (such as non-compete agreements, referral agreements and processing rights), and trademarks associated with acquisitions. Customer-related intangible assets, contract-based intangible assets and certain trademarks are amortized over their estimated useful lives of up to 30 years. The useful lives for customer-related intangible assets are determined based primarily on forecasted cash flows, which include estimates for the revenues, expenses, and customer attrition associated with the assets. The useful lives of contract-based intangible assets are equal to the terms of the agreements. The useful lives of amortizable trademarks are based on our plans to phase out the trademarks in the applicable markets. We have determined that the trademarks other than the amortizable trademarks have indefinite lives and, therefore, are not being amortized.

For all periods through November 30, 2006, the straight-line method of amortization was employed for all customer-related intangible assets. On December 1, 2006, we adopted the accelerated method of amortization

described below which is applied over the respective periods of expected cash flows for our then significant customer-related intangible assets. These particular assets reflected 90% of the carrying value of our total customer-related intangible assets as of November 30, 2006. In determining amortization expense under our accelerated method for any given period, we calculate the expected cash flows for that period that were used in determining the acquired value of the asset and divide that amount by the expected total cash flows over the estimated life of the asset. We multiply that percentage by the initial carrying value of the asset to arrive at the amortization expense for that period. In addition, if the cash flow patterns that we experience are less favorable than our initial estimates, we will adjust the amortization schedule accordingly. These cash flow patterns are derived using certain assumptions and cost allocations due to a significant amount of asset interdependencies that exist in our business. During fiscal 2008, we did not adjust the amortization schedules.

We believe that our accelerated method better approximates the distribution of cash flows generated by our acquired customer relationships. We adopted this method prospectively for our existing significant customer-related intangible assets described above and intend to adopt this method for future acquisitions of customer-related intangible assets. The use of this amortization method prior to December 1, 2006 would have resulted in amortization expense that is not materially different from the amount recognized under the straight-line method used by us during the same periods. Lastly, we will continue to use the straight-line method of amortization for the certain customer-related intangible assets that reflected 10% of the carrying value of our total such assets as of November 30, 2006. For these assets, the amortization expense using a straight-line method historically resulted in, and is expected to continue to result in, amortization expense that is not materially different from the amount that would be recognized under the accelerated method of amortization described above. We continue to use the straight-line method of amortization for our contract-based intangibles and amortizable trademarks.

The other assets in the accompanying consolidated balance sheets include software rights purchased in September 2001 for $5 million. These rights would allow us to perform certain processing and software support activities that are currently performed on our behalf by a third party. The other assets in the accompanying consolidated balance sheets also include software code with a carrying value of $3.1 million, which allows us to perform certain processing activities currently performed by our other processing platforms. We expect these software assets will be the foundation for two separate projects planned to perform these services internally and with a higher efficiency level. These plans are still in the initial feasibility and design phase as of May 31, 2008. If, in the future, we were to decide to abandon these plans, the value of these assets may be substantially impaired. While we believe that these assets may have a resale value, the maximum potential impairment could equal the carrying value.

In our opinion, the carrying values of long-lived assets, including goodwill, property and equipment, and other intangible assets, are not impaired at May 31, 2008 and May 31, 2007.

Capitalization of Internally Developed Software

We develop software that is used in providing processing services to customers. Capitalization of internally developed software, primarily associated with operating platforms, occurs when we have completed the preliminary project stage, management authorizes the project, management commits to funding the project, it is probable the project will be completed and the project will be used to perform the function intended. The preliminary project stage consists of the conceptual formulation of alternatives, the evaluation of alternatives, the determination of existence of needed technology and the final selection of alternatives. Costs incurred prior to the preliminary project stage are expensed as incurred. Currently unforeseen circumstances in software development could require us to implement alternative plans with respect to a particular effort, which could result in the impairment of previously capitalized software development costs. Costs capitalized during fiscal 2008, 2007 and 2006 totaled $10.2 million, $11.0 million and $11.1 million, respectively. Internally developed software has an amortization period of 5 to 10 years. Internally developed software assets are placed into service when they are complete.

Income Taxes

The determination of our provision for income taxes requires management's judgment in the use of estimates and the interpretation and application of complex tax laws. Judgment is also required in assessing the timing and amounts of deductible and taxable items. We believe our tax return positions are fully supportable; however, we establish liabilities for material tax exposures relating to deductions, transactions and other matters involving some uncertainty as to the proper tax treatment of the item. Issues raised by a tax authority may be finally resolved at an amount different than the related liability. When facts and circumstances change (including a resolution of an issue or statute of limitations expiration), these liabilities are adjusted through the provision for income taxes in the period of change. Judgment will be required to determine whether or not some portion or all of the deferred tax assets will not be realized. To the extent we determine that we will not realize the benefit of some or all of our deferred tax assets, then these deferred tax assets will be adjusted through our provision for income taxes in the period in which this determination is made.

ITEM 7A—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

Although the majority of our operations are conducted in United States dollars, some of our operations are conducted in Euros and the various currencies of the Asia-Pacific region, Canada, Central and Eastern Europe, and Latin America. Consequently, a portion of our revenues and expenses may be affected by fluctuations in foreign currency exchange rates. We are also affected by fluctuations in exchange rates on assets and liabilities related to our foreign operations. We have not hedged our translation risk on foreign currency exposure. For the twelve months ended May 31, 2008, strengthening foreign currencies compared to the United States dollar increased our revenues by $42.1 million over the comparable period in the prior year. In addition, these foreign currency movements increased our net income by $12.5 million over the comparable period in the prior year, calculated by applying our consolidated effective income tax rate before minority interest for the appropriate period. A 10% change in average foreign currency rates against the United States dollar during the twelve months ended May 31, 2008 compared to the average foreign currency exchange rates during the twelve months ended May 31, 2007 would have increased or decreased our revenues and net income by $42.1 million and $10.9 million, respectively.

Interest Rate Risk

We have a credit facility with Canadian Imperial Bank of Commerce for up to $25 million Canadian dollars to cover the pre-funding of Canadian merchants. The Canadian Credit Facility has a variable interest rate based on the Canadian dollar London Interbank Offered Rate plus a margin. Our $350 million U.S. revolving line of credit has a variable interest rate based on a market short-term floating rate plus a margin that varies according to our leverage position. Accordingly, we are exposed to the impact of interest rate fluctuations. As of May 31, 2008, we had no borrowings outstanding on these facilities.

We have a credit facility with the National Bank of Canada for up to $80 million Canadian dollars and $5 million United States dollars to provide certain Canadian merchants with same day value for their Canadian and United States dollar MasterCard credit card transactions and debit card transactions. This credit facility has a variable interest rate based on the National Bank of Canada prime rate. As of May 31, 2008, we had $0.1 million of borrowings outstanding on this credit facility.

We have a revolving credit facility with the People's Bank of China for up to $2.5 million to provide a source of working capital. This credit facility is denominated in Chinese Renminbi and has a variable interest rate based on the lending rate stipulated by People's Bank of China. As of May 31, 2008, we had $0.6 million of borrowings outstanding, based on the exchange rate in effect on that date.

We have a revolving overdraft facility with The Hongkong and Shanghai Banking Corporation Limited, or HSBC Asia, for up to $3.8 million to fund merchants prior to receipt of corresponding settlement funds from Visa and MasterCard. This is denominated in Macau Pataca and has a variable interest rate based on the lending rate stipulated by HSBC Asia, plus a margin. As of May 31, 2008, we had $0.9 million of borrowings outstanding, based on the exchange rate in effect on that date.

A 10% proportionate increase in interest rates on our credit facilities as of May 31, 2008 would not have had a material adverse impact on our current or future consolidated net income or cash flows. However, see Note 16 in the notes to the consolidated financial statements concerning a new variable interest rate term loan entered into subsequent to May 31, 2008.

Derivative Financial Instruments

Historically, we have not entered into derivative financial instruments to mitigate interest rate fluctuation risk or foreign currency exchange rate risk, as it has not been cost effective. We may use derivative financial instruments in the future if we deem it useful in mitigating our exposure to interest rate or foreign currency exchange rate fluctuations.

ITEM 8—FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Global Payments Inc.:

We have audited the accompanying consolidated balance sheets of Global Payments Inc. and subsidiaries ("the Company") as of May 31, 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended May 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Global Payments Inc. and subsidiaries as of May 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as whole, presents fairly, in all material respects, the information set forth therein.

As described in Note 1 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 123(R),*Share-based Payment*, on June 1, 2006, based on the modified prospective application transition method. As described in Note 7 to the consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes to conform to Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, on June 1, 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of May 31, 2008, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 30, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
July 30, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Global Payments Inc.:

We have audited the internal control over financial reporting of Global Payments Inc. and subsidiaries (the "Company") as of May 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2008, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended May 31, 2008 of the Company and our report dated July 30, 2008 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standard No. 123(R), *Share-based Payment*, and Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
July 30, 2008

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

	Year Ended May 31,		
	2008	2007	2006
Revenues	$ 1,274,229	$ 1,061,523	$ 908,056
Operating expenses:			
Cost of service	475,612	414,837	358,020
Sales, general and administrative	545,941	425,509	347,070
Restructuring and other	1,317	3,088	1,878
	1,022,870	843,434	706,968
Operating income	251,359	218,089	201,088
Other income (expense):			
Interest and other income	18,210	16,706	7,576
Interest and other expense	(8,166)	(8,464)	(7,144)
	10,044	8,242	432
Income before income taxes and minority interest	261,403	226,331	201,520
Provision for income taxes	(90,588)	(73,436)	(67,522)
Minority interest, net of tax	(8,061)	(9,910)	(8,474)
Net income	$ 162,754	$ 142,985	$ 125,524
Basic earnings per share	$ 2.05	$ 1.78	$ 1.59
Diluted earnings per share	$ 2.01	$ 1.75	$ 1.53

See Notes to Consolidated Financial Statements.

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

	May 31, 2008	May 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 456,060	$ 308,872
Accounts receivable, net of allowances for doubtful accounts of $489 and $451, respectively	100,179	76,168
Claims receivable, net of allowances for losses of $6,065 and $5,139, respectively	1,354	2,187
Settlement processing assets	24,280	32,853
Inventory, net of obsolescence reserves of $1,028 and $639, respectively	3,821	3,435
Income tax receivable	—	1,457
Deferred income taxes	4,119	5,216
Prepaid expenses and other current assets	27,597	14,241
Total current assets	617,410	444,429
Property and equipment	141,415	118,495
Goodwill	497,136	451,244
Other intangible assets	175,636	175,620
Other	14,310	10,841
Total assets	$ 1,445,907	$ 1,200,629
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	$ 1,527	$ —
Payables to money transfer beneficiaries	9,276	6,589
Accounts payable and accrued liabilities	138,243	115,671
Settlement processing obligations	56,731	20,617
Income taxes payable	11,975	—
Total current liabilities	217,752	142,877
Deferred income taxes	75,001	70,768
Other long-term liabilities	11,612	14,275
Total liabilities	304,365	227,920
Commitments and contingencies (See Note 13)		
Minority interest in equity of subsidiaries (includes redeemable minority interest book value of $2,872 with an estimated maximum redemption amount of $87,390 as of May 31, 2008)	14,724	14,933
Shareholders' equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 200,000,000 shares authorized; 79,636,629 and 80,877,651 shares issued and outstanding at May 31, 2008 and May 31, 2007, respectively	—	—
Paid-in capital	380,741	430,166
Retained earnings	621,875	466,417
Accumulated other comprehensive income	124,202	61,193
Total shareholders' equity	1,126,818	957,776
Total liabilities and shareholders' equity	$ 1,445,907	$ 1,200,629

See Notes to Consolidated Financial Statements.

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

	Year Ended May 31,		
	2008	2007	2006
Cash flows from operating activities:			
Net income	$ 162,754	$ 142,985	$ 125,524
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	28,894	25,929	25,634
Provision for operating losses and bad debts	30,228	21,477	21,280
Share-based compensation expense	13,826	15,154	2,847
Amortization of acquired intangibles	15,140	14,436	14,855
Minority interest in earnings	8,762	9,214	8,474
Restructuring and other charges, non-cash	—	1,145	—
Deferred income taxes	(1,151)	(2,211)	777
Other, net	(4,345)	1,807	4,521
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Accounts receivable	(23,957)	(8,579)	(12,815)
Claims receivable	(23,073)	(19,444)	(17,861)
Settlement processing assets and obligations, net	38,311	(13,937)	31,198
Inventory	(623)	(167)	(520)
Prepaid expenses and other assets	(3,775)	(2,428)	(415)
Accounts payable and accrued liabilities	15,304	11,505	11,039
Payables to money transfer beneficiaries	2,687	228	667
Income taxes payable	13,432	(5,982)	19,568
Net cash provided by operating activities	272,414	191,132	234,773
Cash flows from investing activities:			
Capital expenditures	(44,974)	(35,374)	(25,038)
Business and intangible asset acquisitions	(18,247)	(81,261)	(4,917)
Net cash used in investing activities	(63,221)	(116,635)	(29,955)
Cash flows from financing activities:			
Net borrowings (payments) on lines of credit	1,527	—	(58,606)
Principal payments under capital lease arrangements	—	(746)	(3,042)
Proceeds from stock issued under employee stock plans	17,385	19,332	23,922
Repurchase of common stock	(87,020)	—	—
Tax benefit from exercise of stock options	7,571	7,495	—
Distributions to minority interests, net	(9,459)	(8,753)	(10,212)
Dividends paid	(6,377)	(6,442)	(6,336)
Net cash (used in) provided by financing activities	(76,373)	10,886	(54,274)
Effect of exchange rate changes on cash	14,368	5,014	18,952
Increase in cash and cash equivalents	147,188	90,397	169,496
Cash and cash equivalents, beginning of year	308,872	218,475	48,979
Cash and cash equivalents, end of year	$ 456,060	$ 308,872	$ 218,475

See Notes to Consolidated Financial Statements.

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

	Number of Shares	Paid-in Capital	Retained Earnings	Deferred Compensation	Accumulated Other Comprehensive Income/(Loss)		Total Shareholders' Equity
					Currency Translation Adjustments	Minimum Pension Liability	
Balance at May 31, 2005	78,200	$ 347,431	$ 210,686	$ (1,562)	$ 23,816	$ (2,021)	$ 578,350
Comprehensive income							
Net income			125,524				125,524
Foreign currency translation adjustment, net of tax of $11,912					30,036		30,036
Minimum pension liability adjustment, net of tax of $410						1,005	1,005
Total comprehensive income							156,565
Stock issued under employee stock plans	1,614	27,060		(1,868)			25,192
Tax benefit from exercise of stock options		14,875					14,875
Dividends paid ($0.08 per share)			(6,336)				(6,336)
Amortization of deferred compensation				1,577			1,577
Balance at May 31, 2006	79,814	389,366	329,874	(1,853)	53,852	(1,016)	770,223
Adjustment for the adoption of FAS 123R		(1,853)		1,853			—
Comprehensive income							
Net income			142,985				142,985
Foreign currency translation adjustment, net of tax of $4,637					8,288		8,288
Minimum pension liability adjustment, net of tax of $91						162	162
Adjustment for the adoption of FAS 158, net of tax of $(52)						(93)	(93)
Total comprehensive income							151,342
Stock issued under employee stock plans	1,064	19,332					19,332
Tax benefit from exercise of stock options		8,139					8,139
Share-based compensation expense		15,182					15,182
Dividends paid ($0.08 per share)			(6,442)				(6,442)
Balance at May 31, 2007	80,878	430,166	466,417	—	62,140	(947)	957,776
Comprehensive income							
Net income			162,754				162,754
Foreign currency translation adjustment, net of tax of $5,570					62,533		62,533
Minimum pension liability adjustment, net of tax of $267						476	476
Total comprehensive income							225,763
Stock issued under employee stock plans	1,058	17,385					17,385
Tax benefit from exercise of stock options		6,927					6,927
Share-based compensation expense		13,826					13,826
Adjustment for the adoption of FIN 48		(543)	(919)				(1,462)
Repurchase of common stock	(2,299)	(87,020)					(87,020)
Dividends paid ($0.08 per share)			(6,377)				(6,377)
Balance at May 31, 2008	79,637	$ 380,741	$ 621,875	$ —	$ 124,673	$ (471)	$ 1,126,818

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business, Consolidation and Presentation— Global Payments Inc. is a high-volume processor of electronic transactions for merchants, multinational corporations, financial institutions, consumers, government agencies and other profit and non-profit business enterprises to facilitate payments to purchase goods and services or further other economic goals. Our role is to serve as an intermediary in the exchange of information and funds that must occur between parties so that a transaction can be completed. We were incorporated in Georgia as Global Payments Inc. in September 2000, and we spun-off from our former parent company on January 31, 2001. Including our time as part of our former parent company, we have provided transaction processing services since 1967. Our fiscal year ends on May 31, thus we refer to the years ended May 31, 2008, 2007 and 2006 as fiscal years 2008, 2007, and 2006, respectively.

The consolidated financial statements include our accounts and our majority-owned subsidiaries. These consolidated financial statements have been prepared on the historical cost basis in accordance with accounting principles generally accepted in the United States and present our financial position, results of operations, and cash flows. Intercompany transactions have been eliminated in consolidation.

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

Revenue recognition—

Merchant Services Segment

Our merchant services segment primarily includes processing solutions for credit cards, debit cards, and check-related services. This revenue is recognized as such services are performed. Revenue for processing services provided directly to merchants is recorded net of interchange fees charged by credit card issuing banks. We use two basic business models to market our merchant services offerings. One model, referred to as “direct” merchant services, features a salaried and commissioned sales force, independent sales organizations, or ISOs, and independent sales representatives, all of whom sell our end-to-end services directly to merchants. Our other model, referred to as “indirect” merchant services, provides the same basic products and services as direct merchant services, primarily to financial institutions and a limited number of ISOs on an unbundled basis, that in turn resell our products and services to merchants. Direct merchant services revenue is generated on services primarily priced as a percentage of transaction value, whereas indirect merchant services revenue is generated on services primarily priced on a specified amount per transaction. In both merchant services models, we also charge other processing fees unrelated to the number of transactions or the transaction value.

Money Transfer Segment

Money transfer revenue is earned on fees charged to customers based on the nature and amount of the transaction performed on the customers’ behalf and is recognized at the time of funds transfer. We also earn money transfer revenue on the difference between the retail exchange rate quoted at the time when the money transfer transaction is requested and the wholesale exchange rate at the time when the currency is purchased. This revenue is recognized when the money transfer transaction is processed through the settlement system and the funds are available to the beneficiary, as this is the point in time when the amount of revenue is determinable.

Cash and cash equivalents— Cash and cash equivalents include cash on hand and all liquid investments with an initial maturity of three months or less when purchased. These amounts also include cash that we hold

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

related to reserve funds collected from our merchants that serve as collateral ("Merchant reserves") to minimize contingent liabilities associated with charges properly reversed by a cardholder. While this cash is not restricted and can be used in our general operations, we do not intend to use it, as we believe that designating this cash to collateralize Merchant reserves strengthens our fiduciary standing with our member sponsors and is in accordance with guidelines set by the card associations. As of May 31, 2008 and 2007, our cash and cash equivalents included $131.6 million and $112.2 million, respectively, related to Merchant reserves.

Inventory— Inventory, which includes electronic point of sale terminals, automated teller machines, and related peripheral equipment, is stated at the lower of cost or market. Cost is determined by using the average cost method.

Settlement processing assets and obligations—In order to provide credit card transaction processing services, we must be designated as a certified processor by MasterCard and Visa, in addition to a Merchant Service Provider by MasterCard and an Independent Sales Organization by Visa. These designations are dependent upon member clearing banks of either organization sponsoring us and our adherence to the standards of the Visa and MasterCard associations. A financial institution that is a member of the Visa and/or MasterCard card associations (the "Member") must sponsor an electronic transaction payment processor such as Global Payments. We have four primary financial institution sponsors in the United States, Canada, and the Asia-Pacific region with whom we have sponsorship or depository and processing agreements. These agreements allow us to route transactions under the member banks' control and identification numbers to clear credit card transactions through Visa and MasterCard. The member financial institutions of Visa and MasterCard, some of which are our competitors, set the standards with which we must comply.

We also provide credit card transaction processing for Discover Financial Services or Discover Card ("Discover") and are designated as an acquirer by Discover. This designation provides us with a direct relationship between us and Discover, and therefore a Member sponsorship is not required. Our agreement with Discover allows us to route and clear transactions directly through Discover's network. Otherwise, we process Discover transactions similarly to how we process MasterCard and Visa transactions. Discover publishes acquirer operating regulations, with which we must comply. We use our Members to assist in funding merchants for Discover transactions.

Funds settlement refers to the process of transferring funds for sales and credits between cardholders and merchants. Depending on the type of transaction, either the credit card interchange system or the debit network is used to transfer the information and funds between the Member and card issuer to complete the link between merchants and card issuers.

For transactions processed on our systems, we use our network telecommunication infrastructure to deliver funding files to the Member, which creates a file to fund the merchants using country-specific payment networks such as the Federal Reserve's Automated Clearing House system in the United States or the Automated Clearing Settlement System or the Large Value Transfer System in Canada. In our United States portfolio and in most of our Canadian portfolio, merchant funding primarily occurs after the Member receives the funds from the card issuer through the card associations. For certain of our Canadian and Asia-Pacific merchant accounts, the Member funds the merchants before the Member receives the net settlement funds from the card associations, creating a net settlement asset at the Member. In the Asia-Pacific region, the Member provides the payment processing operations and related support services on our behalf under a transition services agreement. The Member will continue to provide these services until we fully integrate the Asia-Pacific operations into our own operations, which we expect will be completed in phases through 2010. After our integration, the Member will continue to provide funds settlement services similar to the functions performed by our Members in the United States and Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Timing differences, interchange expenses, Merchant reserves and exception items cause differences between the amount the Member receives from the card associations and the amount funded to the merchants. The standards of the card associations restrict us from performing funds settlement or accessing merchant settlement funds, and, instead, require that these funds be in the possession of the Member until the merchant is funded. However, in practice and in accordance with the terms of our sponsorship agreements with our Members, we follow a net settlement process whereby, if the incoming amount from the card associations precedes the Member's funding obligation to the merchant, we temporarily hold the surplus on behalf of the Member, in a joint deposit account or in an account at the Member bank, and record a corresponding liability. Conversely, if the Member's funding obligation to the merchant precedes the incoming amount from the card associations, the amount of the Member's net receivable position is either subsequently advanced to the Member by us or the Member satisfies this obligation with its own funds. If the Member uses its own funds, the Member assesses a funding cost, which is included in interest and other expense on the accompanying consolidated statements of income. Each participant in the transaction process receives compensation for its services.

The settlement processing assets and obligations represent intermediary balances arising in our settlement process for direct merchants. Settlement processing assets consist primarily of (i) our receivable from merchants for the portion of the discount fee related to reimbursement of the interchange expense ("Interchange reimbursement"), (ii) our receivable from the Members for transactions we have funded merchants on behalf of the Members in advance of receipt of card association funding, and (iii) exception items, such as customer chargeback amounts receivable from merchants ("Exception items"), all of which are reported net of (iv) Merchant reserves held to minimize contingent liabilities associated with charges properly reversed by a cardholder. Settlement processing obligations consist primarily of (i) Interchange reimbursement, (ii) our liability to the Members for transactions for which we have not funded merchants on behalf of the Members but for which we have received funding from the Members, (iii) Exception items, (iv) Merchant reserves, (v) the fair value of our guarantees of customer chargebacks (see *Reserve for operating losses* below), and (vi) the reserve for sales allowances. As of May 31, 2008 and 2007, our settlement processing assets primarily related to our processing for direct merchants in Canada, while our settlement processing obligations primarily related to our processing for direct merchants in the United States and Asia-Pacific. Our reserve for operating losses and reserve for sales allowance relate to our "direct" merchant services business model. A summary of these amounts as of May 31, 2008 and 2007 is as follows:

	2008	2007
	(in thousands)	
Settlement processing assets:		
Interchange reimbursement	$ 60,734	$ 54,279
Liability from Members	(19,122)	(1,590)
Exception items	717	469
Merchant reserves	(18,049)	(20,305)
Total	$ 24,280	$ 32,853
Settlement processing obligations:		
Interchange reimbursement	$ 123,757	$111,618
Liability to Members	(69,823)	(38,986)
Exception items	6,722	1,776
Merchant reserves	(113,523)	(91,921)
Fair value of guarantees of customer chargebacks	(3,375)	(2,776)
Reserves for sales allowances	(489)	(328)
Total	$ (56,731)	$ (20,617)

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—(Continued)**

Reserve for operating losses—As a part of our merchant credit and debit card processing and check guarantee services, we experience merchant losses and check guarantee losses, which are collectively referred to as "operating losses."

Our credit card processing merchant customers are liable for any charges properly reversed by a cardholder. In the event, however, that we are not able to collect such amount from the merchants, due to merchant fraud, insolvency, bankruptcy or any other merchant-related reason, we may be liable for any such reversed charges based on our Member sponsorship agreements. We require cash deposits, guarantees, letters of credit, and other types of collateral by certain merchants to minimize any such contingent liability. We also utilize a number of systems and procedures to manage merchant risk. We have, however, historically experienced losses due to merchant defaults.

Financial Accounting Standards Board Interpretation No. 45: *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ("FIN 45") requires all guarantees be recorded at their fair value at inception. We believe our potential liability for the full amount of the operating losses discussed above is a guarantee under FIN 45. We estimate the fair value of these guarantees by adding a fair value margin to our estimate of losses. This estimate of losses is comprised of known losses and a projection of future losses based on a percentage of direct merchant credit card and off-line debit card sales volumes processed. Historically, this estimation process has been materially accurate.

As of May 31, 2008 and 2007, $3.4 million and $2.8 million, respectively, have been recorded to reflect the fair value of guarantees associated with merchant card processing. These amounts are included in settlement processing obligations in the accompanying consolidated balance sheets. The expense associated with the fair value of the guarantees of customer chargebacks is included in cost of service in the accompanying consolidated statements of income. For the years ended May 31, 2008, 2007, and 2006, we recorded such expenses in the amounts of $5.7 million, $3.1 million, and $2.7 million, respectively.

In our check guarantee service offering, we charge our merchants a percentage of the gross amount of the check and guarantee payment of the check to the merchant in the event the check is not honored by the checkwriter's bank in accordance with the merchant's agreement with us. The fair value of the check guarantee is equal to the fee charged for the guarantee service, and we defer this fee revenue until the guarantee is satisfied. We have the right to collect the full amount of the check from the checkwriter but have not historically recovered 100% of the guaranteed checks. Our check guarantee loss reserve is based on historical and projected loss experiences. As of May 31, 2008 and 2007, we have a check guarantee loss reserve of $6.1 million and $5.1 million, respectively, which is included in net claims receivable in the accompanying consolidated balance sheets. Expenses of $23.9 million, $18.2 million, and $17.9 million were recorded for the years ended May 31, 2008, 2007 and 2006, respectively, for these losses and are included in cost of service in the accompanying consolidated statements of income. The estimated check returns and recovery amounts are subject to the risk that actual amounts returned and recovered in the future may differ significantly from estimates used in calculating the receivable valuation allowance.

As the potential for merchants' failure to settle individual reversed charges from consumers in our merchant credit card processing offering and the timing of individual checks clearing the checkwriters' banks in our check guarantee offering are not predictable, it is not practicable to calculate the maximum amounts for which we could be liable under the guarantees issued under the merchant card processing and check guarantee service offerings. It is not practicable to estimate the extent to which merchant collateral or subsequent collections of dishonored checks, respectively, would offset these exposures due to these same uncertainties.

Property and equipment—Property and equipment are stated at cost. Depreciation and amortization are calculated using the straight-line method. Leasehold improvements are amortized over the shorter of the useful

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

life of the asset or the term of the lease. We capitalize the costs related to the development of computer software developed or obtained for internal use in accordance with the American Institute of Certified Public Accountants Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use* Maintenance and repairs are charged to operations as incurred.

Goodwill and other intangible assets—We completed our most recent annual goodwill and indefinite-life intangible asset impairment test as of January 1, 2008 and determined that no impairment charges were required as of that date.

Other intangible assets primarily represent customer-related intangible assets (such as customer lists and merchant contracts), contract-based intangible assets (such as non-compete agreements, referral agreements and processing rights), and trademarks associated with acquisitions. Customer-related intangible assets, contract-based intangible assets and certain trademarks are amortized over their estimated useful lives of up to 30 years. The useful lives for customer-related intangible assets are determined based primarily on forecasted cash flows, which include estimates for the revenues, expenses, and customer attrition associated with the assets. The useful lives of contract-based intangible assets are equal to the terms of the agreements. The useful lives of amortizable trademarks are based on our plans to phase out the trademarks in the applicable markets. We have determined that the trademarks other than the amortizable trademarks have indefinite lives and, therefore, are not being amortized.

For all periods through November 30, 2006, the straight-line method of amortization was employed for all customer-related intangible assets. On December 1, 2006, we adopted the accelerated method of amortization described below which is applied over the respective periods of expected cash flows for our then significant customer-related intangible assets. These particular assets reflected 90% of the carrying value of our total customer-related intangible assets as of November 30, 2006. In determining amortization expense under our accelerated method for any given period, we calculate the expected cash flows for that period that were used in determining the acquired value of the asset and divide that amount by the expected total cash flows over the estimated life of the asset. We multiply that percentage by the initial carrying value of the asset to arrive at the amortization expense for that period. In addition, if the cash flow patterns that we experience are less favorable than our initial estimates, we will adjust the amortization schedule accordingly. These cash flow patterns are derived using certain assumptions and cost allocations due to a significant amount of asset interdependencies that exist in our business. During fiscal 2008, we did not adjust the amortization schedules.

We believe that our accelerated method better approximates the distribution of cash flows generated by our acquired customer relationships. We adopted this method prospectively for our existing significant customer-related intangible assets described above and intend to adopt this method for future acquisitions of customer-related intangible assets. The use of this amortization method prior to December 1, 2006 would have resulted in amortization expense that is not materially different from the amount recognized under the straight-line method used by us during the same periods. Lastly, we will continue to use the straight-line method of amortization for the certain customer-related intangible assets that reflected 10% of the carrying value of our total such assets as of November 30, 2006. For these assets, the amortization expense using a straight-line method historically resulted in, and is expected to continue to result in, amortization expense that is not materially different from the amount that would be recognized under the accelerated method of amortization described above. We continue to use the straight-line method of amortization for our contract-based intangible assets and amortizable trademarks.

Impairment of long-lived assets—We regularly evaluate whether events and circumstances have occurred that indicate the carrying amount of property and equipment and finite-life intangible assets may warrant revision or may not be recoverable. When factors indicate that these long-lived assets should be evaluated for possible impairment, we assess the potential impairment by determining whether the carrying value of such long-lived

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—(Continued)**

assets will be recovered through the future undiscounted cash flows expected from use of the asset and its eventual disposition. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, discounted cash flows, or external appraisals, as applicable. In addition, we regularly evaluate whether events and circumstances have occurred that indicate the useful lives of property and equipment and finite-life intangible assets may warrant revision. In our opinion, the carrying values of our long-lived assets, including property and equipment and finite-life intangible assets, were not impaired at May 31, 2008 and 2007.

Income taxes—Deferred income taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax laws and rates. Our effective tax rates as applied to income before income taxes, including the effect of minority interest, were 35.6%, 34.1%, and 35.0% for the years ended May 31, 2008, 2007, and 2006, respectively. Refer to Note 7 for additional information on our deferred income tax items and effective tax rates.

Fair value of financial instruments—We consider that the carrying amounts of financial instruments, including cash and cash equivalents, receivables, lines of credit, accounts payable and accrued liabilities, approximate fair value given the short-term nature of these items.

Derivative instruments and hedging activities—We account for derivatives and hedging activities in accordance with Statement of Financial Accounting Standard No. 133: A*ccounting for Derivative Instruments and Hedging Activities* ("FAS 133") and Statement No. 149: *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* ("FAS 149"). FAS 133 requires that a company recognize derivatives as assets or liabilities on its balance sheet, and also requires that the gain or loss related to the effective portion of derivatives designated as cash flow hedges be recorded as a component of other comprehensive income. FAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under FAS 133. We have not used any derivative instruments for any period presented.

Foreign currencies—We have significant operations in subsidiaries in Canada, the Czech Republic, and the Asia-Pacific region whose functional currency is their local currency. Gains and losses on transactions denominated in currencies other than the functional currencies are included in determining net income for the period. For the years ended May 31, 2008, 2007, and 2006 we recorded transaction losses of $1.5 million, $0.2 million and $0.5 million, respectively.

The assets and liabilities of subsidiaries whose functional currency is a foreign currency are translated at the period-end rate of exchange. The resulting translation adjustment is recorded as a component of other comprehensive income and is included in shareholders' equity. Translation gains and losses on intercompany balances of a long-term investment nature are also recorded as a component of other comprehensive income. Income statement items are translated at the average rates prevailing during the period.

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

Diluted earnings per share is computed by dividing reported earnings available to common shareholders by the weighted average shares outstanding during the period and the impact of securities that, if exercised, would have a dilutive effect on earnings per share. All options with an exercise price less than the average market share price for the period generally are assumed to have a dilutive effect on earnings per share. The diluted share base for both the years ended May 31, 2008 and 2007 excludes incremental shares of 0.6 million related to stock

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

options. These shares were excluded since they have an anti-dilutive effect because their option exercise prices are greater than the average market price of the common shares. The diluted share base excluded an insignificant amount of incremental shares for the year ended May 31, 2006. No additional securities were outstanding that could potentially dilute basic earnings per share that were not included in the computation of diluted earnings per share.

The following table sets forth the computation of basic and diluted earnings per share for the years ended May 31, 2008, 2007 and 2006:

	2008	2007	2006
	(in thousands, except per share data)		
Basic EPS:			
Net income available to common shareholders	$ 162,754	$ 142,985	$ 125,524
Basic weighted average shares outstanding	79,518	80,229	78,874
Earnings per share	$ 2.05	$ 1.78	$ 1.59
Diluted EPS:			
Net income available to common shareholders	$ 162,754	$ 142,985	$ 125,524
Basic weighted average shares outstanding	79,518	80,229	78,874
Plus: dilutive effect of stock options and restricted stock awards	1,461	1,593	3,275
Diluted weighted average shares outstanding	80,979	81,822	82,149
Earnings per share	$ 2.01	$ 1.75	$ 1.53

Stock awards and options—We adopted Statement of Financial Accounting Standards No. 123 (revised 2004): *Share-based Payment* ("FAS 123R") on June 1, 2006. We elected to adopt the modified prospective method described in FAS 123R which specifies that compensation expense for options granted prior to the effective date be recognized in the consolidated statements of income over the remaining vesting period of those options, and that compensation expense for options granted subsequent to the effective date be recognized in the consolidated statements of income over the vesting period of those options. In addition, in accordance with our use of the modified prospective method, prior period amounts have not been restated. Prior to our adoption of FAS 123R, we accounted for options under the recognition and measurement principles of Accounting Principles Board Opinion No. 25: *Accounting for Stock Issued to Employees* ("APB 25") and related interpretations. We continue to use the Black-Scholes valuation model to calculate the fair value of share-based awards. Refer to Note 9 for additional discussion regarding details of our share-based employee compensation plans and the adoption of FAS 123R.

New accounting pronouncements—In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("FAS 157"). This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Companies are required to implement FAS 157 for the first financial statements issued for fiscal years beginning after November 15, 2007 for financial assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis. In November 2007, the Financial Accounting Standards Board granted a one year deferral for the implementation of FAS 157 for non-financial assets and liabilities. The adoption of FAS 157 on June 1, 2008 is not expected to have a material impact on our consolidated balance sheet or consolidated statement of income, but the implementation of FAS 157 will require additional disclosures.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Amendment of FASB Statement No. 115 ("FAS 159"). This statement permits us to choose to measure many financial instruments and certain other items at fair value. Upon adoption of FAS 159 on June 1, 2008, we did not elect the fair value option for any financial instrument we do not currently report at fair value.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 (Revised) *Business Combinations* ("FAS 141R"). This statement establishes principles and requirements for how we recognize and measure in our financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. In addition, this standard establishes principles and requirements for how we recognize and measure the goodwill acquired in the business combination or gain from a bargain purchase, and how we determine what information to disclose to enable financial statement users to evaluate the nature and financial effects of the business combination. FAS 141R will become effective for us for business combinations in which the acquisition date is on or after June 1, 2009.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements* ("FAS 160"). This statement applies to the accounting for noncontrolling interests (currently referred to as minority interest) in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 will become effective for us on June 1, 2009. As further described in Notes 13 and 16, we have minority interest that includes redemption provisions that are not solely within our control, commonly referred to as a redeemable minority interest. At the March 12, 2008 meeting of the FASB Emerging Issues Task Force ("EITF"), certain revisions occurred to EITF Topic No. D-98, *Classification and Measurement of Redeemable Securities* ("Topic D-98"). These revisions clarified that Topic D-98 applies to redeemable minority interests and requires that its provision be applied no later than the effective date of FAS 160. While we are still evaluating the impact on our consolidated financial statements of FAS 160, we have determined that, upon adoption of this standard and in conjunction with the provisions of Topic D-98, an adjustment for the then fair value of redeemable minority interests will be required. This adjustment will ultimately increase the carrying value of redeemable minority interests to the redemption value with a corresponding charge to equity. Under Topic D-98, we will have a choice of either accreting redeemable minority interest to its redemption value over the redemption period or recognizing changes in the redemption value immediately as they occur. We are currently evaluating the recognition and measurement provisions of Topic D-98, and we have not yet concluded which measurement method we will apply.

NOTE 2—BUSINESS AND INTANGIBLE ASSET ACQUISITIONS

In the years ended May 31, 2008, 2007 and 2006, we acquired the following businesses:

Business	Date Acquired	Percentage Ownership
Fiscal 2008		
Discover merchant portfolio	Various	100%
LFS Spain	April 15, 2008	100%
Money transfer branch locations	Various	100%
Fiscal 2007		
HSBC Asia-Pacific merchant acquiring business	July 24, 2006	56%
Diginet d.o.o.	November 14, 2006	100%
Money transfer branch locations	Various	100%
Fiscal 2006		
Costamar money transfer branch locations	Various	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

These acquisitions have been recorded using the purchase method of accounting, and accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair value as of the date of acquisition. The operating results of each acquisition are included in our consolidated statements of income from the dates of each acquisition.

Fiscal 2008

During fiscal 2008, we acquired a portfolio of merchants that process Discover transactions and the rights to process Discover transactions for our existing and new merchants. As a result of this acquisition, we will now process Discover transactions similarly to how we currently process Visa and MasterCard transactions. The purpose of this acquisition was to offer merchants a single point of contact for Discover, Visa and MasterCard card processing.

During fiscal 2008, we acquired a majority of the assets of Euroenvios Money Transfer, S.A. and Euroenvios Conecta, S.L., which we collectively refer to as LFS Spain. LFS Spain consisted of two privately-held corporations engaged in money transmittal and ancillary services from Spain to settlement locations primarily in Latin America. The purpose of the acquisition was to further our strategy of expanding our customer base and market share by opening additional branch locations.

During fiscal 2008, we acquired a series of money transfer branch locations in the United States. The purpose of these acquisitions was to increase the market presence of our DolEx-branded money transfer offering.

The following table summarizes the preliminary purchase price allocations of these business acquisitions (in thousands):

	Total
Goodwill	$13,536
Customer-related intangible assets	4,091
Contract-based intangible assets	1,031
Property and equipment	267
Other current assets	502
Total assets acquired	19,427
Current liabilities	(2,347)
Minority interest in equity of subsidiary	(486)
Net assets acquired	$16,594

The customer-related intangible assets have amortization periods of up to 14 years. The contract-based intangible assets have amortization periods of 3 to 10 years.

These business acquisitions were not significant to our consolidated financial statements and accordingly, we have not provided pro forma information relating to these acquisitions.

In addition, during fiscal 2008, we acquired a customer list and long-term merchant referral agreement in our Canadian merchant services channel for $1.7 million. The value assigned to the customer list of $0.1 million was expensed immediately. The remaining value was assigned to the merchant referral agreement and is being amortized on a straight-line basis over its useful life of 10 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fiscal 2007

On July 24, 2006, we completed the purchase of a fifty-six percent ownership interest in the Asia-Pacific merchant acquiring business of The Hongkong and Shanghai Banking Corporation Limited, or HSBC Asia. This business provides card payment processing services to merchants in the Asia-Pacific region. The business includes HSBC Asia's payment processing operations in the following ten countries and territories: Brunei, China, Hong Kong, India, Macau, Malaysia, Maldives, Singapore, Sri Lanka and Taiwan. Under the terms of the agreement, we initially paid HSBC Asia $67.2 million in cash to acquire our ownership interest. We paid an additional $1.4 million under this agreement during fiscal 2007, for a total purchase price of $68.6 million to acquire our ownership interest. In conjunction with this acquisition, we entered into a transition services agreement with HSBC Asia that may be terminated at any time. Under this agreement, we expect HSBC Asia will continue to perform payment processing operations and related support services until we fully integrate these functions into our own operations.

The purpose of this acquisition was to establish a presence in the Asia-Pacific market. The key factors that contributed to the decision to make this acquisition include historical and prospective financial statement analysis, HSBC Asia's market share in the region, HSBC Asia's retail presence, and previous business development activity by other companies in the Asia-Pacific market. The purchase price was determined by analyzing the historical and prospective financial statements and applying relevant purchase price multiples.

On November 14, 2006, we completed the acquisition of the assets of Diginet d.o.o., an indirect payment processor for both point-of-sale and ATM transactions based in Sarajevo, Bosnia and Herzegovina. The purpose of this acquisition was to extend Global Payments Europe's presence into the Balkan region.

During fiscal 2007, we acquired a series of money transfer branch locations in the United States. The purpose of these acquisitions was to increase the market presence of our DolEx-branded money transfer offering.

The following table summarizes the purchase price allocations of these acquisitions (in thousands):

	HSBC Asia	All Other	Total
Goodwill	$ 51,201	$ 9,160	$ 60,361
Customer-related intangible assets	15,008	2,663	17,671
Trademarks	2,016	—	2,016
Contract-based intangible assets	—	1,489	1,489
Property and equipment	666	825	1,491
Non-current deferred tax asset	1,229	—	1,229
Other current assets	—	76	76
Total assets acquired	70,120	14,213	84,333
Current liabilities	—	(1,400)	(1,400)
Long-term liabilities	—	(150)	(150)
Minority interest in equity of subsidiary	(1,522)	—	(1,522)
Net assets acquired	$ 68,598	$ 12,663	$ 81,261

The HSBC Asia customer-related intangible assets and trademarks acquired have an amortization period of 13 years and 5 years, respectively. The customer-related intangible assets and contract-based intangible assets created from the other acquisitions have amortization periods ranging up to 15 years and 3 years, respectively.

The fiscal 2007 acquisitions, whether considered individually or in aggregate, were not significant to our consolidated financial statements and accordingly, we have not provided pro forma operating information related to these acquisitions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fiscal 2006

We acquired a series of money transfer branch locations beginning in September 2005 and continuing through January 2006 from Remesas Costamar, Inc. d/b/a Costamar Money Transfer. The total consideration for these acquisitions was $3.2 million, paid in installments over the acquisition period. The purpose of the transaction was to increase the market presence of our DolEx-branded money transfer offering. The following table summarizes the purchase price allocations of the assets acquired in this transaction:

	Costamar
	(in thousands)
Goodwill	$ 2,887
Customer-related intangible assets	78
Contract-based intangible assets	261
Total assets acquired	3,226
Liabilities assumed	—
Net assets acquired	$ 3,226

The fiscal 2006 acquisition was not significant to our consolidated statements of income and accordingly, we have not provided pro forma operating information related to this acquisition. Management determined that the acquired customer-related intangible assets and contract-based intangible assets have useful lives of 3 and 2 years, respectively.

NOTE 3—PROPERTY AND EQUIPMENT

As of May 31, 2008 and 2007, property and equipment consisted of the following:

	Range of Useful Lives in Years	2008	2007
		(in thousands)	
Land	N/A	$ 2,727	$ 2,143
Building	40	37,023	25,415
Equipment	2-5	111,834	132,677
Software	5-10	70,444	60,387
Leasehold improvements	5-15	10,913	12,714
Furniture and fixtures	5-7	8,521	8,099
Work in progress	N/A	45,924	43,116
		287,386	284,551
Less accumulated depreciation and amortization of property and equipment		145,971	166,056
		$141,415	$118,495

Depreciation and amortization expense of property and equipment was $28.9 million, $25.9 million, and $25.6 million for fiscal 2008, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—(Continued)

NOTE 4—GOODWILL AND INTANGIBLE ASSETS

As of May 31, 2008 and 2007, goodwill and intangible assets consisted of the following:

	2008	2007
	(in thousands)	
Goodwill	$ 497,136	$ 451,244
Customer-related intangible assets	287,317	271,165
Trademarks, indefinite life	42,944	42,944
Trademarks, finite life	3,188	2,992
Contract-based intangible assets	5,545	2,810
	836,130	771,155
Less accumulated amortization on:		
Customer-related intangible assets	158,935	141,519
Trademarks	1,841	1,276
Contract-based intangible assets	2,582	1,496
	163,358	144,291
	$ 672,772	$ 626,864

The following table discloses the changes in the carrying amount of goodwill for the years ended May 31, 2008 and 2007:

	2008	2007
	(in thousands)	
Balance at beginning of year	$ 451,244	$ 387,280
Goodwill acquired	13,536	60,361
Effect of tax adjustments to purchase price allocations	—	(698)
Effect of foreign currency translation	32,356	4,301
Balance at end of year	$ 497,136	$ 451,244

Customer-related intangible assets and contract-based intangible assets acquired during the year ended May 31, 2008 have weighted average amortization periods of 11.8 years and 3.4 years, respectively. We did not acquire any finite life trademarks during the year ended May 31, 2008. Customer-related intangible assets, contract-based intangible assets and finite life trademarks acquired during the year ended May 31, 2007 have weighted average amortization periods of 12.9 years, 2.8 years and 5.0 years, respectively. Amortization expense of acquired intangibles was $15.1 million, $14.4 million, and $14.9 million for fiscal 2008, 2007 and 2006, respectively.

The estimated amortization expense of acquired intangibles as of May 31, 2008 for the next five fiscal years is as follows (in thousands):

2009	$ 13,682
2010	12,702
2011	11,719
2012	9,447
2013	8,976

Estimated amortization expense for acquired intangibles denominated in currencies other than the United States dollar is based on foreign exchange rates as of May 31, 2008.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—(Continued)

NOTE 5—ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of May 31, 2008 and 2007, accounts payable and accrued liabilities consisted of the following:

	2008	2007
	(in thousands)	
Trade accounts payable	$ 36,347	$ 21,670
Compensation and benefits	20,041	20,947
Restructuring	174	1,746
Third party processing expenses	7,624	6,593
Commissions to third parties	30,699	24,442
Assessment expenses	13,801	10,743
Transition services payable to HSBC Asia	3,534	6,548
Other	26,023	22,982
	$ 138,243	$ 115,671

NOTE 6—RETIREMENT BENEFITS

Pension Plans

We have a noncontributory defined benefit pension plan covering our United States employees who have met the eligibility provisions. The defined benefit pension plan was closed to new participants beginning June 1, 1998. Benefits are based on years of service and the employee's compensation during the highest five consecutive years of earnings out of the last ten years of service. Plan provisions and funding meet the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Effective May 31, 2004, we modified the pension plan to cease benefit accruals for increases in compensation levels.

We also have a noncontributory defined benefit supplemental executive retirement plan ("SERP") covering one participant, whose employment ceased in fiscal 2002. This plan was initially formed by our former parent company and was transferred to us in the spin-off transaction that occurred on January 31, 2001. Benefits are based on years of service and the employee's compensation during the highest three consecutive years of earnings out of the last ten years of service. The SERP is a nonqualified, unfunded deferred compensation plan under ERISA.

The measurement date for the pension plans is May 31, which coincides with the plans' fiscal year. Our plan expenses for fiscal 2008, 2007 and 2006 were actuarially determined.

The following tables provide a reconciliation of the aggregate pension plan changes in the benefit obligations and fair value of assets over the two year period ending May 31, 2008 and a statement of funded status at May 31 for each year:

Changes in benefit obligations

	2008	2007
	(in thousands)	
Benefit obligation at beginning of year	$10,058	$ 9,389
Interest cost	600	576
Actuarial (gain) or loss	(1,055)	321
Benefits paid	(257)	(228)
Balance at end of year	$ 9,346	$10,058

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—(Continued)

Changes in plan assets

	2008	2007
	(in thousands)	
Fair value of plan assets at beginning of year	$8,418	$6,893
Actual return on plan assets	312	1,046
Employer contributions	400	707
Benefits paid	(257)	(228)
Fair value of plan assets at end of year	$8,873	$8,418

Amounts recognized in consolidated balance sheets

	2008	2007
	(in thousands)	
Current assets	$ 149	$ —
Current liabilities	—	(979)
Noncurrent liabilities	(622)	(661)
Total	$(473)	$(1,640)

Information about accumulated benefit obligation

	2008	2007
	(in thousands)	
Projected benefit obligation	$9,346	$ 10,058
Accumulated benefit obligation	9,346	10,058
Fair value of plan assets	8,873	8,418

Components of net periodic benefit cost

	2008	2007	2006
		(in thousands)	
Interest cost	$ 600	$ 576	$ 530
Expected return on plan assets	(678)	(571)	(504)
Amortization of prior service cost	14	14	14
Amortization of net loss	40	63	194
Net pension (income) expense	$ (24)	$ 82	$ 234

Other changes in plan assets and benefit obligations recognized in other comprehensive income

	2008	2007	2006
		(in thousands)	
Adjustment for the adoption of FAS 158	$ —	$ 145	$ —
Net gain	(689)	(176)	(1,207)
Amortization of net loss	(40)	(63)	(194)
Amortization of prior service cost	(14)	(14)	(14)
Total recognized in other comprehensive income	$(743)	$(108)	$(1,415)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In fiscal 2007, the adjustment to accumulated other comprehensive income for the adoption of FAS 158 represents the unrecognized prior service costs associated with the SERP, which was previously netted against the plan's funded status in our consolidated balance sheet pursuant to the requirements of FAS 87. This amount will be subsequently recognized as net periodic pension cost pursuant to our historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods that are not recognized as net periodic pension cost in the same periods will be recognized as a component of other comprehensive income. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as in the past, as the adoption of FAS 158 had no effect on our consolidated statement of operations for the fiscal year ended May 31, 2007, or for any prior period presented, and it will not affect our operating results in future periods.

The estimated net loss and prior service cost for the deferred benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are not significant.

Amounts recognized in accumulated other comprehensive income

	2008	2007
	(in thousands)	
Net actuarial loss	$ 622	$1,351
Prior service cost	116	130
Deferred income tax benefit	(267)	(534)
Total	$ 471	$ 947

Weighted average assumptions used to determine benefit obligations

	2008	2007
Discount rate—Qualified Plan	6.75%	6.00%
Discount rate—SERP	6.75	6.00
Rate of increase in compensation levels	N/A	N/A

Weighted average assumptions used to determine net periodic benefit cost

	2008	2007	2006
Discount rate—Qualified Plan	6.00%	6.25%	5.25%
Discount rate—SERP	6.00	5.50	5.75
Expected long-term rate of return on assets	8.00	8.00	8.00
Rate of increase in compensation levels	N/A	N/A	N/A

The expected long-term return on plan assets was derived by applying the weighted-average target allocation to the expected return by asset category shown in the table below. These assumptions and allocations were evaluated using input from a third party consultant. Overall, the expected return assumption for each asset class utilized is based on expectation of future returns.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Plan assets

The consolidated pension plan weighted average asset allocations at May 31, 2008 and 2007 by asset category are as follows:

Asset Category	2008	2007	Target 2008	Expected Return
Equity securities	61.1%	67.8%	70.0%	9.0%
Debt securities	29.0	32.1	30.0	5.7
Real estate	2.1	0.0	0.0	0.0
Cash equivalents	7.8	0.1	0.0	3.1
Total	100.0%	100.0%	100.0%	8.0%

Our investment policy and strategies for plan assets involve a balanced approach to achieve our long-term investment objectives. We selected a blended investment approach to diversify the asset pool while reducing the risk of wide swings in the market from year-to-year. The pension plan's investment goals are to generate a return in excess of 8.0% over a full market cycle. The investment portfolio contains enough diversification of investments to reduce risk and provide growth of capital and income. The securities investment guideline details the categories of investments that are not eligible for investment without specific approval. These include the following: short sales, margin transactions, commodities or other commodity contracts, unregistered securities, investment in companies that have filed a petition for bankruptcy or investments for the purpose of exercising control of management.

Contributions

We expect to contribute $0.3 million to the noncontributory defined benefit pension plan in fiscal 2009. We do not expect to make contributions to the SERP in fiscal 2009.

Estimated future benefit payments

The following benefit payments are expected to be paid during the years ending May 31 (in thousands):

2009	$ 254
2010	266
2011	294
2012	318
2013	371
2014-2018	2,640

Employee Retirement Savings Plan

We have a deferred compensation 401(k) Plan. The plan provides tax deferred amounts for each participant consisting of employee elective contributions and certain of our matching contributions. We contributed $1.8 million, $1.4 million and $1.4 million to the 401(k) Plan in each of the years ended May 31, 2008, 2007 and 2006, respectively.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—(Continued)

NOTE 7—INCOME TAXES

The provisions for income taxes for the fiscal years ended May 31 include:

	2008	2007	2006
		(in thousands)	
Current tax expense:			
Federal	$73,562	$64,579	$56,489
State	4,741	3,501	3,308
Foreign	5,807	4,668	7,195
	84,110	72,748	66,992
Deferred tax expense (benefit):			
Federal	4,581	(179)	4,043
State	648	(414)	(544)
Foreign	1,249	1,281	(2,969)
	6,478	688	530
Provision for income taxes	90,588	73,436	67,522
Tax (benefit) expense allocated to minority interest in a taxable entity	(700)	696	—
Net income tax expense	$89,888	$74,132	$67,522

The following presents our income before income taxes for the fiscal years ended May 31:

	2008	2007	2006
		(in thousands)	
Income before income taxes and minority interest—Domestic	$240,101	$202,575	$184,412
Income before income taxes and minority interest—Foreign	21,302	23,756	17,108
Minority interest, net of tax	(8,061)	(9,910)	(8,474)
Tax expense (benefit) allocated to minority interest	(700)	696	—
Income before income taxes	$252,642	$217,117	$193,046

Our effective tax rates, as applied to income before income taxes including the effect of minority interest, for the years ended May 31, 2008, 2007, and 2006 respectively, differ from federal statutory rates as follows:

	2008	2007	2006
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.4	0.9	0.9
Foreign income taxes	(1.1)	(1.6)	(0.9)
Tax credits and other	0.3	(0.2)	0.0
Effective tax rate	35.6%	34.1%	35.0%

Deferred income taxes as of May 31, 2008 and 2007 reflect the impact of temporary differences between the amounts of assets and liabilities for financial accounting and income tax purposes. Our investments in certain foreign subsidiaries are permanently invested abroad and will not be repatriated to the United States in the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

foreseeable future. In accordance with Accounting Principles Board Opinion No. 23: *Accounting for Income Taxes—Special Areas,* because those earnings are considered to be indefinitely reinvested, no domestic federal or state deferred income taxes have been provided thereon. Upon distribution of those earnings, in the form of dividends or otherwise, we would be subject to both domestic income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Because of the availability of United States foreign tax credits, it is not practicable to determine the domestic federal income tax liability that would be payable if such earnings were not reinvested indefinitely.

As of May 31, 2008 and 2007, principal components of deferred tax items were as follows:

	2008	2007
	(in thousands)	
Deferred tax assets:		
Accrued expenses and other	$ 5,323	$ 7,238
Bad debt expense	3,541	1,264
Accrued restructuring	27	242
Foreign NOL carryforward	3,516	1,582
Tax credits	6,563	6,358
	18,970	16,684
Less: valuation allowance	(9,237)	(7,941)
Net deferred tax asset	9,733	8,743
Deferred tax liabilities:		
Foreign currency translation	34,198	30,961
Acquired intangibles	44,018	40,672
Prepaid expenses	1,063	163
Property and equipment	1,336	2,499
	80,615	74,295
Net deferred tax liability	(70,882)	(65,552)
Less: current net deferred tax asset	4,119	5,216
Net noncurrent deferred tax liability	$(75,001)	$(70,768)

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Changes to our valuation allowance during the fiscal year ended May 31, 2008 are summarized below (in thousands):

Valuation allowance at May 31, 2007	$(7,941)
Allowance for net operating losses of foreign subsidiaries	(1,092)
Other	(204)
Valuation allowance at May 31, 2008	$(9,237)

Net operating loss carryforwards totaling $15.4 million at May 31, 2008 will expire if not utilized between May 31, 2012 and May 31, 2015. Tax credit carryforwards totaling $6.6 million at May 31, 2008 will expire if not utilized between May 31, 2012 and May 31, 2018.

We adopted the provisions of the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* ("FIN 48") on June 1, 2007. This interpretation clarifies the accounting for uncertainty in income taxes recognized in a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

company's financial statements and establishes guidelines for recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result of this adoption, we recorded a $1.5 million increase in the liability for unrecognized income tax benefits, which was accounted for as a $1.0 million reduction to the June 1, 2007 balance of retained earnings and a $0.5 million reduction to the June 1, 2007 balance of additional paid-in capital. As of the adoption date, other long-term liabilities included liabilities for unrecognized income tax benefits of $3.8 million and accrued interest and penalties of $0.7 million. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance at June 1, 2007	$ 3,760
Additions based on tax positions related to the current year	93
Additions for tax positions of prior years	50
Reductions for tax positions of prior years	—
Settlements with taxing authorities	(190)
Balance at May 31, 2008	$ 3,713

As of May 31, 2008, the total amount of gross unrecognized tax benefits that, if recognized, would affect the effective tax rate is $3.7 million.

We recognize accrued interest related to unrecognized income tax benefits in interest expense and accrued penalty expense related to unrecognized tax benefits in sales, general and administrative expenses. During fiscal 2008, we recorded $0.3 million of accrued interest and penalty expense related to the unrecognized income tax benefits.

We anticipate the total amount of unrecognized income tax benefits will decrease by $1.1 million net of interest and penalties from our foreign operations within the next 12 months as a result of the expiration of the statute of limitations.

We conduct business globally and file income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as the United States and Canada. With few exceptions, we are no longer subject to income tax examinations for years ended May 31, 2003 and prior. We are currently under audit by the Internal Revenue Service of the United States for the 2004 to 2005 tax years. We expect that the examination phase of the audit for the years 2004 to 2005 will conclude in fiscal 2009.

NOTE 8—SHAREHOLDERS' EQUITY

On April 5, 2007, our Board of Directors approved a share repurchase program that authorized the purchase of up to $100 million of Global Payments' stock in the open market or as otherwise may be determined by us, subject to market conditions, business opportunities, and other factors. Under this authorization, we repurchased 2.3 million shares of our common stock during fiscal 2008 at a cost of $87.0 million, or an average of $37.85 per share, including commissions. As of May 31, 2008, we had $13.0 million remaining under our current share repurchase authorization. No amounts were repurchased during fiscal 2007.

NOTE 9—SHARE-BASED AWARDS AND OPTIONS

As of May 31, 2008, we had four share-based employee compensation plans. For all share-based awards granted after June 1, 2006, compensation expense is recognized on a straight-line basis. The fair value of share-based awards granted prior to June 1, 2006 is amortized as compensation expense on an accelerated basis from the date of the grant. There was no share-based compensation capitalized during fiscal 2008, 2007, and 2006.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We have certain stock plans under which incentive stock options, non-qualified stock options and restricted stock have been granted to officers, key employees and directors under the Global Payments Inc. 2000 Long-Term Incentive Plan, as amended and restated (the "2000 Plan"), the Global Payments Inc. Amended and Restated 2005 Incentive Plan (the "2005 Plan"), and an Amended and Restated 2000 Non-Employee Director Stock Option Plan (the "Director Plan") (collectively, the "Plans"). Effective with the adoption of the 2005 Plan, there are no future grants under the 2000 Plan. Shares available for future grant as of May 31, 2008 are 5.0 million for the 2005 Plan and 0.5 million for the Director Plan.

The total share-based compensation cost that has been charged against income for these plans aggregated $13.8 million and $15.2 million for the fiscal years 2008 and 2007, respectively, for (i) the continued vesting of all stock options that remained unvested as of June 1, 2006, (ii) all stock options granted, modified, or cancelled after our adoption of FAS 123R, (iii) our employee stock purchase plan, and (iv) our restricted stock plan. The total income tax benefit recognized for share-based compensation in the accompanying statements of income was $4.9 million and $4.5 million for the fiscal years 2008 and 2007, respectively.

The following table illustrates the comparable pro forma effect on fiscal 2006 net income and earnings per share had we applied the fair value recognition principles of FAS 123R to share-based compensation (in thousands):

	2006
Net income:	
As reported	$ 125,524
Add: Stock compensation recognized under APB 25, net of related tax effects	1,893
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(13,249)
Pro forma net income	$ 114,168
Basic earnings per share:	
As reported	$ 1.59
Pro forma	$ 1.45
Diluted earnings per share:	
As reported	$ 1.53
Pro forma	$ 1.40

Prior to the adoption of FAS 123R, cash flows resulting from the tax benefit related to equity-based compensation were included in our operating activities in our statement of cash flows, along with other income tax cash flows, in accordance with the provisions of EITF 00-15, *Classification in the Statement of Cash Flows of the Income Tax Benefit Received by a Company Upon Exercise of a Nonqualified Employee Stock Option.* FAS 123R now requires tax benefits relating to excess equity-based compensation deductions be prospectively included as financing activities in our statement of cash flows.

Stock Options

Stock options are granted at 100% of fair market value on the date of grant and have 10-year terms. Stock options granted after August 2003 vest one year after the date of grant with respect to 25% of the shares granted, an additional 25% after two years, an additional 25% after three years, and the remaining 25% after four years. Stock options granted prior to August 2003 vest two years after the date of grant with respect to 20% of the shares granted, an additional 25% after three years, an additional 25% after four years, and the remaining 30% after five years. The Plans provide for accelerated vesting under certain conditions, including a change in control. We have historically issued new shares to satisfy the exercise of options.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes all outstanding options as of May 31, 2008 and the changes during fiscal 2008.

	Options (in thousands)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)
2000 Plan			
Outstanding at May 31, 2007	2,866	$ 18	
Granted	—	—	
Cancelled	(21)	21	
Exercised	(617)	18	
Outstanding at May 31, 2008	2,228	$ 18	$ 65.6
2005 Plan			
Outstanding at May 31, 2007	2,053	$ 36	
Granted	238	38	
Cancelled	(115)	38	
Exercised	(163)	31	
Outstanding at May 31, 2008	2,013	$ 37	$ 21.4
Director Plan			
Outstanding at May 31, 2007	252	$ 22	
Granted	43	43	
Cancelled	—	—	
Exercised	—	—	
Outstanding at May 31, 2008	295	$ 25	$ 6.6

Total stock options outstanding as of May 31, 2008 have a weighted average exercise price of $27, a weighted average remaining contractual life of 6 years and an aggregate intrinsic value of $93.6 million. As of May 31, 2008, stock options exercisable total 2.9 million and have a weighted average exercise price of $22, a weighted average remaining contractual life of 5 years and an aggregate intrinsic value of $73.7 million. The aggregate intrinsic value of stock options exercised during the fiscal years 2008, 2007 and 2006 was $16.9 million, $22.3 million and $40.3 million, respectively. As of May 31, 2008, we had $8.7 million of total unrecognized compensation cost related to unvested options, which we expect to recognize over a weighted average period of 1.2 years.

The weighted average grant-date fair values of each option granted in fiscal 2008, 2007, and 2006 under each plan are as follows:

	2008	2007	2006
2005 Plan	$13	$16	$13
Director Plan	15	14	13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The fair value of each option granted during fiscal 2008, 2007 and 2006 was estimated on the date of grant using the Black-Scholes valuation model with the following weighted average assumptions used for the grants during the respective period:

	2008	2007	2006
2005 Plan:			
Risk-free interest rates	4.49%	4.85%	3.98%
Expected volatility	31.67%	30.11%	38.36%
Dividend yields	0.19%	0.19%	0.34%
Expected lives	5 years	5 years	5 years
Director Plan:			
Risk-free interest rates	4.21%	4.52%	4.00%
Expected volatility	31.70%	31.96%	37.95%
Dividend yields	0.19%	0.19%	0.34%
Expected lives	5 years	5 years	5 years

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

Restricted Stock

Shares awarded under the restricted stock program, issued under the 2000 Plan and 2005 Plan, are held in escrow and released to the grantee upon the grantee's satisfaction of conditions of the grantee's restricted stock agreement. The grant date fair value of restricted stock awards is based on the quoted fair market value of our common stock at the award date. Compensation expense is recognized ratably during the escrow period of the award.

Grants of restricted shares are subject to forfeiture if a grantee, among other conditions, leaves our employment prior to expiration of the restricted period. Beginning June 1, 2006, new grants of restricted shares generally vest one year after the date of grant with respect to 25% of the shares granted, an additional 25% after two years, an additional 25% after three years, and the remaining 25% after four years. For restricted shares granted prior to June 1, 2006, the restrictions generally lapse two years after the date of grant with respect to 33% of the shares granted, an additional 33% after three years, and the remaining 33% after four years.

The following table summarizes the changes in non-vested restricted stock awards for the year ended May 31, 2008 (share awards in thousands):

	Share Awards	Weighted Average Grant-Date Fair Value
Non-vested at May 31, 2007	278	$ 37
Granted	400	38
Vested	(136)	30
Forfeited	(24)	40
Non-vested at May 31, 2008	518	$ 39

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The weighted average grant-date fair value of share awards granted in the years ended May 31, 2007 and 2006 was $45 and $36, respectively. The total fair value of share awards vested during the years ended May 31, 2008, 2007 and 2006 was $4.1 million, $1.7 million and $1.4 million, respectively.

We recognized compensation expenses for restricted stock of $5.7 million, $2.7 million, and $1.6 million in the years ended May 31, 2008, 2007 and 2006. As of May 31, 2008, there was $15.2 million of total unrecognized compensation cost related to unvested restricted stock awards that is expected to be recognized over a weighted average period of 2.9 years.

Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan under which the sale of 2.4 million shares of our common stock has been authorized. Employees may designate up to the lesser of $25 thousand or 20% of their annual compensation for the purchase of stock. For periods prior to October 1, 2006, the price for shares purchased under the plan was the lower of 85% of the market value on the first day or the last day of the quarterly purchase period. With the quarterly purchase period beginning on October 1, 2006, the price for shares purchased under the plan is 85% of the market value on the last day of the quarterly purchase period (the "Purchase Date"). At May 31, 2008, 0.7 million shares had been issued under this plan, with 1.7 million shares reserved for future issuance.

The weighted average grant-date fair value of each designated share purchased under this plan was $6, $8 and $8 in the years ended May 31, 2008, 2007 and 2006, respectively.

For the quarterly purchases after October 1, 2006, the fair value of each designated share purchased under the Employee Stock Purchase Plan is based on the 15% discount on the Purchase Date.

For purchases prior to October 1, 2006, the fair value of each designated share purchased under the Employee Stock Purchase Plan was estimated on the date of grant using the Black-Scholes valuation model using the following weighted average assumptions:

	2007	2006
Risk-free interest rates	4.93%	3.72%
Expected volatility	37.02%	26.06%
Dividend yields	0.19%	0.34%
Expected lives	3 months	3 months

The risk-free interest rate is based on the yield of a zero coupon United States Treasury security with a maturity equal to the expected life of the option from the date of the grant. Our assumption on expected volatility is based on our historical volatility. The dividend yield assumption is calculated using our average stock price over the preceding year and the annualized amount of our current quarterly dividend. Since the purchase price for shares under the plan is based on the market value on the first day or last day of the quarterly purchase period, we use an expected life of three months to determine the fair value of each designated share.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS—(Continued)

NOTE 10—RESTRUCTURING AND OTHER CHARGES

The following schedule details the rollforward of the restructuring liability from May 31, 2006 to May 31, 2008:

	Liability Balance as of May 31, 2006	Costs Accrued During Fiscal 2007	Costs Paid During Fiscal 2007	Liability Balance as of May 31, 2007	Costs Accrued During Fiscal 2008	Costs Paid During Fiscal 2008	Liability Balance as of May 31, 2008
				(in thousands)			
One-time employee termination benefits	$ 248	$ 1,866	$ 368	$ 1,746	$ 1,317	$ 2,889	$ 174
Contract termination costs	6	104	110	—	—	—	—
Totals	$ 254	$ 1,970	$ 478	$ 1,746	$ 1,317	$ 2,889	$ 174

During the fourth quarter of fiscal 2007, consistent with our strategy to leverage infrastructure and consolidate operations, we committed to plans to close two locations and consolidate their functions as well as other functions into existing locations. In addition, we recognized other charges of $1.1 million in connection with a fixed asset abandonment related to a software development project in process that was abandoned as a result of these restructuring plans. We recorded restructuring and other charges of $3.1 million in fiscal 2007 in connection with these plans. During fiscal 2008, we recorded $1.3 million in additional restructuring charges in connection with these plans. We completed the plans during our second quarter of fiscal 2008.

During the fourth quarter of fiscal 2005, we committed to plans to close one location and consolidate its functions and certain other functions into existing locations. These restructuring plans required associated management and staff reductions and required contract termination and related facility closure costs in connection with an operating lease at one location during fiscal 2006. We incurred $1.6 million in restructuring charges relating to one-time employee termination benefits during fiscal 2006. In addition, we incurred $0.3 million in restructuring charges relating to contract termination costs during fiscal 2006. As of May 31, 2007, we have paid all accrued restructuring charges under these plans.

NOTE 11—SEGMENT INFORMATION

General information

We operate in two reportable segments, merchant services and money transfer. The merchant services segment primarily offers processing solutions for credit cards, debit cards, and check-related services. We have two basic business models to market our merchant services offerings. One model, referred to as “direct” merchant services, features a salaried and commissioned sales force, ISOs, and independent sales representatives, all of whom sell our services directly to merchants. Our other model, referred to as “indirect” merchant services, provides the same basic products and services as direct merchant services, primarily to financial institutions and a limited number of ISOs on an unbundled basis that in turn resell our products and services to merchants. The money transfer segment offers money transfer services to consumers, primarily from the United States and Europe to Latin America, Morocco, the Philippines, Romania, Poland and other destinations.

Information about profit and assets

We evaluate performance and allocate resources based on the operating income of each segment. The operating income of each segment includes the revenues of the segment less those expenses that are directly related to those revenues. Operating overhead, shared costs, and certain compensation costs are included in Corporate below. Interest expense or income and income tax expense are not allocated to the individual

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

segments. Additionally, restructuring charges are not allocated to the individual segments and are separately presented below. Lastly, we do not evaluate performance or allocate resources using segment asset data. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 1.

Information on segments, including revenue by geographic distribution within segments, and reconciliations to consolidated revenues and consolidated operating income are as follows for the years ended May 31, 2008, 2007, and 2006:

	2008	2007	2006
		(in thousands)	
Revenues:			
Domestic direct	$ 687,065	$ 558,026	$ 481,273
Canada	267,249	224,570	208,126
Asia-Pacific	72,367	48,449	—
Central and Eastern Europe	59,778	51,224	47,114
Domestic indirect and other	44,150	46,873	51,987
Merchant services	1,130,609	929,142	788,500
Domestic	119,019	115,416	109,067
Europe	24,601	16,965	10,489
Money transfer	143,620	132,381	119,556
Consolidated revenues	$ 1,274,229	$ 1,061,523	$ 908,056
Operating income for segments:			
Merchant services	$ 293,030	$ 259,670	$ 224,221
Money transfer	13,635	14,476	18,741
Corporate	(53,989)	(52,969)	(39,996)
Restructuring and other	(1,317)	(3,088)	(1,878)
Consolidated operating income	$ 251,359	$ 218,089	$ 201,088
Depreciation and amortization:			
Merchant services	$ 38,384	$ 35,168	$ 34,697
Money transfer	5,192	4,687	5,171
Corporate	458	510	621
Consolidated depreciation and amortization	$ 44,034	$ 40,365	$ 40,489

We operate primarily in the United States, Canada, the Asia-Pacific region, and Europe. The table above includes a breakdown of consolidated revenues by geographic region for the years ended May 31, 2008, 2007, and 2006. Our results of operations and our financial condition are not significantly reliant upon any single customer.

The following is a breakdown of long-lived assets by geographic regions as of May 31, 2008 and 2007:

	2008	2007
	(in thousands)	
United States	$ 427,895	$ 413,278
Canada	173,767	161,229
Asia-Pacific	74,234	69,957
Europe	136,409	98,281
Latin America	1,882	2,614
	$ 814,187	$ 745,359

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

NOTE 12—RELATED PARTY TRANSACTIONS

In the course of settling money transfer transactions, we purchase foreign currency from Consultoria Internacional Casa de Cambio ("CISA"), a Mexican company partially owned by certain of our employees. As of March 31, 2008, Mr. Raúl Limón Cortes, a 10% shareholder of CISA, was no longer an employee, and we no longer considered CISA a related party. We purchased 6.1 billion Mexican pesos for $560.3 million during the ten months ended March 31, 2008 and 8.1 billion Mexican pesos for $736.0 million during fiscal 2007 from CISA. We believe these currency transactions were executed at prevailing market exchange rates.

Also from time to time, money transfer transactions are settled at destination facilities owned by CISA. We incurred related settlement expenses, included in cost of service in the accompanying consolidated statements of income of $0.5 million in the ten months ended March 31, 2008. In fiscal 2007 and 2006, we incurred related settlement expenses, included in cost of service in the accompanying consolidated statements of income of $0.7 and $0.6 million, respectively.

In the normal course of business, we periodically utilize the services of contractors to provide software development services. One of our employees, hired in April 2005, is also an employee, officer, and part owner of a firm that provides such services. The services provided by this firm primarily relate to software development in connection with our planned next generation front-end processing system in the United States. During fiscal 2008, we capitalized fees paid to this firm of $0.3 million. As of May 31, 2008 and 2007, capitalized amounts paid to this firm of $4.9 million and $4.6 million, respectively, were included in property and equipment in the accompanying consolidated balance sheets. In addition, we expensed amounts paid to this firm of $0.3 million, $0.1 million and $0.5 million in the years ended May 31, 2008, 2007 and 2006, respectively.

NOTE 13—COMMITMENTS AND CONTINGENCIES

Leases

We conduct a major part of our operations using leased facilities and equipment. Many of these leases have renewal and purchase options and provide that we pay the cost of property taxes, insurance and maintenance. Rent expense on all operating leases for fiscal 2008, 2007 and 2006 was $30.4 million, $27.1 million, and $24.4 million, respectively.

Future minimum lease payments for all noncancelable leases at May 31, 2008 were as follows:

	Operating Leases
2009	$ 22,883
2010	16,359
2011	11,746
2012	5,277
2013	3,365
Thereafter	7,816
Total future minimum lease payments	$ 67,446

Legal

We are party to a number of other claims and lawsuits incidental to our business. In the opinion of management, the reasonably possible outcome of such matters, individually or in the aggregate, will not have a material adverse impact on our financial position, liquidity or results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Taxes

We define operating taxes as those that are unrelated to income taxes, such as sales and property taxes. During the course of operations, we must interpret the meaning of various operating tax matters in the United States and in the foreign jurisdictions in which we do business. Taxing authorities in those various jurisdictions may arrive at different interpretations of applicable tax laws and regulations as they relate to such operating tax matters, which could result in the payment of additional taxes in those jurisdictions.

During fiscal 2008, we determined that an accrued liability relating to a contingent operating tax item was no longer deemed to be probable. We made this determination as a result of consultation with outside legal counsel and further analysis of applicable legislation. As such, we released the related liability and recorded a $7.0 million reduction to sales, general and administrative expenses during fiscal 2008 in the accompanying statements of income. This reversal was a non-cash item and has been reflected as an adjustment to reconcile net income to net cash provided by operating activities in our statement of cash flows.

As of May 31, 2008 we did not have a liability for operating tax items. As of May 31, 2007, we had liabilities in the amount of $8.5 million for operating tax items. The amount of the liability is based on management's best estimate given our history with similar matters and interpretations of current laws and regulations.

Credit Facilities

In November 2006, we entered into a five year, $350 million unsecured revolving credit facility agreement with a syndicate of banks based in the United States, which we refer to as our U.S. Credit Facility. The credit agreement contains certain financial and non-financial covenants and events of default customary for financings of this nature. We complied with these covenants as of May 31, 2008. The facility expires in November 2011, and borrowings bear a variable interest rate based on a market short-term floating rate plus a margin that varies according to our leverage position.

In addition, the U.S. Credit Facility allows us to expand the facility size to $700 million by requesting additional commitments from existing or new lenders. We plan to use the U.S. Credit Facility to fund future strategic acquisitions, to provide a source of working capital, and for general corporate purposes. As of both May 31, 2008 and May 31, 2007, we had no borrowings outstanding on our U.S. Credit Facility.

In November 2006, we entered into an amendment to our credit facility, which we refer to as our Canadian Credit Facility, with the Canadian Imperial Bank of Commerce, or CIBC, as administrative agent and lender. The Canadian Credit Facility is a facility which consists of a line of credit of $25 million Canadian dollars, or $25.2 million United States dollars based on the May 31, 2008 exchange rate. In addition, the Canadian Credit Facility allows us to expand the size of the uncommitted facility to $50 million Canadian dollars during the peak holiday season and does not have a fixed term. The Canadian Credit Facility carries no termination date, but can be terminated by CIBC with advance notice. The Canadian Credit Facility has a variable interest rate based on the Canadian dollar London Interbank Offered Rate plus a margin.

The Canadian Credit Facility allows us to provide certain Canadian merchants with "same day value" for their Visa credit card deposits. Same day value is the practice of giving merchants value for credit card transactions on the date of the applicable sale even though we receive the corresponding settlement funds from Visa Canada/International at a later date. The amounts borrowed under the Canadian Credit Facility are restricted in use to pay Canadian Visa merchants and such amounts are generally received from Visa Canada/International on the following day.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Our obligations under the Canadian Credit Facility are secured by a first priority security interest in the members' accounts receivable from Visa Canada/International and Interac Associates for our transactions processed through the CIBC Visa BIN and Interac debit network, the bank accounts in which the settlement funds are deposited, and by guarantees from certain of our subsidiaries. These guarantees are subordinate to any guarantees granted by such subsidiaries under our U.S. Credit Facility. The Canadian Credit Facility also contains certain financial and non-financial covenants and events of default customary for financings of this nature. We complied with these covenants as of May 31, 2008. As of both May 31, 2008 and May 31, 2007, we had no borrowings outstanding on our Canadian Credit Facility.

In April 2008, we entered into a new unsecured revolving credit agreement with the National Bank of Canada, which we refer to as our NBC Credit Facility. The terms of this facility will be subject to annual review on March 31 of each year. The NBC Credit Facility is a facility which consists of a line of credit of $40 million Canadian, or $40.3 million United States dollars based on the May 31, 2008 exchange rate, and a line of credit of $5 million United States dollars. We are able to expand the size of the facility to $80 million Canadian on certain Canadian holidays. The NBC Credit Facility is subject to revision and renewal each March 31 and has a variable interest rate based on the National Bank of Canada prime rate. The NBC Credit Facility contains certain financial and non-financial covenants and events of default customary for financings of this nature. We complied with these covenants as of May 31, 2008.

We will use the NBC Credit Facility to provide certain Canadian merchants with same day value for their United States and Canadian dollar MasterCard credit card transactions and debit card transactions. As of May 31, 2008 we had $0.1 million of borrowings outstanding on our NBC Credit Facility, based on the exchange rate in effect on that date.

During the fiscal year 2008, our Chinese subsidiary in the Asia-Pacific region entered into a revolving credit facility to provide a source of working capital. This credit facility is denominated in Chinese Renminbi and has a variable interest rate based on the lending rate stipulated by the People's Bank of China. This facility is subject to annual review up to and including June 30, 2008. As of May 31, 2008, this facility totaled $2.5 million, of which we had $0.6 million of borrowings outstanding, based on the exchange rate in effect on that date.

During the fiscal year 2008, our subsidiary in Macau in the Asia-Pacific region entered into a revolving overdraft facility which allows us to fund merchants prior to receipt of corresponding settlement funds from Visa and MasterCard. This is denominated in Macau Pataca and has a variable interest rate based on the lending rate stipulated by The Hongkong and Shanghai Banking Corporation Limited, plus a margin. This facility is subject to review at any time and in any event by January 1, 2009, and subject to overriding right of withdrawal and repayment on demand. As of May 31, 2008, this facility totaled $3.8 million, of which we had $0.9 million of borrowings outstanding, based on the exchange rate in effect on that date.

BIN/ICA Agreements

In connection with our acquisition of merchant credit card operations of banks, we have also entered into sponsorship or depository and processing agreements with certain of the banks. These agreements allow us to use the banks' identification numbers, referred to as Bank Identification Number for Visa transactions and Interbank Card Association number for MasterCard transactions, to clear credit card transactions through Visa and MasterCard. Certain of such agreements contain financial covenants, and we were in compliance with all such covenants as of May 31, 2008.

Redeemable Minority Interest

Global Payments Asia-Pacific Limited ("GPAP") is the entity through which we conduct our merchant acquiring business in the Asia-Pacific region. We own 56% of GPAP and HSBC Asia owns the remaining 44%. The GPAP shareholders agreement includes provisions pursuant to which HSBC Asia may compel us to

purchase, at fair value, additional GPAP shares from HSBC Asia (the "Put Option"). HSBC Asia may exercise the Put Option on the fifth anniversary of the closing of the acquisition and on each anniversary thereafter. By exercising the Put Option, HSBC Asia can require us to purchase, on an annual basis, up to 15% of the total issued shares of GPAP. While not redeemable until July 2011, we estimate the maximum total redemption amount of the minority interest under the Put Option would be $87.4 million, as of May 31, 2008.

NOTE 14—SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures and non-cash investing and financing activities for the years ended May 31, 2008, 2007 and 2006 are as follows:

	2008	2007	2006
		(in thousands)	
Supplemental cash flow information:			
Income taxes paid, net of refunds	$ 72,827	$ 75,207	$ 44,522
Interest paid	6,339	6,686	3,858

NOTE 15—QUARTERLY CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Summarized quarterly results for the years ended May 31, 2008 and 2007 are as follows:

	Quarter Ended			
	August 31	November 30	February 29	May 31
		(in thousands, except per share data)		
2008:				
Revenues	$ 310,980	$ 308,776	$ 310,641	$ 343,832
Operating income	66,232	58,431	59,911	66,785
Net income	43,575	38,313	40,055	40,811
Basic earnings per share	0.54	0.48	0.51	0.51
Diluted earnings per share	0.53	0.48	0.50	0.50

	August 31	November 30	February 28	May 31
		(in thousands, except per share data)		
2007:				
Revenues	$ 260,308	$ 260,697	$ 260,418	$ 280,100
Operating income	63,527	52,303	51,193	51,066
Net income	41,509	34,002	34,296	33,178
Basic earnings per share	0.52	0.42	0.43	0.41
Diluted earnings per share	0.51	0.42	0.42	0.40

NOTE 16— SUBSEQUENT EVENTS

On June 17, 2008, we entered into a purchase agreement with HSBC Bank plc, or HSBC UK, to obtain an interest in a newly formed limited partnership that will provide payment processing services to merchants in the United Kingdom and Internet merchants globally. The new partnership will operate under the name HSBC Merchant Services.

On June 30, 2008, we completed the transaction and paid HSBC UK $439 million in cash to acquire a 51% majority ownership in the partnership. We will manage the day-to-day operations of the partnership, will control all major decisions and, accordingly, will consolidate the partnership's financial results for accounting purposes effective with the closing date. HSBC UK retained ownership of the remaining 49% and contributed its existing

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

merchant acquiring business in the United Kingdom to the partnership. In addition, HSBC UK entered into a ten-year marketing alliance with the partnership in which HSBC UK will refer customers to the partnership for payment processing services in the United Kingdom. On June 23, 2008, we entered into a new five year, $200 million term loan to fund a portion of the acquisition. We funded the remaining purchase price with excess cash and our existing credit facilities.

The term loan bears interest, at our election, at the prime rate or London Interbank Offered Rate plus a margin based on our leverage position. As of July 1, 2008, the interest rate on the term loan was 3.605%. The term loan calls for quarterly principal payments of $5 million beginning with the quarter ending August 31, 2008 and increasing to $10 million beginning with the quarter ending August 31, 2010 and $15 million beginning with the quarter ending August 31, 2011.

The partnership agreement includes provisions pursuant to which HSBC UK may compel us to purchase, at fair value, additional membership units from HSBC UK (the "Put Option"). HSBC UK may exercise the Put Option on the fifth anniversary of the closing of the acquisition and on each anniversary thereafter. By exercising the Put Option, HSBC UK can require us to purchase, on an annual basis, up to 15% of the total membership units. Additionally, on the tenth anniversary of closing and each tenth anniversary thereafter, HSBC UK may compel us to purchase all of their membership units at fair value. While not redeemable until June 2013, we estimate the maximum total redemption amount of the minority interest under the Put Option would be $421.4 million, as of May 31, 2008.

The purpose of this acquisition was to establish a presence in the United Kingdom. The key factors that contributed to the decision to make this acquisition include historical and prospective financial statement analysis and HSBC UK's market share and retail presence in the United Kingdom. The purchase price was determined by analyzing the historical and prospective financial statements and applying relevant purchase price multiples.

The purchase price totaled $441.1 million, consisting of $438.6 million cash consideration plus $2.5 million of direct out of pocket costs. The acquisition has been recorded using the purchase method of accounting, and, accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The following table summarizes the preliminary purchase price allocation:

	Total
Goodwill	$294,741
Customer-related intangible assets	116,920
Contract-based intangible assets	13,437
Trademark	2,204
Property and equipment	26,955
Other current assets	100
Total assets acquired	454,357
Minority interest in equity of subsidiary (at historical cost)	(13,257)
Net assets acquired	$441,100

Due to the recent timing of the transaction, the allocation of the purchase price is preliminary.

All of the goodwill associated with the acquisition is expected to be deductible for tax purposes. The customer-related intangible assets have amortization periods of up to 13 years. The contract-based intangible assets have amortization periods of 7 years. The trademark has an amortization period of 5 years.

GLOBAL PAYMENTS INC.

SCHEDULE II

Valuation & Qualifying Accounts

Column A Description	Column B Balance at Beginning of Year	Column C 1 Charged to Costs and Expenses	Column C 2 Acquired Balances (in thousands)	Column D Uncollectible Accounts Write-Off	Column E Balance at End of Year
Allowance for doubtful accounts					
May 31, 2006	$ 366	$ 751	—	$ 497	$ 620
May 31, 2007	620	731	—	900	451
May 31, 2008	451	1,396	—	1,358	489
Reserve for operating losses—Merchant card processing (1)					
May 31, 2006	$ 3,633	$ 2,726	—	$ 3,298	$ 3,061
May 31, 2007	3,061	3,061	—	3,346	2,776
May 31, 2008	2,776	5,749	—	5,150	3,375
Reserve for sales allowances—Merchant card processing (1)					
May 31, 2006	$ 569	$ 2,755	—	$ 3,066	$ 258
May 31, 2007	258	3,923	—	3,853	328
May 31, 2008	328	4,248	—	4,087	489
Reserve for operating losses—Check guarantee processing					
May 31, 2006	$ 3,989	$ 17,895	—	$ 16,108	$ 5,776
May 31, 2007	5,776	18,160	—	18,797	5,139
May 31, 2008	5,139	23,906	—	22,980	6,065

(1) Included in settlement processing obligations

ITEM 9—CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A—CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, concluded an evaluation of the effectiveness of our disclosure controls and procedures as of May 31, 2008. Our evaluation tested controls and other procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities and Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based on our evaluation, as of May 31, 2008, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective.

There were no significant changes in our internal controls or in other factors that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Management Report on Internal Control over Financial Reporting

Our management team is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management assessed the effectiveness of our internal control over financial reporting as of May 31, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.* As of May 31, 2008, management believes that its internal control over financial reporting is effective based on those criteria. Our independent registered public accounting firm has issued an audit report on our internal control over financial reporting, which is included in this annual report.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Due to such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, such risk.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting or in other factors that occurred during the quarter ended May 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B—OTHER INFORMATION

None.

PART III

ITEM 10—DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

We incorporate by reference in this Item 10 information about our directors and our corporate governance contained under the headings "Certain Information Concerning the Nominees and Directors," "Other Information About the Board and its Committees" and information about compliance with Section 16(a) of the Securities and Exchange Act of 1934 by our directors and executive officers under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" from our proxy statement to be delivered in connection with our 2008 Annual Meeting of Shareholders to be held on September 26, 2008.

Set forth below is information relating to our executive officers. There is no family relationship between any of our executive officers or directors and there are no arrangements or understandings between any of our executive officers or directors and any other person pursuant to which any of them was elected an officer or director, other than arrangements or understandings with our directors or officers acting solely in their capacities as such. Our executive officers serve at the pleasure of our Board of Directors.

Name	Age	Current Position(s)	Position with Global Payments and Other Principal Business Affiliations
Paul R. Garcia	56	Chairman of the Board of Directors, President and Chief Executive Officer	Chairman of the Board of Directors (since October 2002); President and Chief Executive Officer of Global Payments (since September 2000); Chief Executive Officer of NDC eCommerce (July 1999–January 2001); President and Chief Executive Officer of Productivity Point International (March 1997–September 1998); Group President of First Data Card Services (1995–1997); Chief Executive Officer of National Bancard Corporation (NaBANCO) (1989–1995).
James G. Kelly	46	Senior Executive Vice President and Chief Operating Officer	Senior Executive Vice President (since April 2004) and Chief Operating Officer (since October 2005) of Global Payments; Chief Financial Officer of Global Payments (February 2001-October 2005), Chief Financial Officer of NDC eCommerce (April 2000–January 2001); Managing Director, Alvarez & Marsal (March 1996–April 2000); Director, Alvarez & Marsal (1992–1996) and Associate, Alvarez & Marsal (1990–1992); and Manager, Ernst & Young's mergers and acquisitions/audit groups (1989–1990).
Joseph C. Hyde	34	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer (since October 2005) of Global Payments; Senior Vice President of Finance of Global Payments (December 2001–October 2005); Vice President of Finance of Global Payments (February 2001-December 2001); Vice President of Finance of NDC eCommerce (June 2000–January 2001); Associate, Alvarez & Marsal (1998–2000); Analyst, The Blackstone Group (1996-1998).
Martin A. Picciano	42	Senior Vice President and Chief Accounting Officer	Senior Vice President of Accounting (since June 2004) and Chief Accounting Officer (since October 2005) of Global Payments; Vice President and Controller of Global Payments (February 2001-May 2004); Assistant Controller of National Data Corporation (September 1996-January 2001).

Name	Age	Current Position(s)	Position with Global Payments and Other Principal Business Affiliations
Morgan M. Schuessler	38	Executive Vice President, Human Resources and Corporate Communications	Executive Vice President, Human Resources and Corporate Communications of Global Payments (since June 2007); Senior Vice President, Human Resources and Corporate Communications of Global Payments (June 2006–June 2007); Senior Vice President, Marketing and Corporate Communications of Global Payments (October 2005–June 2006); Vice President, Global Purchasing Solutions of American Express Company (February 2002–February 2005).
Suellyn P. Tornay	47	Executive Vice President and General Counsel	Executive Vice President (since June 2004) and General Counsel for Global Payments Inc. (since February 2001); Interim General Counsel for NDCHealth (1999–2001); Group General Counsel, eCommerce Division of NDCHealth (1996–1999); Senior Attorney, eCommerce Division of NDCHealth (1987–1995); Associate, Powell, Goldstein, Frazer, & Murphy (1985–1987).
Carl J. Williams	56	President—World-Wide Payment Processing	President–World-Wide Payment Processing of Global Payments (since March 2004); President and CEO of Baikal Group, LLC (March 2002–February 2004); President of Spherion Assessment Group, a business unit of Spherion Inc. (NYSE: SFN) (May 1996–February 2002); Chairman and CEO of HR Easy, Inc., (acquired by Spherion Inc.) (1996–1998); Executive Vice President–National Processing Corporation, President of the Merchant Services Division (1992–1996); President & CEO of JBS, Inc. (1981–1992) (acquired by National Processing Corporation).

We have adopted a code of ethics that applies to our senior financial officers. The senior financial officers include our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Controller or persons performing similar functions. The code of ethics is available in the investor information section of our website at www.globalpaymentsinc.com, and as indicated in the section entitled “Where To Find Additional Information” in Part I to this Annual Report on Form 10-K.

ITEM 11— EXECUTIVE COMPENSATION

We incorporate by reference in this Item 11 the information relating to executive and director compensation contained under the headings “Other Information about the Board and its Committees,” “Compensation and Other Benefits” and “Report of the Compensation Committee” from our proxy statement to be delivered in connection with our 2008 Annual Meeting of Shareholders to be held on September 26, 2008.

ITEM 12— SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

We incorporate by reference in this Item 12 the information relating to ownership of our common stock by certain persons contained under the headings “Common Stock Ownership of Management” and “Common Stock Ownership by Certain Other Persons” from our proxy statement to be delivered in connection with our 2008 Annual Meeting of Shareholders to be held on September 26, 2008.

We have four compensation plans under which our equity securities are authorized for issuance. The Global Payments Inc. Amended and Restated 2000 Long-Term Incentive Plan, Global Payments Inc. Amended and Restated 2005 Incentive Plan, the Non-Employee Director Stock Option Plan, and Employee Stock Purchase Plan have been approved by security holders. The information in the table below is as of May 31, 2008. For more information on these plans, see Note 9 to notes to consolidated financial statements.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:	4,536,468	$ 27	7,178,782 (1)
Equity compensation plans not approved by security holders:	—	—	—
Total	4,536,468	$ 27	7,178,782 (1)

(1) Also includes shares of common stock available for issuance other than upon the exercise of an option, warrant or right under the Global Payments Inc. 2000 Long-Term Incentive Plan, as amended and restated, the Global Payments Inc. Amended and Restated 2005 Incentive Plan and an Amended and Restated 2000 Non-Employee Director Stock Option Plan.

ITEM 13—CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We incorporate by reference in this Item 13 the information regarding certain relationships and related transactions between us and some of our affiliates and the independence of our Board of Directors contained under the headings “Certain Relationships and Related Transactions” and “Other Information about the Board and its Committees—Director Independence” from our proxy statement to be delivered in connection with our 2008 Annual Meeting of Shareholders to be held on September 26, 2008.

ITEM 14—PRINCIPAL ACCOUNTING FEES AND SERVICES

We incorporate by reference in this Item 14 the information regarding principal accounting fees and services contained under the heading “Auditor Information” from our proxy statement to be delivered in connection with our 2008 Annual Meeting of Shareholders to be held on September 26, 2008.

PART IV

ITEM 15—EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Consolidated Financial Statements

Our consolidated financial statements listed below are set forth in "Item 8-Financial Statements and Supplementary Data" of this report:

(a) 2. Financial Statement Schedules

All other schedules to our consolidated financial statements have been omitted because they are not required under the related instruction or are inapplicable, or because we have included the required information in our consolidated financial statements or related notes.

(a) 3. Exhibits

The following exhibits either (i) are filed with this report or (ii) have previously been filed with the SEC and are incorporated in this Item 15 by reference to those prior filings.

2.1	Distribution Agreement, Plan of Reorganization and Distribution dated January 31, 2001 by and between National Data Corporation and Global Payments Inc., filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated January 31, 2001, File No. 001-16111, and incorporated herein by reference.
3.1	Amended and Restated Articles of Incorporation of Global Payments Inc., filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated January 31, 2001, File No. 001-16111, and incorporated herein by reference.
3.2	Fourth Amended and Restated By-laws of Global Payments Inc., filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q dated August 31, 2003, File No. 001-16111, and incorporated herein by reference.
4.1	Shareholder Protection Rights Agreement dated January 26, 2001 between Global Payments Inc. and SunTrust Bank, filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated February 1, 2001, File No. 001-16111, and incorporated herein by reference.
4.2	Form of certificate representing Global Payments Inc. common stock as amended, filed as Exhibit 4.4 to the Registrant's Registration Statement on Form 10 dated December 28, 2000, File No. 001-16111, and incorporated herein by reference.

10.1	Agreement and Plan of Merger between Latin America Money Services, LLC, Global Payments Inc., GP Ventures (Texas), Inc., Advent International Corporation (as Shareholder Representative), the shareholders of Latin America Money Services, LLC, and certain Shareholders of DolEx Dollar Express, Inc. dated August 11, 2003, filed as Exhibit 10 to the Registrant's Current Report on Form 8-K dated August 12, 2003, File No. 001-16111 and incorporated herein by reference.
10.2	Asset Purchase Agreement with Canadian Imperial Bank of Commerce, as amended, filed as Exhibit 10.19 to the Registrant's Registration Statement on Form 10 dated December 28, 2000, File No. 001-16111, and incorporated herein by reference.
10.3	Form of Marketing Alliance Agreement with Canadian Imperial Bank of Commerce as amended, filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated March 20, 2001, File No. 001-16111, and incorporated herein by reference.
10.4*	Employment Agreement for Paul R. Garcia, as amended, filed as Exhibit 10.13 to the Registrant's Registration Statement on Form 10 dated December 28, 2000, File No. 001-16111, and incorporated herein by reference.
10.5*	Employment Agreement for James G. Kelly, filed as Exhibit 99.1 to the Registrant's Form 8-K/A dated June 2, 2006, File No. 001-16111, and incorporated herein by reference.
10.6*	Employment Agreement for Joseph C. Hyde, filed as Exhibit 99.2 to the Registrant's Form 8-K/A dated June 2, 2006, File No. 001-16111, and incorporated herein by reference.
10.7*	Employment Agreement for Carl J. Williams dated March 15, 2004, filed as Exhibit 10.22 to the Registrant's Annual Report on Form 10-K dated May 31, 2004, File No. 001-16111, and incorporated herein by reference.
10.8*	Employment Agreement for Suellyn P. Tornay dated June 1, 2001, filed as Exhibit 10.23 to the Registrant's Annual Report on Form 10-K dated May 31, 2004, File No. 001-16111, and incorporated herein by reference.
10.9*	Amended and Restated 2000 Long-Term Incentive Plan, filed as Exhibit 10.9 to the Registrant's Annual Report on Form 10-K dated May 31, 2003, File No. 001-16111, and incorporated herein by reference.
10.10*	First Amendment to Amended and Restated 2000 Long-Term Incentive Plan, dated March 28, 2007, filed as Exhibit 10.17 to the Registrant's Annual Report on Form 10-K dated May 31, 2007, File No. 001-16111, and incorporated herein by reference.
10.11*	Third Amended and Restated 2000 Non-Employee Director Stock Option Plan, dated June 1, 2004, filed as Exhibit 10.20 to the Registrant's Annual Report on Form 10-K dated May 31, 2007, File No. 001-16111, and incorporated herein by reference.
10.12*	Amendment to the Third Amended and Restated 2000 Non-Employee Director Stock Option Plan, dated March 28, 2007 filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K dated May 31, 2007, File No. 001-16111, and incorporated herein by reference.
10.13*	Amended and Restated 2000 Employee Stock Purchase Plan filed as Exhibit 99.2 to the Registrant's Registration Statement on Form S-8 dated January 16, 2001, File No. 001-16111, and incorporated herein by reference.
10.14*	Form of Global Payments Inc. Supplemental Executive Retirement Plan as amended, filed as Exhibit 10.12 to the Registrant's Registration Statement on Form 10 dated December 28, 2000, File No. 001-16111, and incorporated herein by reference.
10.15*	Second Amended and Restated Global Payments Inc. 2005 Incentive Plan, dated March 28, 2007 filed as Exhibit 10.25 to the Registrant's Annual Report on Form 10-K dated May 31, 2007, File No. 001-16111, and incorporated herein by reference.

10.16*	Form of Performance Unit Award (U.S. Officers) pursuant to the Global Payments Inc. Amended and Restated 2005 Incentive Plan filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, dated November 30, 2006, File No. 001-16111 and incorporated herein by reference.
10.17*	Form of Performance Unit Award (Non-U.S. Officers) pursuant to the Global Payments Inc. Amended and Restated 2005 Incentive Plan filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q, dated November 30, 2006, File No. 001-16111 and incorporated herein by reference.
10.18*	Form of Non-Statutory Stock Option Award pursuant to the Global Payments Inc. Amended and Restated 2005 Incentive Plan filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q, dated November 30, 2006, File No. 001-16111 and incorporated herein by reference.
10.19*	Form of Non-Statutory Stock Option Award pursuant to the Global Payments Inc. Amended and Restated 2005 Incentive Plan (Hong Kong employees) filed as Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q, dated November 30, 2006, File No. 001-16111 and incorporated herein by reference.
10.20*	Form of Non-Statutory Stock Option Award pursuant to the Global Payments Inc. Amended and Restated 2005 Incentive Plan (certain Asia-Pacific employees) filed as Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q, dated November 30, 2006, File No. 001-16111 and incorporated herein by reference.
10.21*	Form of Restricted Stock Award pursuant to the Global Payments Inc. Amended and Restated 2005 Incentive Plan filed as Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q, dated November 30, 2006, File No. 001-16111 and incorporated herein by reference.
10.22*	Form of Stock-Settled Restricted Stock Unit Award pursuant to the Global Payments Inc. Amended and Restated 2005 Incentive Plan filed as Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q, dated November 30, 2006, File No. 001-16111 and incorporated herein by reference.
10.23	Amended and Restated Credit Agreement among Global Payments Direct, Inc., Canadian Imperial Bank of Commerce, and lenders named therein, dated November 19, 2004, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated November 23, 2004, File No. 001-16111 and incorporated herein by reference.
10.24	Amendment No. 1 dated November 18, 2005, to the Amended and Restated Credit Agreement among Global Payments Direct, Inc., Canadian Imperial Bank of Commerce, and lenders named therein, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated November 18, 2005, File No. 001-16111 and incorporated herein by reference.
10.25	Amendment No. 2 dated November 16, 2006, to the Amended and Restated Credit Agreement among Global Payments Direct, Inc., Canadian Imperial Bank of Commerce, and lenders named therein, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K, dated November 17, 2006, File No. 001-16111 and incorporated herein by reference.
10.26	Credit Agreement dated as of November 16, 2006, among Global Payments Inc., JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A. and lenders named therein, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K, dated November 17, 2006, File No. 001-16111 and incorporated herein by reference.
10.27**	Amendment No. 1 dated as of May 23, 2008, to the Credit Agreement dated as of November 16, 2006, among Global Payments Inc., JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A. and lenders named therein.
10.28**	Asset Purchase Agreement with HSBC Bank plc dated June 17, 2008.

10.29	Term Loan Credit Agreement dated as of June 23, 2008, among Global Payments Inc., JPMorgan Chase, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., Regions Bank and lenders named therein, filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K, Term Loan Credit Agreement dated as of June 23, 2008, File No. 001-16111 and incorporated herein by reference.
10.30**	Form of Marketing Alliance Agreement with HSBC Bank plc dated June 30, 2008.
14	Code of Ethics for Senior Financial Officers, filed as Exhibit 14 to the Registrant's Annual Report on Form 10-K dated May 31, 2004, File No. 001-16111 and incorporated herein by reference.
18	Preferability Letter from Independent Registered Public Accounting Firm filed as Exhibit 18 to the Registrant's Quarterly Report on Form 10-Q dated February 28, 2006, File No. 001-16111 and incorporated herein by reference.
21**	List of Subsidiaries
23.1**	Consent of Independent Registered Public Accounting Firm
31.1**	Rule 13a-14(a)/15d-14(a) Certification of CEO
31.2**	Rule 13a-14(a)/15d-14(a) Certification of CFO
32**	CEO and CFO Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

* Compensatory management agreement
** Filed with this report

(b) Exhibits

See the "Index to Exhibits" on page 96.

(c) Financial Statement Schedules

See Item 15(a) (2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Global Payments Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on July 30, 2008.

GLOBAL PAYMENTS INC.

By: /s/ PAUL R. GARCIA
Paul R. Garcia
Chairman of the Board of Directors, President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ JOSEPH C. HYDE
Joseph C. Hyde
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ MARTIN A. PICCIANO
Martin A. Picciano
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by a majority of the Board of Directors of the Registrant on the dates indicated.

Signature	Title	Date
/s/ PAUL R. GARCIA **Paul R. Garcia**	Chairman of the Board	July 30, 2008
/s/ WILLIAM I JACOBS **William I Jacobs**	Lead Director	July 30, 2008
/s/ EDWIN H. BURBA, JR. **Edwin H. Burba, Jr.**	Director	July 30, 2008
/s/ ALEX W. (PETE) HART **Alex W. (Pete) Hart**	Director	July 30, 2008
/s/ RAYMOND L. KILLIAN **Raymond L. Killian**	Director	July 30, 2008
/s/ RUTH ANN MARSHALL **Ruth Ann Marshall**	Director	July 30, 2008
/s/ ALAN M. SILBERSTEIN **Alan M. Silberstein**	Director	July 30, 2008
/s/ MICHAEL W. TRAPP **Michael W. Trapp**	Director	July 30, 2008
/s/ GERALD J. WILKINS **Gerald J. Wilkins**	Director	July 30, 2008

GLOBAL PAYMENTS INC.
FORM 10-K
INDEX TO EXHIBITS

Exhibit Numbers	Description
10.27	Amendment No. 1 dated May 23, 2008, to the Credit Agreement dated as of November 16, 2006, filed as Exhibit 10.27 to the Registrant's Annual Report on Form 10-K dated May 31, 2008.
10.28	Asset Purchase Agreement with HSBC Bank plc dated June 17, 2008, filed as Exhibit 10.28 to the Registrant's Annual Report on Form 10-K dated May 31, 2008.
10.30	Form of Marketing Alliance Agreement with HSBC Bank plc dated June 30, 2008, filed as Exhibit 10.30 to the Registrant's Annual Report on Form 10-K dated May 31, 2008.
21	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a)/15d-14(a) Certification of CEO
31.2	Rule 13a-14(a)/15d-14(a) Certification of CFO
32	CEO and CFO Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10.27

AMENDMENT NO. 1 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 1 TO CREDIT AGREEMENT (this "Amendment") dated as of May 23, 2008, by and among GLOBAL PAYMENTS INC., a Georgia corporation, (the "Company"), the banks and other financial institutions listed on the signature pages thereof, as lenders (the "Lenders"), and JPMORGAN CHASE BANK, N.A., as Administrative Agent (the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Company, the Lenders, and the Administrative Agent are parties to a certain Credit Agreement dated as of November 16, 2006 (the "Credit Agreement"; capitalized terms used in this Amendment without definition that are defined in the Credit Agreement having the meanings in this Amendment as specified for such capitalized terms in the Credit Agreement);

WHEREAS, the Company and the Lenders have agreed to amend the Credit Agreement in certain respects as set forth in this Amendment;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1. Amendments to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, and effective as of the Effective Date (as hereinafter defined), the Credit Agreement shall be amended as follows:

1.1 Section 1.01 of the Credit Agreement is hereby amended by (i) adding the new defined terms "Joint Venture Call Right" and "Designated Subsidiaries" and accompanying definitions, and (ii) deleting the definition for the defined term "Net Income" and substituting in lieu thereof the definition set forth below, in each case in appropriate alphabetical order, as follows:

"Designated Subsidiary" means a non-wholly owned Subsidiary of the Company that is subject to an encumbrance or restriction of the type described in clause (E) of Section 6.08.

"Joint Venture Call Right" means, with respect to the Person (other than any Affiliate of the Company) owning the minority of the outstanding Equity Interests in a non-wholly owned Subsidiary of the Company, the contractual right of such Person to purchase, and to require such Subsidiary to sell, all or a portion of the assets of, or all or a portion of the outstanding Equity Interests in, such Subsidiary to such Person or its Affiliate.

"Net Income" means, for any period, net income of the Company and its Consolidated Subsidiaries for such period determined on a consolidated basis in

accordance with GAAP, but excluding therefrom (to the extent included therein) (a) any earnings of Designated Subsidiaries and any equity interests in the earnings of joint ventures or other Persons that are not Subsidiaries, in each case to the extent such earnings are not actually paid in cash, and the Company or its Subsidiaries do not have the ability to cause such earnings to be paid in cash, to the Company or its Subsidiaries (other than Designated Subsidiaries) with respect to such period, and (b) the after-tax impact of Non-Recurring Non-Cash Items. Further, Non-Recurring Cash Items will only be reflected (on an after-tax basis) in net income as such amounts are paid, and the cash portions of any restructuring charge will only be reflected (on an after-tax basis) in net income for pre-tax amounts that exceed the Restructuring Charge Limit.

1.2 Section 6.03 of the Credit Agreement is hereby amended by deleting subsection (e) of said Section 6.03 in its entirety and substituting in lieu thereof the following subsection (e):

(e) so long as no Event of Default shall then have occurred and be continuing or would result therefrom, the Company and its Subsidiaries may effect any Asset Sale so long as the assets to be sold pursuant to all such Asset Sales during any Fiscal Year have not contributed, in the aggregate, more than fifteen percent (15%) of the EBITDA of the Company for the then-most recently completed period of four consecutive Fiscal Quarters for which financial statements are available (with the determination of such contribution to EBITDA to be made by the Company in a manner reasonably acceptable to the Administrative Agent); provided, however, that in determining the Company's compliance with the foregoing limitation on Asset Sales in any Fiscal Year, the Company may deduct from the EBITDA attributable to the assets sold in such Asset Sales, an amount equal to the EBITDA attributable to Permitted Acquisitions made or proposed to be made by the Company and its Subsidiaries within 180 days after consummation of the respective Asset Sale and with the proceeds of such Asset Sale (with the determination of the EBITDA attributable to such Permitted Acquisition to be made by the Company in a manner reasonably acceptable to the Administrative Agent); and provided, further; that if and to the extent, absent such deduction with respect to such proposed Permitted Acquisitions, a breach of this Section 6.03(e) would occur, the Company shall provide the Administrative Agent, not later than the expiration of such 180-day period, a report in reasonable detail as to such proposed Permitted Acquisitions, if any, and to the extent all or any portion of the proposed Permitted Acquisitions (or any other Permitted Acquisitions) are not so made within such 180 day period, then only the EBITDA attributable to Permitted Acquisitions made shall be deducted for purposes of determining whether the Company is in compliance with the 15% limitation set forth above for the Fiscal Year during which such Asset Sales occurred;

1.3 Section 6.03 of the Credit Agreement is hereby amended by (i) deleting the "." and substituting "; and" at the end of subsection (f) thereof, and (ii) adding a new subsection (g) to said Section 6.03, as follows:

(g) any Asset Sale made as a result of the exercise of the Joint Venture Call Right with respect to the assets or Equity Interests of the Subsidiary that are subject to such Joint Venture Call Right; provided, however, that if after giving effect to such Asset Sale, the Company's Leverage Ratio (computed on a pro forma basis as of the last day of the most recently ended period of four consecutive Fiscal Quarters for which financial statements are available) would exceed 2.00 to 1.00, then the Company shall, not later than ten (10) Business Days after such Asset Sale is consummated, provide written notice thereof to the Administrative Agent and, unless such prepayment is waived in writing by the Administrative Agent (acting at the direction of the Required Lenders) within ten (10) Business Days after its receipt of such notice, the Company shall prepay or cause to be prepaid an amount of its outstanding Indebtedness in the form of term loans used to finance the purchase of the assets subject to such Asset Sale (with payment to be applied pro rata across maturities) or, if no such term loans are then outstanding, Indebtedness under this Agreement or any other Indebtedness (but without any required reduction in the commitments from the lenders that are parties to any revolving credit facilities) equal to the lesser of (x) the amount necessary to be prepaid to reduce such Leverage Ratio to 2.00 to 1.00, (y) the net cash proceeds received by the Company and its Subsidiaries from such Asset Sale (after giving effect to any costs, fees and expenses associated therewith and any Indebtedness repaid in connection therewith), and (z) the total amount of Indebtedness then outstanding as term loans used to finance the purchase of the assets subject to such Asset Sale and advances under this Agreement.

1.4 Section 6.08 of the Credit Agreement is hereby amended by (i) deleting the word "and" preceding clause (D) thereof, (ii) deleting the "." immediately following clause (D), and (iii) adding the following clause (E) at the end of Section 6.08:

, and (E) any such encumbrance or restriction pursuant to an agreement between the Company or its Subsidiary with the Person (other than any Affiliate of the Company) owning the minority of the outstanding Equity Interests in a non-wholly owned Subsidiary of the Company requiring the consent of such Person prior to taking the actions described in the preceding clauses (i), (ii) or (iii) above with respect to such non-wholly owned Subsidiary.

SECTION 2. Conditions to Effectiveness of Amendment. This Amendment shall become effective as of the date first above written (the 'Effective Date") upon the satisfaction of the following conditions:

(a) The Administrative Agent shall have received counterparts of this Amendment as executed on behalf of the Company and the Required Lenders, together with the Acknowledgment and Agreement of Subsidiary Guarantors as executed on behalf of the Subsidiary Guarantors;

(b) The representations and warranties set forth in Section 4 below shall be true and correct in all material respects; and

(c) The Company shall have paid all interest, fees, costs and expenses then due and payable to the Administrative Agent and the Lenders under the terms of the Credit Agreement and this Amendment.

SECTION 3. Status of Obligations. The Company hereby confirms and agrees that all Loans and all other Obligations outstanding under the Credit Agreement and the other Loan Documents as of the date hereof were duly and validly created and incurred by the Company thereunder, that all such outstanding amounts are owed in accordance with the terms of the Credit Agreement and other Loan Documents, and that there are no rights of offset, defense, counterclaim, claim or objection in favor of the Company arising out of or with respect to any of the Loans or other Obligations of the Company to the Administrative Agent or the Lenders, and any such rights of offset, defense, counterclaim, claims or objections have been and are hereby waived and released by the Company.

SECTION 4. Representations and Warranties of the Company. The Company, without limiting the representations and warranties provided in the Credit Agreement, represents and warrants to the Lenders and the Administrative Agent as follows:

4.1 The execution, delivery and performance by the Company of this Amendment are within the Company's corporate powers, have been duly authorized by all necessary corporate action (including any necessary shareholder action) and do not and will not (a) violate any applicable law or regulation or the certificate of incorporation or by-laws of the Company and (b) violate or result in a default under any material indenture, agreement or other instrument binding upon the Company or its assets.

4.2 This Amendment constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3 After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

4.4 The representations and warranties of the Company contained in Article III of the Credit Agreement are true in all material respects on and as of the date of this Amendment, except for changes expressly permitted under the terms of the Credit Agreement and except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties were true in all material respects as of such earlier date).

4.5 Since May 31, 2007, there have been no events, acts, conditions or occurrences of whatever nature, singly or in the aggregate, which have had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 5. Survival. Each of the foregoing representations and warranties shall be made at and as of the date of this Amendment and shall be deemed to have been made as of the Effective Date. Each of the foregoing representations and warranties shall constitute a

representation and warranty of the Company under the Credit Agreement, and it shall be an Event of Default if any such representation and warranty shall prove to have been incorrect or false in any material respect at the time when made or deemed to have been made. Each of the foregoing representations and warranties shall survive and not be waived by the execution and delivery of this Amendment or any investigation by the Lenders or the Administrative Agent.

SECTION 6. Ratification of Credit Agreement and Loan Documents. Except as expressly amended herein, all terms, covenants and conditions of the Credit Agreement and the other Loan Documents shall remain in full force and effect, and the parties hereto do expressly ratify and confirm the Credit Agreement (as amended herein) and the other Loan Documents. All future references to the Credit Agreement shall be deemed to refer to the Credit Agreement as amended hereby.

SECTION 7. No Waiver, Etc. The Company hereby agrees that nothing herein shall constitute a waiver by the Lenders of any Default or Event of Default, whether known or unknown, which may exist under the Credit Agreement. The Company hereby further agrees that no action, inaction or agreement by the Lenders, including without limitation, any indulgence, waiver, consent or agreement altering the provisions of the Credit Agreement which may have occurred with respect to the non-performance of any obligation under the terms of the Credit Agreement or any portion thereof, or any other matter relating to the Credit Agreement, shall require or imply any future indulgence, waiver, or agreement by the Lenders.

SECTION 8. Binding Nature. This Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, successors-in-titles, and assigns.

SECTION 9. Costs and Expenses. The Company shall be responsible for the costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent with respect thereto.

SECTION 10. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA.

SECTION 11. Entire Understanding. This Amendment sets forth the entire understanding of the parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect thereto.

SECTION 12. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto in separate counterparts and may be delivered by telecopier. Each counterpart so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered in Atlanta, Georgia, by their duly authorized officers as of the day and year first above written, with such Amendment to take effect on the Effective Date as provided herein.

GLOBAL PAYMENTS INC.

By: /s/ Suellyn P. Tornay
Name: Suellyn P. Tornay
Title: Corporate Secretary

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and a Lender

By /s/ John A. Horst
Name: John A. Horst
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By /s/ Sharon Prince
Name: Sharon Prince
Title: Vice President

HSBC BANK, N.A.,
as a Lender

By /s/ Vince Clark
Name: Vince Clark
Title: Senior Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By /s/ David A. Wild
Name: David A. Wild
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
as a Lender

By /s/ Karin E. Samuel
Name: Karin E. Samuel
Title: Director

REGIONS BANK,
as a Lender

By /s/ Stephen H. Lee
Name: Stephen H. Lee
Title: Senior Vice President

ACKNOWLEDGMENT AND AGREEMENT OF SUBSIDIARY GUARANTORS

Reference is hereby made to the within and foregoing Amendment No. 1 to Credit Agreement, dated as of May 23, 2008 ("Amendment No. 1"), by and among GLOBAL PAYMENTS INC., a Georgia corporation, the banks and other financial institutions listed on the signature pages thereof, as lenders (the "Lenders"), and JPMORGAN CHASE BANK, N.A., as Administrative Agent (the "Administrative Agent"; capitalized terms used herein that are defined in Amendment No. 1 or in the "Credit Agreement" as defined in Amendment No. 1 being used herein with the respective meanings assigned to such capitalized terms in Amendment No. 1 or the Credit Agreement, as the case may be). Each of the undersigned, which is a Subsidiary Guarantor under the terms of the Subsidiary Guarantee as provided in the Credit Agreement, hereby acknowledges and agrees that (i) the undersigned has consented to the foregoing Amendment No. 1, (ii) the Subsidiary Guarantee and the other Loan Documents to which each of the undersigned is a party shall remain in full force and effect on and after the date hereof, and (iii) each of the undersigned hereby reaffirms and restates its obligations and liabilities under the Subsidiary Guarantee and the other Loan Documents to which each of the undersigned is a party after giving effect to Amendment No. 1.

[Signatures Appear on Following Pages]

This Acknowledgment and Agreement of Subsidiary Guarantors made and delivered effective as of the date above written.

GUARANTORS:

GLOBAL PAYMENTS DIRECT, INC.
as a Subsidiary Guarantor

By: /s/ James G. Kelly
Name: James G. Kelly
Title: Treasurer

GLOBAL PAYMENTS CHECK SERVICES, INC.,
as a Subsidiary Guarantor

By: /s/ James G. Kelly
Name: James G. Kelly
Title: President

GLOBAL PAYMENT HOLDING COMPANY,
as a Subsidiary Guarantor

By: /s/ James G. Kelly
Name: James G. Kelly
Title: Treasurer

GPS HOLDING LIMITED PARTNERSHIP,
as a Subsidiary Guarantor

By: Global Payment Holding Company,
its general partner

By: /s/ James G. Kelly
Name: James G. Kelly
Title: Treasurer

GLOBAL PAYMENT SYSTEMS LLC,
as a Subsidiary Guarantor

By: Global Payment Holding Company,
its representative member

By: /s/ James G. Kelly
Name: James G. Kelly
Title: Treasurer

GLOBAL PAYMENTS GAMING SERVICES, INC.,
as a Subsidiary Guarantor

By: /s/ James G. Kelly
Name: James G. Kelly
Title: President, Secretary and Treasurer

LATIN AMERICA MONEY SERVICES, LLC,
as a Subsidiary Guarantor

By: Global Payments Inc.,
its sole member

By: /s/ James G. Kelly
Name: James G. Kelly
Title: Senior Executive Vice President and Chief Operating Officer

DOLEX DOLLAR EXPRESS, INC.,
as a Subsidiary Guarantor

By: /s/ James G. Kelly
Name: James G. Kelly
Title: Chairman and Treasurer

Exhibit 10.28

CONFORMED COPY

LLP INTEREST PURCHASE AGREEMENT

among

HSBC BANK PLC

and

GLOBAL PAYMENTS U.K. LTD.

DATED 17 June 2008

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LLP INTEREST PURCHASE AGREEMENT

THIS LLP INTEREST PURCHASE AGREEMENT (this "**Agreement**") is made the 17th day of June 2008 by and among:

(1) **HSBC Bank plc**, a company organized under the Laws of England with registration number 14259 and whose registered office address is 8 Canada Square, London E14 5HQ (the "**Bank**" or the "**Seller**"); and

(2) **Global Payments U.K. LTD.,** a limited company formed under the Laws of England and Wales with registration number 6588689 and whose registered office address is De Montfort House, 51 De Montfort Street Leicester, LE1 7BB (the "**Purchaser**").

WHEREAS:

(A) The Bank is carrying on the Merchant Acquiring Business.

(B) The Bank intends to carry out the Restructuring whereby the Merchant Acquiring Business and the Transferred Assets will be transferred to the Joint Venture, which will operate such Merchant Acquiring Business and hold such Transferred Assets after the Restructuring with the cooperation of the Bank and its Affiliates as set out in the Operative Documents.

(C) All of the interests in the Joint Venture will be legally and beneficially owned by the Bank and its nominees immediately prior to Completion.

(D) The Seller has agreed to sell 51% of its Membership Units in the Joint Venture to the Purchaser and the Purchaser has agreed to purchase such Membership Units upon and subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the Seller and the Purchaser agree, on and subject to the terms and conditions herein set forth, as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions.

For the purposes of this Agreement, capitalised terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed to them in Schedule 1.1 and the provisions of part 2 of Schedule 1.1 shall apply as if they appeared in this Section 1.1. Other terms which are defined in this Agreement shall bear the meaning assigned to them where used elsewhere in this Agreement.

ARTICLE 2

SALE AND PURCHASE

2.1 Sale and Purchase.

On the terms and subject to the conditions set forth in this Agreement, at Completion the Seller shall sell and the Purchaser shall purchase free of all Encumbrances and together with all rights attaching thereto the entire legal and beneficial interest in such number of Membership Units as is equal to 51% of all Membership Units in the Joint Venture ("**Controlling Interest**").

2.2 Covenants for title.

Upon Completion the Seller shall be deemed to have given to the Purchaser the same covenants in relation to the sale of the Controlling Interest as are implied by Part I of the Law of Property (Miscellaneous Provisions) Act 1994 where a disposition is expressed to be made with full title guarantee except that s.6(2) of such act shall be excluded and s.3(1) of such act shall apply as if the words "other than" to the end of the sub-section were deleted therefrom.

2.3 No sale of part only.

Neither the Seller nor the Purchaser shall be obliged to complete the sale and purchase of any of the Membership Units unless the sale and purchase of all of the Controlling Interest is completed simultaneously.

2.4 VAT.

For the avoidance of doubt, no additional sums in respect of any VAT which is chargeable under the provisions of the VATA at the date of this Agreement shall be payable, pursuant to this Agreement, on the Sale of the Controlling Interest to the Purchaser pursuant to this Agreement.

ARTICLE 3

CONSIDERATION FOR THE CONTROLLING INTEREST

3.1 Consideration.

The consideration for the sale of the Controlling Interest shall be:

(a) the entry into by the Purchaser of this Agreement; and

(b) the payment by the Purchaser to the Seller the sum of US$438,600,000 (the "**Purchase Price**").

3.2 Payment of Purchase Price.

At Completion and subject to the terms and conditions set forth in this Agreement, the Purchaser shall make payment of the Purchase Price by wire transfer in immediately available funds in U.S. Dollars to the Seller's Account.

ARTICLE 4

COMPLETION

4.1 Completion Date and Time.

The completion of the sale and purchase of the Controlling Interest (the "**Completion**") shall take place within three Business Days following satisfaction of all of the conditions to Completion set forth in Section 10.1(a) and 10.3(a) or at such other later date and time as the Parties may agree (the "**Completion Date**"), provided that on such date all other conditions set out in Article 10 are satisfied. Completion shall take place at such location as the Parties agree, and shall be effective as of the Effective Time.

4.2 Joint Venture Interest.

The Controlling Interest shall pass on Completion whereupon:

(a) the parties agree that, and the Seller shall procure that, the Purchaser shall be admitted as a member of the Joint Venture on the terms of the Initial Partnership Agreement; and

(b) the Seller shall cease to have any rights or entitlement in relation to the Controlling Interest.

4.3 Deliveries at Completion.

At Completion, the Seller and the Purchaser shall make the deliveries set forth onSchedule 4.3.

4.4 Disclosure.

(a) Subject to Section 4.4(c) below, no liability shall attach to the Seller in respect of a claim for breach of any of the Seller Warranties if and to the extent that the matter or circumstance giving rise to the claim was fairly disclosed in its Disclosure Schedules with sufficient details to identify the nature and scope of the matter disclosed.

(b) No liability shall attach to the Purchaser in respect of a claim for breach of any of the Purchaser Warranties if and to the extent that the matter or circumstance giving rise to the claim was fairly disclosed in its Disclosure Schedules with sufficient details to identify the nature and scope of the matter disclosed.

(c) Notwithstanding any other provision of this Agreement, the Seller shall be liable for any breach of Section 6.16(a) on an indemnity basis and the liability of the Seller for breach of Section 6.16(a) shall not be limited by disclosure.

(d) The disclosure of any matter or document shall not imply any representation, warranty or undertaking not expressly given in this Agreement, nor shall such disclosure be taken as extending the scope of any of the Warranties.

(e) If there is any inconsistency between the Disclosure Schedules and the contents of any document attached to the Disclosure Schedules, the contents of such document shall prevail.

(f) The Disclosure Schedules shall be deemed to include all information expressly contained in the Agreement and the Operative Documents.

4.5 Consummation of Completion.

The Seller and the Purchaser agree to use their reasonable endeavours to consummate the Completion on the terms and subject to the conditions set forth in this Agreement including executing and procuring its Affiliates (as applicable) to execute the Joint Venture Agreements (other than this Agreement) substantially in the form exhibited in this Agreement (to the extent not executed prior to this Agreement).

4.6 Failure to Complete.

If in any respect the provisions of Section 4.3 are not complied with on the date for Completion set by Section 4.1 the Party not in default may:

(a) defer Completion to a date not more than 60 days after the date set by Section 4.1 (and so that the provisions of this Section 4.6 apart from this Section 4.6 (a) shall apply to Completion as so deferred); or

(b) proceed to Completion so far as practicable (without prejudice to its rights hereunder); or

(c) terminate this Agreement and all other Operative Documents (to which it or its Affiliates is a party) without, save as provided by Article 11 and Section 14.1 of this Agreement, incurring any liability whatsoever (except in respect of any antecedent breach thereof).

ARTICLE 5

CERTAIN ADDITIONAL AGREEMENTS OF THE BANK

5.1 Access to Facilities, Seller and Employees.

With the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed and which may be conditional on a representative of the Bank being present at any such meetings, the Bank shall upon reasonable prior notice and during business hours permit the Purchaser to visit the premises and facilities of the Bank in the United Kingdom, India and the Philippines, meet with any applicable vendors of the Bank, meet with the employees employed in the Merchant Acquiring Business, meet with the representatives of the Merchants subject to the Security and Privacy Policies and Procedures of the Bank, and meet with the Card Associations and Network Organizations.

5.2 Delivery of Financial Statements and Valuation

(a) The Bank will deliver to the Purchaser at Completion the Audited Financial Statements.

(b) The Bank will deliver to the Purchaser within 11 days of Completion the Additional Financial Statements.

(c) The Bank will use its reasonable endeavors to cooperate with and assist the Purchaser and its Affiliates in connection with valuation of the Transferred Assets, including tangible and intangible assets, in accordance with IFRS.

5.3 Merchant Agreements.

The Bank will deliver at Completion an updated Schedule 6.14(a), which shall provide the same information as contained in Schedule 6.14(a) for the 12 month period ending on the last day of the month immediately preceding the Completion Date.

5.4 Exhibit 10

The Seller and the Purchaser each undertake to comply with their respective obligations set out in Exhibit 10 to this Agreement

ARTICLE 6

WARRANTIES OF THE SELLER

The Seller warrants as follows to the Purchaser, at the date hereof and immediately prior to Completion:

6.1 Organization.

(a) The Bank is a company incorporated under the Laws of England and Wales. The Bank has all requisite corporate power to own and carry on the Merchant Acquiring Business as owned and carried on by it. The Bank is duly qualified, approved, authorized, licensed or registered to carry on the Merchant Acquiring Business in each of the jurisdictions where its conduct of the Merchant Acquiring Business or its ownership of the Merchant Acquiring Assets makes such qualification, license or registration necessary.

(b) Except as set out in Schedule 6.1(b), no part of the Merchant Acquiring Business has ever been conducted through a branch, agency or permanent establishment outside the United Kingdom.

6.2 Authority.

The Seller has the corporate power and authority to enter into and perform its obligations under this Agreement and each of the Restructuring Agreements and the Operative Documents to which it is or will be a party and to effect the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and each of the Restructuring Agreements and the Operative Documents

to which it is or will be a party have been approved by all requisite corporate action on the part of such Seller, and, assuming this Agreement constitutes the legally valid and binding obligation of the Purchaser, this Agreement constitutes (and each Restructuring Agreement and each Operative Document to which such Seller is or will be a party, when executed and delivered pursuant hereto, will constitute) a legally valid and binding obligation of such Seller enforceable in accordance with its terms, subject only to any limitation under Laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally and the discretion that a court of competent jurisdiction may exercise in the granting of equitable remedies (whether considered in a proceeding in equity or at law).

6.3 Legal Proceedings.

Except as set out in Schedule 6.3, there are no actions, suits or proceedings pending or threatened in writing against the Merchant Acquiring Business that exceed £10,000 (or its equivalent), individually or £50,000 in the aggregate. There has been no undertaking or assurance given by the Bank to any Governmental Entity in respect of the Merchant Acquiring Business and the Merchant Acquiring Business is not the subject of any injunction or similar court order which is still in force and which affects the Merchant Acquiring Business or the Merchant Acquiring Assets.

6.4 No Violations.

(a) Except as set out in Schedule 6.4(a), the execution, delivery and performance by the Seller of this Agreement, or the Restructuring Agreements or the Operative Documents to which it is or will be a party or the consummation of the transactions contemplated hereby or thereby does not and will not (i) violate, conflict with, result in a breach of or constitute a default under (with or without notice or lapse of time or both) or require any Consent under any agreement, contract, instrument, indenture, mortgage or lease to which the Seller is a party or by which its properties or assets are bound, (ii) constitute a violation by the Seller of any applicable Laws, or require any Authorization from any Governmental Entity, (iii) violate the membership agreements between the Bank and the Card Associations or between the Bank and the Network Organizations, or require any Authorization from any such association or organization, (iv) violate, conflict with, or constitute a default entitling any other Person to exercise any rights under, any of the terms or provisions of its constitutional documents or by-laws, (v) violate any order, judgment, injunction or decree of any court, arbitrator, or Governmental Entity against or binding upon the Seller or any of its properties or assets, or (vi) result in a breach of, or cause the termination or revocation of, any Authorization or Consent held by the Bank which is necessary for the operation of the Merchant Acquiring Business or the ownership of the Merchant Acquiring Assets, other than, in each of the preceding sub-sections (i) through (vi), such violations, conflicts, requirements, termination, revocation, breaches and defaults and exercises of rights as would not reasonably be expected to be, either individually or in the aggregate material or result in Losses to the Merchant Acquiring Business of £1,000,000 or more. Upon Completion, except as set out in Schedule 6.4(a), all Consents necessary for the conduct by the Joint Venture of the Merchant Acquiring Business will

have been issued or granted to the Joint Venture and all such Consents will be in full force and effect and to the Bank's Knowledge there is no circumstance which indicates that any Consent is likely to be suspended, cancelled or revoked or that any Consent will expire within a period of one year from the date of this Agreement.

(b) (i)The Merchant Acquiring Business does not enjoy the benefit of any licence, consent, permit, approval or authorisation or any right the benefit of which will be adversely affected or lost upon the assignment to the Joint Venture by the Bank of its rights and interests thereunder or upon acquisition of the Controlling Interest by the Purchaser, and (ii) the agreements set out in Schedule 6.4(b) are the only Third Party Vendor Agreements and the only Merchant Agreements with respect to the Merchant Acquiring Business in each case that contain provisions requiring the Consents of the relevant parties thereto for the assignment to the Joint Venture by the Bank of its rights and interests thereunder or the acquisition of the Controlling Interest by the Purchaser.

6.5 Financial Information.

(a) With respect to the Financial Statements delivered on or before the date of this Agreement which are set out inSchedule 6.5(a) and the Audited Financial Statements and Additional Financial Statements in each case when delivered in accordance with the provisions of Section 5.2:

(i) such financial statements and the revenues of the Merchant Acquiring Business (as shown therein and extracted from the respective management accounts of the Bank) were when delivered true and accurate in all material respects;

(ii) except as set out ins Schedule 6.5(a)(ii), the expenses incurred by the Merchant Acquiring Business in connection with the Third Party Vendor Agreements listed in Schedule 6.14(e) and the Independent Sales Organization Agreements and Referral Agreements listed in Schedule 6.15, as shown in the financial statements were when such financial statements were delivered true and accurate in all material respects; provided, however, that for the purposes of this Section 6.5(a)(ii), such expenses for the financial period ending 31 December 2007 (on an annualized basis) as shown in such financial statements shall be regarded by the Bank and the Purchaser as true and accurate on an aggregate basis in all material respects unless they have been understated by more than £150,000 for the respective periods;

(iii) the methodology consistently applied for calculating the revenues as reflected in the financial statements uses an accrual basis of accounting and is a fair and appropriate representation in all material respects of the results of operation of the Merchant Acquiring Business for the periods indicated; and

(iv) such financial statements present a true and fair view of the point-of sale terminals, reserve accounts, other fixed assets and inventory (if any) of the Bank with respect to the Merchant Acquiring Business as of the dates therein specified.

(b) For the purposes of this Section 6.5 (but not otherwise) **material** shall mean, an adverse adjustment in the Net Profit before Tax of £500,000 for the profit and loss statement or 5% in aggregate of the total assets in the balance sheet.

6.6 Ownership of Transferred Assets.

(a) The Bank has legal and beneficial ownership of the Transferred Assets free and clear of all Encumbrances as at the date of this Agreement. Upon conclusion of all transactions contemplated by this Agreement and the Other Operative Documents including but without limitation the Restructuring (which for the avoidance of doubt includes deferred transfer of Transferred Assets in accordance with the provisions of the Hive Down Agreement), and subject to the receipt of the Consents and Authorizations referred to in Section 6.12, the Joint Venture will have legal and beneficial title to the Transferred Assets clear of all Encumbrances.

(b) The Transferred Assets together with the services and arrangements to be provided pursuant to the provisions of the Marketing Alliance Agreement, HSBC Trademark Licence Agreement, Processing Agreement and the Transition Agreement together comprise all of the assets, services and arrangements that the Joint Venture requires to enable it to carry on the Merchant Acquiring Business in materially the same manner and scope and to the same extent as carried on prior to the Restructuring.

6.7 Agreements.

Since 1 June 2007:

(a) except as set out in Schedule 6.7(a), the Bank has, and to the Bank's Knowledge all other parties to the Merchant Agreements and Third Party Agreements have, performed in a timely manner all material obligations required to be performed by them to date under the terms of the Merchant Agreements or the Third Party Agreements;

(b) the Bank has not received any written notice of default or termination or intent to terminate from any party to any Third Party Agreement, or any notice of fraud by or bankruptcy or insolvency of any party to any such agreement;

(c) except as set out in Schedule 6.7(c), the Bank has not received any written notice of default (in respect of any Merchant Agreement) or termination or intent to terminate (any Merchant Agreement), fraud by or bankruptcy or insolvency of any party to any Merchant Agreements in excess of the number of such defaults, frauds, bankruptcy or insolvency which the Merchant Acquiring Business experiences in the Ordinary Course;

(d) except as set out in Schedule 6.7(d), the Bank has not received any written notice of the Bank's default or fraud in respect of any Merchant Agreement;

(e) the Bank has not received any written notice of termination or intent to terminate any of the Key Accounts set out in Schedule 2 of the Marketing Alliance Agreement and, the level of terminations of Merchant Agreements has since the Financial Statement Date not exceeded the number of terminations which the Merchant Acquiring Business experiences in the Ordinary Course; and

(f) except as set out in Schedule 6.7(f), the Bank has not given notice of default, fraud or election to terminate or intent to terminate any Merchant Agreement or Third Party Agreement in excess of the number of such defaults, frauds, or elections to terminate which the Merchant Acquiring Business experiences in the Ordinary Course.

6.8 Employees.

(a) With respect to the Transferred Employees:

(i) except as set out in Schedule 6.8(a)(i), the Bank is in compliance with all applicable Laws in respect of employment and employment practices and applicable terms and conditions of employment;

(ii) except as set out in Schedule 6.8(a)(ii), the Bank has not and is not engaged in any trade union, or other employee representative, dispute and no grievance, allegation or claim is being conducted or has been threatened or is pending or to the Bank's Knowledge is likely against the Bank;

(iii) except as set out in Schedule 6.8(a)(iii), there are no collective bargaining agreements or other employee representation agreements or arrangements in force nor (to the Bank's Knowledge) is any trade union or other entity or organisation representing some or all of the employees seeking to organize or obtain recognition or representation rights. There is no labour strike, dispute, work slowdown or stoppage or similar industrial action being taken against the Bank or which is threatened or is pending or likely relating to the Merchant Acquiring Business;

(iv) no Transferred Employee has any agreement, save as disclosed in Schedule 6.8(a)(iv), which provides for a greater entitlement to length of notice or severance or long service payment in order to terminate his or her employment without giving rise to a claim for damages or compensation other than pursuant to the Security of Employment Policy (November 2006) as set out in Schedule 6.8(a)(iv);

(v) no former employee has to the Bank's Knowledge the right to return to work in the Merchant Acquiring Business;

(vi) except as set out in Schedule 6.8(a)(vi) no Transferred Employee is on secondment, maternity, paternity, parental, ill-health, injury or other leave or has been continuously absent from work for at least four weeks prior to the date of this Agreement;

(vii) No Transferred Employee has indicated or communicated his or her intention to resign or terminate his or her employment as a result of the transaction contemplated by this Agreement;

(viii) except as set out in Schedule 6.8(a)(viii) all of the Transferred Employees are wholly dedicated to the Merchant Acquiring Business and have been so dedicated throughout the 6 month period ending on the date of this Agreement;

(ix) except as set out in Schedule 6.8(a)(ix) there are no employees, contractors, consultants or other individuals employed or engaged by a party other than the Bank who are assigned to the Merchant Acquiring Business (whether in the United Kingdom or other jurisdictions) other than as set out in Schedule 6.8(a)(ix);

(x) there are no agreements or arrangements which entitle any Transferred Employee to resign or be deemed to have been dismissed or to a variation of contract or giving rise to breach of contract or to a payment or benefit as a result of the transfer of the Merchant Acquiring Business or the transaction contemplated by this Agreement;

(xi) except as set out in Schedule 6.8(a)(xi) to the Bank's Knowledge there are no employees reasonably required for the Merchant Acquiring Business who are not Transferred Employees;

(b) Schedule 6.8(b) sets out all the collective bargaining agreements being negotiated with respect to the Transferred Employees.

6.9 Employee Plans.

With respect to the Transferred Employees:

(a) The Bank has furnished to the Purchaser true, correct and complete copies of all of the Employee Plans and such Employee Plans are listed in Schedule 6.9(a).

(b) Except as described in Schedule 6.9(b), no commitments or promises to improve or otherwise amend any Employee Plan which applies to the Transferred Employees other than in the Ordinary Course have been made by the Bank.

(c) All employee data prepared and provided by the Bank to the Purchaser which relates to the Transferred Employees (other than data provided by the employees or any other third parties) shall be true and correct in all material respects as of the last working day of the previous calendar month prior to the date of delivery to the Purchaser and the Bank shall, as soon as reasonably practicable, notify the Purchaser of any material changes thereto which are within the Bank's Knowledge.

(d) Except as described in Schedule 6.9(d), the Employee Plans have been maintained in all material respects in compliance with their terms and with the requirements prescribed by Laws of the United Kingdom.

6.10 Umbrella Agreements.

The Merchant Agreements listed in Schedule 6.10 are part of larger master agreements and are the only Merchant Agreements that are not separate and independent agreements.

6.11 Compliance with Laws.

(a) Except as set out in Schedule 6.11(a), the Merchant Acquiring Business is not in violation of any Laws or any Association Rules or Clearing System Rules applicable to the Merchant Acquiring Business. Within the past 12 months preceding the date of this Agreement, except as set out in Schedule 6.11(a), the Bank has not in respect of the Merchant Acquiring Business received notice from any Card Association or Network Organization that the Bank or any Merchant is not in compliance with any Association Rules or Clearing System Rules and has not in respect of the Merchant Acquiring Business received notice of the assessment of any fines or penalties due from the Bank or any Merchant to a Card Association or Network Organization.

(b) Except as set out in Schedule 6.11(b), the Seller has complied with the provisions of all Laws and all returns, particulars, resolutions and other documents required under any Laws to be delivered on behalf of the Bank to any Governmental Entity in connection with the Merchant Acquiring Business have been properly made and delivered and the Seller has not received notification of the levy of any fine or penalty for non-compliance.

6.12 Authorizations.

(a) As of the date hereof and upon Completion, except as set out in Schedule 6.12(a) no Authorization or Consent is required to be obtained or made by or with respect to the Seller to authorize or consent to the execution, delivery or performance by the Seller of, or for the Seller to execute, deliver or perform, this Agreement, the Restructuring Agreements and the Operative Documents to which the Seller is or will be a party or the consummation of the transactions contemplated hereby or thereby.

(b) All Authorizations or Consents necessary for the conduct by the Bank of the Merchant Acquiring Business and for its respective legal and beneficial ownership of the Transferred Assets have been issued or granted to the Bank and all such Authorizations or Consents are in full force and effect.

(c) Except as set out in Schedule 6.12(c), upon Completion no Authorization or Consent will be required to be obtained or made by or with respect to the Joint Venture to authorize or consent to the execution, delivery or performance by the Joint Venture of, or for the Joint Venture to execute, deliver or perform, the Restructuring Agreements and the Operative Documents to which the Joint Venture will be a party or the consummation of the transactions contemplated

thereby or by this Agreement. Upon Completion, except as set out in Schedule 6.12(c), all Authorizations or Consents necessary for the conduct by the Joint Venture of the Merchant Acquiring Business and for the Joint Venture's legal and beneficial ownership of the Transferred Assets, including those enumerated in Section 9.4(a), will be issued or granted to the Joint Venture and all such Authorizations or Consents will be in full force and effect.

6.13 Material Adverse Effect.

Except as set out in Schedule 6.13, since the Financial Statement Date, there has not been any change in the operations or financial condition of the Merchant Acquiring Business and no event has occurred or circumstances exist which would result in a Material Adverse Effect.

6.14 Merchants and Merchant Agreements; Third Party Vendor Agreements.

(a) Schedule 6.14 (a) sets out a substantially true and correct list of all Merchants by Card Processing volume as of the Financial Statement Date detailing each Merchants' merchant account number, merchant classification code, calendar year 2007 Card processing volume, gross discount revenue and Interchange Fees paid for the 12 month period immediately preceding the Financial Statement Date. The updated Schedule 6.14(a) to be provided pursuant to Section 5.3 shall, when provided, be materially true and correct.

(b) All of the Key Accounts set out in Schedule 2 of the Marketing Alliance Agreement are subject to valid and binding written Merchant Agreements. To the Bank's Knowledge the number of Merchants who are not subject to valid and binding Merchant Agreements does not exceed 1% of all Merchants.

(c) Schedule 6.14(c) contains a true, accurate and complete copy of the current version of the standard form Merchant Agreement presently used by the Bank in the United Kingdom and a true, accurate and complete copy of each other version of the standard form Merchant Agreement used by the Bank in the United Kingdom during the last ten (10) years. All Merchant Agreements were created by the Bank in accordance with its then current customary credit review and acceptance criteria for the Merchant Acquiring Business, which in all cases were in compliance with any applicable rules and regulations of the Card Associations and the Network Organizations. Save in respect of the Key Accounts set out in Schedule 2 of the Marketing Alliance Agreement, none of the Merchant Agreements materially vary from the then current standard form**.**

(d) Except as set out in Schedule 6.14(d) which describes the names of the Merchants and the estimated annualized loss for calendar year 2007 for such Merchant relationship under the Merchant Acquiring Business, all Merchant Agreements provide for a merchant service charge for Credit Card Transactions and/or Debit Card Transactions which exceed Interchange Fees charged by the applicable Card Association.

(e) The Third Party Vendor Agreements set out in Schedule 6.14(e) are all of the vendor agreements, other than immaterial vendor agreements, executed by the Bank under which the Bank obtains goods and services related to the Merchant Acquiring Business. Schedule 6.14(e) accurately categorises the Third Party Vendor Agreements into the following categories: (i) Category 'A' Transferred Third Party Vendors Agreements, which will be transferred to the Joint Venture on or as soon as reasonably practicable following the Transfer Date in accordance with the provisions of the Hive Down Agreement; (ii) Category 'B' Retained Third Party Vendor Agreements which, in accordance with the provisions of the Hive Down Agreement, in each case, where required by the Joint Venture, will be transferred to the Joint Venture on or as soon as reasonably practicable following the Expiration of Service to which the relevant Retained Third Party Vendor Agreement relates; and (iii) Shared Third Party Vendor Agreements which, in accordance with the provisions of the Hive Down Agreement, will not be transferred to the Joint Venture but in relation to which the Bank shall, where required by the Joint Venture, in each case seek to obtain a contract in the name of the Joint Venture before the end of the Relevant Expiration of Service. There are no other third party vendor agreements the benefit of which is required by the Joint Venture to operate the Merchants Acquiring Business in substantially the same manner as the Bank operates the Merchant Acquiring Business prior to Completion.

(f) Schedule 6.14(f) part 1 sets out details of all software and software licenses to be transferred to the Joint Venture and Schedule 6.14(f) part 2 sets out details of all other software and software licenses used in the Merchant Acquiring Business which are not being transferred to the Joint Venture.

(g) Except as set out in Schedule 6.14(g) the Bank has received from each Level 1 Merchant (as defined by the Card Associations) a report on compliance (as required by the Card Association) that indicates that each such Merchant is PCI compliant.

6.15 Independent Sales Organization Agreements and Referral Agreements.

The parties with which the Bank entered into the agreements listed in Schedule 6.15 are the only independent sales organizations of the Bank relating to the Merchant Acquiring Business (the **"Independent Sales Organizations"**) and the only referral agreements of the Bank relating to the Merchant Acquiring Business (the "**Referral Agreements**"). The Bank has no outstanding obligations to make payments to any Independent Sales Organization or referral agent for referring, soliciting, or servicing any Merchant or for any other reason whatsoever, other than obligations in the Ordinary Course of the Merchant Acquiring Business and which are Retained Liabilities.

6.16 Taxes.

(a) Notwithstanding any other provision of this Agreement but subject to Section 4.4(c) and the operation of Section 9.10, all Taxation, for which the Joint Venture has been liable or is liable to account for or which arises by reference to any Event on or before Completion, has been duly paid including, for the avoidance of doubt, any Taxation for which the Joint Venture is liable to account for with respect to the Restructuring. The Purchaser shall have no liability for any Taxes arising out of the transaction pursuant to the Restructuring Agreements including the transfer to the Joint Venture of the Merchant Acquiring Business, or as a result of any other matter arising or accruing prior to Completion.

(b) The Joint Venture is a taxable person and is currently registered for the purposes of VAT as a member of the Bank VAT Group with VAT registration number GB 365684514.

(c) The Joint Venture (and prior to the completion of the Restructuring, the Bank with respect to the Merchant Acquiring Business and the Merchant Acquiring Assets) does not own or has not owned any assets which are capital items subject to the capital goods scheme under Part XV of the VAT Regulations 1995.

(d) The Bank has advanced, by way of a loan on demand of £100,000 to the Joint Venture on interest free terms which the Joint Venture is holding in a one month interest bearing deposit account.

(e) The Bank has contributed the Completion Assets and Merchant Acquiring Business, and will contribute on the Transfer Date, the Transfer Date Assets as described in and in accordance with the Hive Down Agreement.

(f) All notices, returns (including any land transaction returns), reports, accounts, computations, statements, assessments and registrations and any other necessary information submitted by the Joint Venture (and in relation solely to VAT prior to the completion of the Restructuring, the Bank with respect to the Merchant Acquiring Business, the Merchant Acquiring Services and the Merchant Acquiring Assets) to any Taxation Authority for the purposes of Taxation have been made on a proper basis, were submitted within applicable time limits, were accurate and complete when supplied and remain accurate and complete in all material respects. None of the above is, or is likely to be, the subject of any material dispute with any Taxation Authority.

(g) The Joint Venture (and in relation solely to VAT prior to the completion of the Restructuring, the Bank with respect to the Merchant Acquiring Business, the Merchant Acquiring Services and the Merchant Acquiring Assets), has within applicable time limits, maintained all records in relation to Taxation as they are required to maintain.

(h) The Joint Venture (and in relation solely to VAT prior to the completion of the Restructuring, the Bank with respect to the Merchant Acquiring Business, the Merchant Acquiring Services and the Merchant Acquiring Assets) is not involved in any dispute with any Taxation Authority and has not been subject to any visit, audit, investigation, discovery or access order by any Taxation Authority. To the Bank's Knowledge there are no circumstances existing which make it likely that a visit, audit, investigation, discovery or access order will be made in the next 24 months.

(i) Neither the execution nor Completion of this Agreement, nor any other event since the Financial Statements Date, will result in any asset which is part of the Merchant Acquiring Business or which is a Merchant Acquiring Asset

being deemed to have been disposed of and re-acquired for Taxation purposes under section 179 of TCGA 1992, paragraphs 58 or 60 of Schedule 29 to the Finance Act 2002, paragraph 12A of Schedule 9 to the Finance Act 1996, paragraph 30A of Schedule 29 to the Finance Act 2002, or as a result of any other event.

(j) Neither entering into this Agreement nor Completion will result in the withdrawal of any stamp duty or stamp duty land tax relief granted on or before Completion in respect of any asset which is part of the Merchant Acquiring Business.

(k) All instruments (other than those which have ceased to have a legal effect) executed by the Joint Venture or which relate to the Merchant Acquiring Business (and which are or were subject to stamp duty) have been duly stamped.

(l) Each of the Members who is a Member of Joint Venture before Completion has invested in its own right in the Joint Venture and does not and did not hold its Membership Units as a nominee or on behalf of another.

(m) If the Bank had disposed of each of its assets of the Merchant Acquiring Business which qualifies for capital allowances before the Restructuring for a consideration equal to their book value as shown in or adopted for the purposes of the last audited accounts of the Bank or for the value of consideration actually given on its original acquisition by the Bank, no balancing charge would arise in respect of any such asset under any legislation relating to capital allowance.

(n) for the purposes of stamp duty, the Transferred Assets do not include any stock, marketable securities or chargeable securities of any kind.

6.17 Conduct of Business in Ordinary Course.

Since the Financial Statement Date, the Merchant Acquiring Business has been carried on by the Bank in the Ordinary Course. Without limiting the generality of the foregoing, since the Financial Statement Date, the Bank has not:

(a) sold, transferred or otherwise disposed of any of the Merchant Acquiring Assets except for Merchant Acquiring Assets which are obsolete or have worn out in the Ordinary Course of the Merchant Acquiring Business, or which do not exceed £2,500 (or its equivalent), individually, or £50,000 (or its equivalent), in the aggregate;

(b) except as set out in Schedule 6.17(b), made any capital expenditure or commitment therefor for point-of-sale terminals used in connection with the Merchant Acquiring Business that exceeded £25,000 (or its equivalent), individually or £100,000 in the aggregate, and made any other capital expenditure or commitment therefor in respect of the Merchant Acquiring Business that exceeded £50,000 (or its equivalent), individually or £250,000 in the aggregate;

(c) except as set out in Schedule 6.17(c), discharged any secured or unsecured obligation or liability owed to the Bank (whether accrued, absolute, contingent or otherwise) relating exclusively to the Merchant Acquiring Business that exceeded £10,000 (or its equivalent), individually or £40,000 in the aggregate;

(d) increased its indebtedness for borrowed money or other indebtedness or made any loan or advance, or assumed, guaranteed or otherwise became liable with respect to the liabilities or obligation of any Person in connection with the Merchant Acquiring Business, which indebtedness or other liability will be assumed by the Joint Venture on or after the Completion Date;

(e) removed or transferred any Transferred Employee except as contemplated under the Operative Documents or as a result of termination of any employment for poor performance or misconduct or as a result of the voluntary resignation of any employee for any reason or the voluntary opt out of any employee from the transfer;

(f) except as set out in Schedule 6.17(f), written off as uncollectible any accounts receivable relating to the Merchant Acquiring Business that exceeded £25,000 (or its equivalent), individually, or £100,000 (or its equivalent) in the aggregate;

(g) except as set out in Schedule 6.17(g), , granted any increase in the rate of wages, salaries, bonuses, Employee Plans or other remuneration, compensation or benefit of Transferred Employees that exceeded 15%, individually, or 4.0% in the aggregate, of the total Transferred Employee costs of the Merchant Acquiring Business;

(h) except as set out in Schedule 6.17(h), suffered any loss or liability in respect of the Merchant Acquiring Business or any of the Merchant Acquiring Assets in excess of £25,000 (or its equivalent), individually, or £175,000 (or its equivalent) in the aggregate, whether or not covered by insurance;

(i) suffered any material shortage or any cessation or continued and non-routine interruption of inventory shipments, supplies or ordinary services in connection with the Merchant Acquiring Business to the Bank;

(j) cancelled or waived any claims or rights in connection with the Merchant Acquiring Business that exceeded £30,000 (or its equivalent), individually or in the aggregate;

(k) commenced, compromised or settled any litigation, proceeding or other governmental action relating to the Merchant Acquiring Business that exceeded £25,000 (or its equivalent), individually, or £100,000 (or its equivalent) in the aggregate;

(l) cancelled or reduced any of its insurance coverage on the Merchant Acquiring Business or any of the Merchant Acquiring Assets except in the Ordinary Course of the Merchant Acquiring Business;

(m) except as set out in Schedule 6.17(m) and for any closure in the Ordinary Course of the Merchant Acquiring Business (including closure as a result of ordinary system maintenance), permitted or failed to prevent any of its facilities or operating systems applicable to the Merchant Acquiring Business to be shut down for any period of time in excess of two hours, or permitted or failed to prevent any facility or operating system shutdown resulting in inability to authorize or process Card Transactions for a period of 120 consecutive minutes;

(n) made any change to methodology applied for calculating the revenues as reflected in the Financial Statements;

(o) authorized, agreed or otherwise committed contractually, whether or not in writing, to do any of the foregoing; or

(p) become aware that any event which relates to the Merchant Acquiring Business has occurred which would entitle any Person to terminate any Merchant Agreement, or Third Party Agreement which individually or in aggregate would have a material adverse effect on the Merchant Acquiring Business relative to either the Joint Venture's rolling twelve month earnings prior to the occurrence of the event or the Joint Venture's total asset value as stated in the accounts at the end of the month prior to the occurrence of the event.

6.18 Terminals.

(a) Schedule 6.18(a) lists all Terminals owned by the Bank and used in connection with the Merchant Acquiring Business.

(b) Schedule 6.18(b) lists the number of non-EMV compliant Terminals that will need to be upgraded or replaced.

6.19 Reserve Accounts.

All amounts held, and relating exclusively to the Merchant Acquiring Business, whether resulting from deferred crediting of the settlement amounts to the Merchants held by the Bank at the Effective Time or otherwise, as reserves for Chargebacks and Credit Losses accruing before the Effective Time and the other arrangements in each case as set out in Schedule 6.19 (collectively, the "**Reserve Accounts**") are the only security arrangements which relate exclusively to the Merchant Acquiring Business, currently in place. The Seller shall update Schedule 6.19 three Business Days prior to the Completion Date.

6.20 Chargebacks and Credit Losses.

The unreimbursed Chargebacks and Credit Losses for the Merchant Acquiring Business (including any unreimbursed Chargebacks and Credit Losses that are being subsidized or paid for by any division of the Bank outside of the Merchant Acquiring Business) have been appropriately estimated and accounted for and reflected in the Financial Statements set out in Schedule 6.5.

6.21 Joint Venture.

(a) Organization, Qualification, and Corporate Power. As of the Effective Time, the Joint Venture will:

(i) have been duly organized and validly existing under the Laws of England and Wales;

(ii) be duly qualified to conduct business under the Laws of each relevant jurisdiction where such qualification is required; and

(iii) have full corporate power and authority to carry on the Merchant Acquiring Business in the relevant jurisdiction and to own and use the Transferred Assets.

(b) Capitalization. As of the Effective Time:

(i) there will be no outstanding options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require the Joint Venture to issue, sell, or increase its Membership Units;

(ii) there will be no outstanding rights to exercise stock appreciation, phantom stock, profit participation or other equity ownership rights with respect to the Joint Venture;

(iii) the Seller has not entered into any voting trusts, proxies, or other agreements with any other Person with respect to the voting of the Membership Units; and

(iv) all of the Membership Units will be legally and beneficially owned by the Seller free and clear of all Encumbrances.

(c) No Violations. Except as set out in Schedule 6.21(c) the execution, delivery and performance by the Joint Venture of the Restructuring Agreements and the Operative Documents to which it is or will be a party or the consummation of the transaction contemplated hereby or thereby does not and will not (i) violate, conflict with, result in a breach of or constitute a default under (with or without notice or lapse of time or both) or require any Consent under any agreement, contract, instrument, indenture, mortgage or lease to which the Joint Venture is a party or by which its properties or assets are bound, (ii) constitute a violation by the Joint Venture of any applicable Laws, or require any Authorization from any Governmental Entity, (iii) violate the membership agreements between the Bank and the Card Associations or between the Bank and the Network Organizations, or require any Authorization from any such association or organization, (iv) violate, conflict with, or constitute a default entitling any other Person to exercise any rights under, any of the terms or provisions of its constitutional documents or by-laws, (v) violate any order, judgment, injunction or decree of any court, arbitrator, or Governmental Entity against or binding upon any of the Joint Venture or any of its properties or assets, or (vi) result in a breach of, or cause the termination or revocation of,

any Authorization or Consent held by the Bank or the Joint Venture which is necessary to the operation of the Merchant Acquiring Business or the ownership of the Transferred Assets, other than, in each of the preceding sub-sections (i) through (vi), such violations, conflicts, requirements, termination, revocation, breaches and defaults and exercises of rights as would not reasonably be expected to be, either individually or in the aggregate material or result in Losses to the Merchant Acquiring Business of £1,000,000 or more.

(d) No Subsidiaries. The Joint Venture does not (directly or indirectly) own, Control or have any investment in any Person, and there does not exist on the part of the Joint Venture (directly or indirectly) any commitment or obligation of any nature to acquire or make any investment or capital contribution in or to any Person.

(e) Card Associations. The Joint Venture shall not require any Consent or Authorization from any Card Association in relation to the immediate operation of the Merchant Acquiring Business following Completion.

6.22 Competition/Anti-Trust.

Except as set out in Schedule 6.22, none of the Seller's products, actions or contracts relating to the Merchant Acquiring Business in any material respect infringe or have in any material respect infringed any competition, anti-trust, restrictive trade practice, anti-trust, fair trading or any applicable consumer protection Law in any applicable jurisdiction in which the Bank or any Affiliate carries on, has carried on or in which the activities of the Bank or any Affiliate may have an effect, in each case in connection with the Merchant Acquiring Business.

6.23 Data Protection.

(a) The Seller is for the purpose of the Merchant Acquiring Business registered with the UK Information Commissioner.

(b) Except as set out in Schedule 6.23(b), all Merchant Acquiring Business Computer Systems that are used for the purpose of storing or using Personal Data for the Merchant Acquiring Business are located inside the EEA.

(c) Except as set out in Schedule 6.23(c), the Seller is not party to any agreement that requires the Bank to transfer Personal Data of the Merchant Acquiring Business to a third party or that requires a third party to transfer Personal Data of the Merchant Acquiring Business to the Bank. All such agreements are listed in Schedule 6.23(c) and are in compliance with the Data Protection Act 1998.

(d) In the last three years:

(i) the Seller has not received a written complaint or objection to its processing, collection, storage or use of Personal Data of the Merchant Acquiring Business;

(ii) the Seller has not been instructed by the UK Information Commissioner (nor by an equivalent body in any other jurisdiction) to change its processing, collection, storage or use of Personal Data of the Merchant Acquiring Business;

(iii) the processing, collection, storage and use of Personal Data of the Merchant Acquiring Business by the Seller has not been the subject of any proceedings (whether of a criminal, civil or administrative nature) in the United Kingdom or any equivalent proceedings in any other jurisdiction.

6.24 Solvency.

No order has been made, resolution passed, or to the Bank's Knowledge, petition presented for the winding up of the Seller and no meeting has been convened for the purpose of winding up the Seller. The Seller has not in respect of the Merchant Acquiring Business, to the Bank's Knowledge, been a party to any transaction which could be avoided in a winding up. The Seller is not insolvent, or unable to pay its debts within the meaning of the insolvency legislation applicable to the Seller and the Seller has not stopped paying its debts as they fall due. No event analogous to any of the foregoing has occurred in or outside the United Kingdom.

6.25 Insurances.

(a) Full particulars of all the insurance policies (including the limit and basis of cover under each policy and the amount of the applicable excess) in which the Seller has an interest in relation to the Merchant Acquiring Business and Transferred Assets (the "**Insurances**") together with a list of claims made under such Insurances in the last 5 years which exceed £100,000 per claim are listed in Schedule 6.25(a). In the reasonable opinion of the Bank the Insurances afford the Seller adequate cover.

(b) All the Insurances are in full force and effect and will be maintained in full force without alteration pending Completion. All premiums have been paid on time in accordance with any agreed payment plan. To the Bank's Knowledge there are no circumstances which might lead to any liability under any of the Insurances being avoided by the insurers or the premiums being increased. There is no claim outstanding under any of the Insurances nor is the Seller aware of any circumstances likely to give rise to such a claim or of any circumstances which might cause any of the insurers to refuse to renew any of them.

6.26 Trade.

(a) The Merchant Acquiring Business is in material compliance with the trading statement a copy of which is set out inSchedule 6.26(a).

(b) Except as set out in Schedule 6.26(b), neither the Bank nor any Affiliate, in respect of the Merchant Acquiring Business, has any business dealings either directly or indirectly involving any Persons or entities in Iran, Iraq, Libya, Sudan, Syria, Cuba or North Korea.

6.27 Confidential Information Warranties.

(a) The Seller has taken reasonable steps to protect its rights in its confidential information and any trade secret or confidential information of third parties used by or in relation to the Merchant Acquiring Business. This confidential information has not been disclosed to any third party other than in the ordinary course of business, nor to the Bank's Knowledge, unlawfully obtained by any third party.

(b) Where confidential information has been developed or acquired by the Seller in connection with the Merchant Acquiring Business in the 36-month period ending on the date of this Agreement, such confidential information (except insofar as it has fallen into the public domain through no act or omission of the Seller) has been kept strictly confidential and has not been disclosed other than subject to an obligation of confidentiality being imposed on the Person to whom the information was disclosed, and to the Bank's Knowledge, there has not been a breach of such confidentiality obligations owed to the Merchant Acquiring Business by any third party.

(c) The Seller is not in relation to the Merchant Acquiring Business a party to a confidentiality or other agreement or otherwise subject to any duty which restricts the free use or disclosure of confidential information relating to the Merchant Acquiring Business (other than confidential information belonging or relating to a third party).

6.28 Information Technology Warranties.

(a) Except as set out in Schedule 6.28(a), there are no material defects relating to any element of the Computer System (to the Bank's Knowledge), nor has the Computer System been affected by any defects or faults which have caused any material interruption to the Merchant Acquiring Business at any time during the 12 month period ending on the date of this Agreement.

(b) The Computer System has, at the date of this Agreement and will have at Completion the capacity and performance necessary to fulfill the present requirements of the Merchant Acquiring Business.

(c) The merchant processing systems and software currently used by the Bank in operating the Merchant Acquiring Business are operational for the purposes for which they are currently used, and have not experienced any material mechanical or software failure within the 180 day period prior to the date hereof.

(d) The Seller has taken steps necessary to ensure that reasonable disaster recovery procedures are in place with the intention that the Merchant Acquiring Business can continue in the event of a failure of the Computer System (whether due to natural disaster, power failure or otherwise).

(e) Except as set out in Schedule 6.28(e), the Seller has not encountered in relation to the Merchant Acquiring Business any material or persistent problems in relation to data compliance or as a result of any inability of any

hardware or software to accurately and correctly process data including any date or dates of any kind, whether being in the nature of an adverse effect on or inconvenience in the operation of such hardware and software systems.

(f) All records and information belonging to the Seller in relation to the Merchant Acquiring Business are in its exclusive possession, under its direct control and subject to unrestricted access to it.

(g) Notwithstanding the generality of the foregoing, where any of the records, systems, data or information of the Seller in connection with the Merchant Acquiring Business, including the accounting records, are stored, maintained or operated by or on, or are otherwise dependent on or accessible by computer or other electronic, photographic or mechanical means, the Seller in relation to the Merchant Acquiring Business has direct control of all equipment and hardware and software licenses necessary to enable it/them to store, maintain, operate or access such records, systems, data or information in the manner in which they have been stored, maintained, operated or accessed prior to the date of this Agreement and prior to the Completion Date.

(h) The Seller either owns or possesses licences (listed inSchedule 6.14(f)) for all software forming the Computer System, and there has been no breach of the terms of any such license which would entitle the relevant licensor to terminate the license.

ARTICLE 7

INDEMNIFICATION OF JOINT VENTURE

7.1 Deferred Membership Units.

The Seller undertakes to the Purchaser to satisfy any liability to the Joint Venture by contributing an amount equal to that which the Joint Venture would be entitled to recover pursuant to an indemnity by the Seller in favour of the Joint Venture indemnifying and holding harmless the Joint Venture from and against all Joint Venture Liabilities but subject to the limitations contained in Section 12 in return for such number of Deferred Membership Units as have the aggregate nominal value equal to the amount contributed by the Seller to the Joint Venture.

7.2 Joint Venture Liabilities.

(a) To the extent the Seller fails to make a contribution to 7.1 then subject to the limitations contained in Article 12 and without prejudice to the Purchaser's right to claim for breach of the Warranties, the Seller agrees to indemnify and hold harmless the Joint Venture from and against all Joint Venture Liabilities.

(b) Subject to the limitations contained in Article 12 and without prejudice to the Purchaser's rights to claim for a breach of Warranties, the Seller agrees to indemnify and hold harmless directors, officers, employees, Affiliates from and against all Joint Venture Liabilities.

ARTICLE 8

WARRANTIES OF THE PURCHASER

Subject to Article 12, the Purchaser warrants as follows to the Seller, effective as of the date hereof, and immediately prior to Completion:

8.1 Organization.

The Purchaser is a company incorporated under the Laws of England and Wales. The Purchaser has all requisite corporate power to own and carry on the Merchant Acquiring Business.

8.2 Authority.

The Purchaser has the corporate power and authority to enter into and perform its obligations under this Agreement and each of the Operative Documents to which it is or will be a party and to effect the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and each of the Operative Documents to which it is or will be a party have been approved by all requisite corporate action on the part of the Purchaser, and, assuming this Agreement constitutes the legally valid and binding obligation of the Seller, this Agreement constitutes (and each Operative Document to which it is or will be a party, when executed and delivered pursuant hereto, will constitute) a legally valid and binding obligation of the Purchaser, enforceable in accordance with its terms, subject only to any limitation under Laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally and the discretion that a court of competent jurisdiction may exercise in the granting of equitable remedies (whether considered in a proceeding in equity or at law).

8.3 No Violations.

Except as set forth on Schedule 8.3, the execution, delivery and performance by the Purchaser of this Agreement or the Operative Documents to which it is or will be a party does not and will not (i) violate, conflict with, result in a breach of or constitute a default under (with or without notice or lapse of time or both) or require any Consent under any agreement, indenture, mortgage or lease to which the Purchaser is a party or by which its properties are bound, (ii) constitute a violation by the Purchaser of any applicable Laws or require any Authorization from any Governmental Entity, (iii) violate any order, judgment, injunction or decree of any court, arbitrator, or Governmental Entity against or binding upon the Purchaser or any of its properties, (iv) result in a breach of, or cause the termination or revocation of, any Authorization or Consent held by the Purchaser which is necessary to the ownership of its properties or the operation of its businesses, or (v) violate, conflict with, or constitute a default entitling any other Person to exercise any rights under any of the terms or provisions of its deed of formation (or any governing or constitutional documents or their equivalent) of the Purchaser or any contracts or instruments to which the Purchaser is a party or pursuant to which any of the Purchaser's assets or properties is subject.

8.4 Authorizations and Consents.

Except as set forth on Schedule 8.4, no Authorization or Consent is required to be obtained or made by or with respect to the Purchaser to authorize the execution, delivery or performance by the Purchaser of, or for the Purchaser to execute, deliver or perform, this Agreement or the Operative Documents to which it is or will be a party or the consummation of the transactions contemplated hereby or thereby.

8.5 No Brokers' or Other Fees.

Except for payments which are to be met by the Purchaser (and which will not be recharged to the Joint Venture) , no broker, finder or investment banker is entitled to any fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Purchaser.

ARTICLE 9

PRE-COMPLETION COVENANTS

9.1 Conduct of Business Prior to Completion.

(a) In addition and without prejudice to Section 6.17, during the Interim Period, (and if, and only to the extent that, any Transferred Assets and any element of the Merchant Acquiring Business will not be transferred to the Joint Venture until the Transfer Date or a later date in accordance with the provisions of the Hive Down Agreement, to the Transfer Date or if later until such later time), the Bank shall conduct the Merchant Acquiring Business in the Ordinary Course except as required to give effect to the transactions contemplated hereby or by the Operative Documents.

(b) Without limiting the generality of Section 9.1(a), the Bank covenants that except (1) as otherwise contemplated by this Agreement or by the other Operative Documents, (2) as disclosed in Schedule 9.1(b), or (3) with the prior written consent of the Purchaser, from and after the date of this Agreement and until the Completion Date (and if, and only to the extent that, any Transferred Assets and any element of the Merchant Acquiring Business will not be transferred to the Joint Venture until the Transfer Date or a later date in accordance with the provisions of the Hive Down Agreement, to the Transfer Date in respect of any Transferred Assets and elements of the Merchant Acquiring business so affected or if later, until such later time), or earlier termination of this Agreement in accordance with the provisions of Article 11, the Bank shall with respect to the Merchant Acquiring Business:

(i) preserve intact the current business organization of the Merchant Acquiring Business, use reasonable endeavours to keep available the services of the Transferred Employees (save to the extent that the Transferred Employees voluntarily opt out of the transfer) and all other employees who provide services to the Merchant Acquiring Business, including but not limited to the IT Employees and the Key GSC Employees and use reasonable endeavours to maintain good relations with, and the goodwill of, suppliers, Merchants, customers, landlords, creditors, distributors and all other Persons having significant business relationships with the Bank in connection with the Merchant Acquiring Business;

(ii) notify the Purchaser of any change in the normal course of business or operations of the Merchant Acquiring Business and of any governmental, regulatory or other complaints, investigations or hearings of which the Bank is notified or aware, or the institution or settlement of litigation, arbitration or other proceedings, in each case, involving the Merchant Acquiring Business that exceeds £20,000, and keep the Purchaser reasonably informed of such events;

(iii) retain legal and beneficial ownership, possession and control of the Transferred Assets and preserve the confidentiality of any confidential or proprietary information of or relating to the Merchant Acquiring Business unless any disclosure is required by any applicable Laws, Association Rules, Clearing System Rules, Rules of any Stock Exchange or any Governmental Entity;

(iv) not enter into any transaction other than on arms' length terms and for full and proper consideration;

(v) not incur in relation to the Merchant Acquiring Business any capital expenditure in excess of £20,000.

(vi) not take for the purpose of financing the Merchant Acquiring Business any loans, borrowings or other form of funding or financial facility or assistance, or enter into any foreign exchange contracts, interest rate swaps, collars, guarantees or agreements or other interest rate instruments or any contracts or arrangements relating to derivatives or differences, or in respect of which the financial outcome is to any extent dependent upon future movements of an index or rate of currency exchange or interest, or in the future price of any securities or commodities;

(vii) not create or allow to subsist any Encumbrance over any of the Transferred Assets or over the Membership Units;

(viii) not enter into any joint venture, partnership or agreement or arrangement for the sharing of profits or assets in relation to the Merchant Acquiring Business;

(ix) not enter into any death, retirement, profit sharing, bonus, share option, share incentive or other scheme for the benefit of any of the employees of the Merchant Acquiring Business or make any variation (including but without limitation, any increase in the rates of contribution) to any existing scheme or effect any keyman insurance;

(x) save to the extent that any Transferred Employee voluntarily opts-out of the transfer, not terminate the employment of any of the employees of the Merchant Acquiring Business (including but not limited to the

Transferred Employees), except as contemplated under the Operative Documents or as a result of poor performance or misconduct, or, save at the request of the Purchaser, employ or engage in relation to the Merchant Acquiring Business any new employees or directors or alter the terms of employment of any directors or employees of the Merchant Acquiring Business (including but not limited to the Transferred Employees);

(xi) make all required Governmental Entity filings and notifications on time and in full.

9.2 Access to Books and Records; Investigations; Financial Statements.

(a) During the Interim Period, the Bank shall, upon reasonable request, afford to the Purchaser and its employees, accountants or other authorized representatives (upon reasonable notice and during business hours) access to any of the Bank's officers, employees and Books and Records relating to the Merchant Acquiring Business and the Joint Venture. In addition, the Bank shall allow the Purchaser to make copies and extracts from such Books and Records (at the Purchaser's expense), and the Bank shall furnish the Purchaser with all financial and operating data and other information with respect to the Merchant Acquiring Business and the Joint Venture (including information in contracts of the Bank to the extent that such information affects the operation of the Merchant Acquiring Business or the Joint Venture) as the Purchaser shall from time to time reasonably request. The Purchaser's rights under this Section 9.2(a) shall be subject to the Purchaser's Compliance with Security and Privacy Policies and Procedures of the Bank and any other reasonable restriction the Bank may place on such disclosure by reason of any non-disclosure letter of applicable Laws.

(b) If any warranty relating to the Financial Statements as set forth in Section 6.5 proves to be inaccurate when made at the date hereof or on the Completion Date and the Purchaser wishes to make a claim for breach within the period specified in Section 12.4, the following procedures shall apply:

(i) the Purchaser may by notice in writing to the Bank require that a senior executive officer or the equivalent of Global Payments and a senior executive manager or the equivalent of the Bank shall meet and negotiate in good faith with a view to agreeing a just and equitable basis upon which they shall proceed to Completion (if Completion has not occurred) or to reach a just and equitable resolution of the Purchaser's claim (if Completion has occurred). In conducting such negotiation, such persons shall act reasonably and shall use their reasonable endeavours taking into account the mutual interests of the Purchaser and the Seller to reach such an agreement. If agreement is reached, the Bank and the Purchaser shall proceed according to such agreement.

(ii) If agreement cannot be reached through the process set forth in the preceding paragraph within 60 days (or such longer period as may be agreed by the Bank and the Purchaser) after negotiation commenced, the Bank and the Purchaser shall be entitled to exercise all rights and remedies described herein.

(iii) For the avoidance of doubt, if the Purchaser does not give notice in writing to the Bank according to paragraph (b)(i) within the period specified in Section 12.4, the Purchaser shall not have the right to make any claim against the Seller for breach of the warranties contained in Section 6.5.

9.3 Actions to Satisfy Completion Conditions.

(a) The Seller agrees to take all such reasonable actions as are within its power to control and to use its reasonable endeavours to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Article 10.

(b) The Purchaser agrees to take all such reasonable actions as are within its power to control and use its reasonable endeavours to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Article 10.

9.4 Filings and Authorizations.

(a) Each of the Parties, as soon as reasonably practicable after the execution of this Agreement, shall (i) make, or cause to be made, all such filings and submissions under all Laws applicable to it, as may be required for it to consummate the Restructuring and the transfer of the Merchant Acquiring Business in accordance with the terms of this Agreement; (ii) use its reasonable endeavours to obtain, or cause to be obtained, all Authorizations or Consents required to be obtained by it in order to consummate the Restructuring and such transfer; (iii) use its reasonable endeavours to take, or cause to be taken, all other actions which are reasonably necessary in order for it to fulfill its obligations under this Agreement; and (iv) use its reasonable endeavours to obtain the Authorizations set forth in Section 10.3 and any other Consents or Authorizations that are required or appropriate in connection with the Restructuring and the other transactions contemplated in this Agreement. The Parties shall coordinate and cooperate with each other in exchanging such information and supplying such assistance as may be reasonably requested by each other in connection with the foregoing including providing each other with all notices and information supplied to or filed with any Governmental Entity (except for notices and information which the Seller or the Purchaser, in each case acting reasonably, considers highly confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Entity.

(b) The Parties shall timely file an application for review or notification (as applicable) under the Laws of any relevant jurisdiction that require such application or notification, and, as soon as reasonably practicable, furnish any additional information requested of it under such Laws. The Parties shall provide each other with all information that the Parties have in their possession or under their direction or control that may be required or useful in

connection with the applications or the notifications. The Parties shall keep each other reasonably informed as to the status of the proceedings related to the above applications and notifications, but shall be under no obligation to deliver copies of (i) any notices or information supplied or filed by either Party under such Laws or any correspondence with any Governmental Entity under such Laws, or (ii) any information relating to either Party or its activities whether of a confidential nature or in the public domain; provided, however, that each Party shall provide the other Party with copies of the applications and notifications, in draft form and containing only information relating to the other Party in order for the other Party to confirm that such information is consistent with information previously provided by it. Each Party shall make such filings on a confidential basis to the extent permitted by Laws and shall use its reasonable endeavours to keep confidential all notices, applications, information and correspondence contemplated by this Section 9.4(b).

9.5 Notice of Untrue Warranty.

The Seller shall, as soon as reasonably practicable, notify the Purchaser, and the Purchaser shall, as soon as reasonably practicable, notify the Seller, upon any warranty made by it or them contained in this Agreement or any other Operative Document becoming materially untrue or incorrect during the Interim Period in any respect. Any such notification shall set out particulars of the untrue or incorrect warranty and details of any actions being taken by the Seller or the Purchaser, as the case may be, to rectify that state of affairs. Such notice will not prejudice the ability to bring a claim against the Seller or the Purchaser, as the case may be, for breach of any warranty.

9.6 Exclusive Dealing.

During the Interim Period, the Bank shall not directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, any potential purchaser (other than the Purchaser) relating to the sale or assignment of the Merchant Acquiring Business, any of the Transferred Assets or any of the benefits or burdens of the Bank in connection therewith (other than as expressly permitted in this Agreement or in connection with point-of-sale terminal sales or rentals made in the Ordinary Course of the Merchant Acquiring Business).

9.7 Contacts with Employees, Merchants, Customers, Suppliers and Licensors.

Prior to Completion, the Purchaser and its representatives shall not contact or communicate with the Merchants, customers, suppliers and licensors of the Merchant Acquiring Business in connection with the transactions contemplated hereby without the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed and may be conditioned upon a representative of the Bank being present at any such meeting or conference. The communications by the Purchaser and its representatives with the Merchants, customers, suppliers and licensors of the Merchant Acquiring Business in connection with the Restructuring and the other transactions contemplated hereby and by the other Operative Documents shall be undertaken in a manner that is mutually agreed by the Bank and the Purchaser.

9.8 No Brokers' or Other Fees.

No broker, finder or investment banker is or will be entitled to any fee or commission in connection with the transactions contemplated hereby and by the Restructuring Agreements and the Joint Venture Agreements based upon arrangements made by or on behalf of the Seller which is payable by the Purchaser or the Joint Venture.

9.9 Employees.

With respect to the Transferred Employees, during the Interim Period and until the Transfer Date, the Bank undertakes:

(a) to act in compliance with all applicable laws respecting employment and employment practices and terms and conditions of employment (including complying with all obligations to inform and/or consult appropriate representatives and/or trade unions representing the Transferred Employees);

(b) not to engage in any labor practice in breach of any applicable laws;

(c) as soon as reasonably practicable after the Bank gains knowledge thereof, to notify the Purchaser of any labour practice complaint, dispute, grievance or arbitration or other proceeding brought or pending or, to the Bank's Knowledge, threatened against the Bank;

(d) as soon as reasonably practicable after the Bank gains knowledge thereof, to notify the Purchaser of any collective bargaining agreements (or other employee representation agreements) being negotiated with respect to, or, to the Bank's Knowledge, any trade union or other employee representation entity seeking to organize or represent any of the Transferred Employees;

(e) as soon as reasonably practicable after the Bank gains knowledge thereof, to notify the Purchaser of any labor strike, dispute, work slowdown or stoppage or similar industrial action pending or involving or, to the Bank's Knowledge, threatened against the Bank relating to the Merchant Acquiring Business;

(f) to ensure that all employee data prepared and provided by the Bank to the Purchaser which relate to the Transferred Employees (other than data provided by the employees or any other third parties) are true and correct in all material respects as of the last working day of the previous calendar month prior to the date of delivery to the Purchaser and ensure that the Bank has the applicable consents or permissions to provide such employee data to the Purchaser.

9.10 VAT De-Grouping.

(a) If it has not already done so at the date of this Agreement, the Bank shall make an application in the form and manner required by s.43B of the VATA and any legislation made additional or supplemental thereto to Her Majesty's Revenue and the Customs ("**HMRC**") for the Joint Venture to be removed from the Bank VAT Group with effect from a date no later than Completion; and

(i) the Bank shall provide the Purchaser with a copy of such application including the date from which the Joint Venture shall cease to be a member of the Bank VAT Group;

(ii) The Purchaser undertakes to and shall make an application in the form and manner required under the relevant provisions of the VATA and any legislation made additional or supplemental thereto for the Joint Venture to be added to the Purchaser's VAT group, such VAT group to take effect from a date no later than Completion (unless HMRC directs otherwise in which case Section 9.10(b) shall apply) and the Bank shall provide the Purchaser with all reasonable assistance (including access to any documents) in relation thereto;

(b) If for any reason HMRC determines that it will not remove the Joint Venture from the Bank VAT group, or that such removal shall take effect from a date after Completion then:

(i) the Bank shall send to the Purchaser a copy of such determination from HMRC;

(ii) Joint Venture shall pay to the Bank on demand a sum to be calculated by the Bank which is equal to all output VAT for which any member of the Bank VAT Group is or becomes liable as a result of the Joint Venture remaining in the Bank VAT Group for any period after Completion and for which the Joint Venture or the representative member of the Purchaser's VAT group would have been liable had the Joint Venture been removed from the Bank VAT Group at the date requested by the Bank and registered for VAT as described in Section 9.10(a)(ii) above, less a sum equal to any input VAT which the Bank receives from HMRC which is referable to any period after Completion and which is properly attributable to credit for input VAT to which the Joint Venture would have been entitled had the Joint Venture been removed from the Bank VAT Group at the date requested by the Bank and registered for VAT as described in 9.10(a)(ii) above.

(iii) where during any period after Completion the Joint Venture is found by HMRC to be liable pursuant to the provisions of s.43 (1) VATA for any sum in respect of VAT for which the representative member of the Bank VAT Group is primarily liable and which liability relates to a supply for VAT purposes made or deemed to be made prior to Completion, the Bank shall pay to the Joint Venture, a sum equal to the VAT for which it so liable.

ARTICLE 10

CONDITIONS TO COMPLETION

10.1 Conditions for the Benefit of the Purchaser.

The purchase of the Controlling Interest is subject to the following conditions to be fulfilled or performed at or prior to the Completion, which conditions are for the exclusive benefit of the Purchaser and may be waived in writing, in whole or in part, by the Purchaser in its sole and absolute discretion:

(a)

(i) Completion of Restructuring. The Restructuring shall have been completed.

(ii) Joint Venture Financing. The Bank shall have advanced, by way of a loan £100,000, held on one month deposit, to the Joint Venture on interest free terms which the Joint Venture shall hold in an interest bearing deposit account.

(b) Accuracy of Warranties. No fact or matter having occurred before Completion which would render any of the Seller Warranties untrue, inaccurate or misleading in any material respect when repeated at or immediately prior to Completion where (A) such breach of Seller Warranties (in aggregate) would have a material adverse impact on the value of the Merchant Acquiring Business or (B) such breach of Seller Warranties would in accordance with applicable Laws prevent the Purchaser from completing the purchase of the Controlling Interest;

(c) Performance of Covenants. The Seller shall have fulfilled or complied in all material respects with all covenants and agreements of the Seller contained in Article 9 hereof;

(d) No Material Adverse Effect. There shall have been no Material Adverse Effect on the Merchant Acquiring Business during the Interim Period;

(e) Satisfaction of Delivery Requirements. All of the conditions set forth in paragraph 1 of Schedule 4.3 to be satisfied by the Seller shall have been satisfied in full.

10.2 Conditions for the Benefit of the Seller.

The sale of the Controlling Interest is subject to the following condition(s) to be fulfilled or performed at or prior to Completion, which condition(s) are for the exclusive benefit of the Seller and may be waived, in whole or in part, by the Bank in its sole and absolute discretion:

(a) Satisfaction of Delivery Requirements. All of the conditions set forth in paragraph 2 of Schedule 4.3 to be satisfied by the Purchaser shall have been satisfied in full.

10.3 Conditions for the Benefit of All Parties.

The purchase and sale of the Controlling Interest is subject to the following terms and conditions to be fulfilled prior to Completion, which conditions are true conditions precedent:

(a) Designation of the Joint Venture as a Bank, Financial Institution or Financial Service Provider. The Seller, the Joint Venture, and the Purchaser shall not have received notice from any Governmental Entity that the Joint Venture will be considered a bank, financial institution, financial service provider or similar regulated entity under Laws in any Relevant Jurisdiction which would cause additional registration requirements or minimum capital contribution requirements that would otherwise not be required absent such designation.

ARTICLE 11

TERMINATION

11.1 Termination.

This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Completion:

(a) by the mutual consent of the Seller and the Purchaser;

(b) by the Purchaser, if:

(i) any fact or matter has occurred before Completion which would render any of the Seller Warranties untrue in any material respect when repeated at or immediately prior to Completion and (A) such breach of Seller Warranties (in aggregate) would have a material adverse impact on the value of the Merchant Acquiring Business or (B) such breach of Seller Warranties would in accordance with applicable Laws prevent the Purchaser from completing the purchase of the Controlling Interest; and

(ii) the Seller has not fulfilled or complied in all material respects with all covenants and agreements of the Seller contained in Article 9 hereof,

and such breach shall not have been cured (if capable of cure) within 30 days after receipt by the Seller of notice of such breach from the Purchaser, provided that the right to terminate this Agreement by the Purchaser under this Section 11.1(b) shall not be available to the Purchaser if the Purchaser is at that time in material breach of this Agreement;

(c) by the Seller, if:

(i) any fact or matter has occurred before Completion which would render any of the material Purchaser Warranties untrue in any material respect when repeated at or immediately prior to Completion and such breach of Purchaser Warranties (in aggregate) would have a material adverse impact on the ability of the Purchaser to consummate the transaction contemplated hereunder; and

(ii) the Purchaser has not fulfilled or complied in all material respects with all covenants and agreements of the Purchaser contained in Article 9 hereof,

and such breach shall not have been cured (if capable of cure) within 30 days after receipt by the Purchaser of notice of such breach from the Seller, provided that the right to terminate this Agreement by the Seller under this Section 11.1(c) shall not be available to the Seller if the Seller is at that time in material breach of this Agreement;

(d) by either the Purchaser or the Seller, if any court of competent jurisdiction or other Governmental Entity shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting, or denying an Authorization or Consent necessary for, the Completion, or the Restructuring, or the conduct of the Merchant Acquiring Business by the Joint Venture in a manner substantially similar to that carried on by the Bank as at the Completion Date.

(e) by either the Purchaser or the Seller in accordance with the provisions of Section 4.6(c) above.

11.2 Procedure and Effect of Termination; Extension of Interim Period.

(a) In the event of the termination of this Agreement and the abandonment of the transactions contemplated hereby by the Seller or the Purchaser pursuant to this Article 11, notice thereof shall forthwith be given to the other Party. If this Agreement is terminated and the transactions contemplated by this Agreement are abandoned as provided herein:

(i) each Party shall redeliver all documents, work papers and other materials of any other Party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the Party furnishing the same and shall not retain any copies by any means or medium; and

(ii) any confidentiality provisions of this Agreement which survive termination of this Agreement shall continue in full force and effect.

(b) Any termination of this Agreement shall not affect the then accrued rights and obligations of the Parties (including the right to damages for the breach, if any, giving rise to the termination and any other pre-termination breach by any of the Parties).

(c) If the Parties do not anticipate that Completion will occur by the date falling one year after the date of this Agreement, the Parties shall negotiate in good faith to extend the Interim Period for such period as the Parties may agree, failing which the issue of the extension of the Interim Period and timing for Completion may be referred to a committee comprised of the chief executive

officer or chief operating officer of GPN and a senior executive of HSBC (being a person with a management of grade 3 or higher). Such committee members shall use their reasonable endeavours to negotiate in good faith taking into account the Seller's and the Purchaser's mutual interests to reach a just and equitable proposed resolution to the matter within 60 days after such referral. Failing resolution this Agreement shall be terminated in accordance with the provisions of Section 11.1.

11.3 Exclusivity.

If this Agreement is terminated by the Purchaser pursuant to Section 11.1(b), the Bank agrees that it shall not, and it shall cause all its Affiliates, directors, officers, employees, agents, accountants, consultants, financial advisors, counsel and representatives not to, directly or indirectly, solicit or accept any contact, enter into any discussions or negotiations, or enter into any binding or non-binding contracts, commitments, arrangements, agreements or understandings, with any third parties with respect to any Alternate Transaction during the 9 month period after the termination of this Agreement by the Purchaser pursuant to Section 11.1(b). As used in this Section 11.3, an "**Alternate Transaction**" means any contract, commitment, arrangement, agreement, understanding or other transaction by the Bank, directly or indirectly, with any third party involving (i) the transfer, in whole or in part, of the Merchant Acquiring Business, (ii) the entering into of service or similar agreements with respect to the Merchant Acquiring Business or any part thereof, or (iii) any other transaction or series of transactions (or discussions or negotiations in respect thereof) with respect to the Merchant Acquiring Business or any part thereof which has substantially similar economic effects to any of the transactions contemplated by this Agreement.

11.4 Liquidated Damages.

(a) If this Agreement is terminated by the Purchaser pursuant to Section 11.1(b) (the "**Non-Breaching Party**") due to a breach by the Seller (the "**Breaching Party**") as described in Section 11.1(b), the Bank shall be liable to pay the amount of US$3,000,000 to the Purchaser, on demand, in consideration of its efforts in connection with the transactions contemplated hereby, as liquidated damages for any and all damages or expenses that the Purchaser may have incurred in connection herewith. The Purchaser hereby waives any further claims against the Seller for all such damages or expenses including any claims for breach of warranty.

(b) If this Agreement is terminated by the Seller pursuant to Section 11.1(c) (the "**Non-Breaching Party**") due to a breach by the Purchaser (the "**Breaching Party**") as described in Section 11.1(c), the Purchaser shall be liable to pay the amount of US$6,000,000 to the Seller, on demand, in consideration of its efforts in connection with the transactions contemplated hereby, as liquidated damages for any and all damages or expenses that the Seller may have incurred in connection herewith, and the Seller hereby waives any further claims against the Purchaser for all such damages or expenses including any claims for breach of warranty.

(c) If this Agreement is terminated by the Purchaser pursuant to Section 11.1(b) and, within the 9 month period thereafter, the Bank breaches its obligations under Section 11.3, then the Bank shall be liable to pay the amount of US$3,000,000 to the Purchaser, on demand, as liquidated damages for any and all damages or expenses occasioned by such breach, and the Purchaser hereby waives any further claims against any of the Seller for all such damages or expenses including any claims for breach of warranty.

(d) The Parties have agreed that the liquidated damages set forth in the preceding paragraphs are a genuine pre-estimate of the Loss which the Non-Breaching Party is likely to suffer as a result of termination of this Agreement due to a breach of the Breaching Party as described in Section 11.1(b) or (c) or 11.3, as the case may be, in view of the practical difficulties of calculating such damages and expenses in the absence of agreement of the Parties.

11.5 Other Remedies.

Except as specifically provided in Section 11.4 with respect to liquidated damages, (i) each Party's right of termination under this Article 11 is in addition to and shall not exclude or restrict any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination shall not be an election of remedies, and (ii) nothing in Article 11 shall limit or affect any other rights or causes of action the Purchaser or the Seller may have with respect to the warranties, covenants and indemnities in its or their favor contained in this Agreement.

ARTICLE 12

LIMITATIONS

12.1 Application of this Article.

The provisions of this Article 12 apply notwithstanding, and in priority to, any other provision of this Agreement.

12.2 Taxation.

The Seller shall only be liable to the Purchaser in relation to Claims in respect of Tax or Tax matters pursuant to a Claim under Section 6.16 and/or in accordance with Section 9.10. and/or Section 14(1)(c).

12.3 Financial Liability.

(a) The maximum liability of the Seller for all Claims will not exceed the Purchase Price.

(b) The Seller will not be liable for any Claim unless the aggregate liability for all Claims, following application of the other provisions of this Article 12, exceeds $500,000 in which case the Seller will, subject to the other provisions of this Article 12, be liable for the whole of such amounts and not merely the excess. This Section 12.3(b) shall not apply to limit the Seller's liability under Section 5.4, 14(1)(c) or 9.10(b)(iii) or where liability arises by reference to any VAT payable in respect of the contribution of Transferred Assets pursuant to the Hive Down Agreement.

12.4 Time Limits.

(a) The Seller will not be liable for any Claim unless the Purchaser serves notice of the Claim on the Seller (specifying in reasonable detail the nature of the Claim and, so far as is practicable, the amount claimed in respect of it) as soon as reasonably practicable and in any event within 25 Business Days after becoming aware of the matter, provided, however, that the failure to provide notice as provided herein shall relieve the Seller of its obligations hereunder only to the extent that such failure prejudices the Seller.

(b) The Seller will cease to be liable:

(i) for any Claim under Section 6.16 not notified to the Seller prior to the date falling 7 years and 3 months from Completion;

(ii) for any claim under the Warranties set out in Sections 6.2(Authority), 6.6(a) (Ownership of Transferred Assets) and 6.21(a), (b) and (d) (Joint Venture) not notified to the Seller prior to the date falling 5 years from Completion; and

(iii) for any other Claim not notified to the Seller prior to 31 July 2010.

A Claim notified in accordance with this Section 12.4 and not satisfied, settled or withdrawn will be unenforceable against the Seller on the expiry of the period of 24 months in respect of a Claim under Section 6.16, 14.1(c) or 9.10 or 9 months in respect of any other Claim, starting on the day of notification of the Claim, unless proceedings (including particulars of claim) in respect of such Claim have been both issued and validly served on the Seller within that period. The Purchaser will not be prevented by:

(A) Section 12.7(c)(vi) from notifying pursuant to this Section 12.4 a contingent or unquantifiable Claim.

(B) Section 12.14 from notifying pursuant to this Section 12.4 any Claim to which the Joint Venture has the right to reimbursement or restitution pursuant to the Operative Documents,

if any such Claim is notified within the applicable time limit in this Section 12.3 then the 24 month or 9 month period (as the case may be) detailed above will commence on the day that Section 12.7(c)(vi) or Section 12.14 (as the case may be) ceases to prevent the Purchaser from taking any further steps to pursue such Claim.

(c) The Purchaser shall cease to be liable for any claim under the Purchaser Warranties not notified to the Purchaser prior to the date falling 5 years from Completion.

12.5 Rights to information.

If any Party gives notice of a claim under the Warranties, that Party shall, and shall ensure that the Joint Venture shall (a) allow the other Party's duly authorised representatives and professional advisers access for the purposes of the relevant claim or Third Party Claim to its premises and personnel and the premises and personnel of the Joint Venture, and to any of its relevant records and information or the relevant records and information of the Joint Venture, (other than records or other information which would be subject to legal privilege), and permit the other Party and those representatives and advisers to make copies (at their own cost) of those records and information; and (b) if so requested by the other Party, procure at the cost of that Party that the auditors of the Joint Venture at the relevant time(s) grant to the firm of accountants appointed by that Party access to their audit working papers in respect of audits of the Joint Venture accounts for any relevant financial year in connection with the relevant claim or Third Party Claim. Access under this Section 12.5 may be required only at reasonable times during normal business hours and on reasonable notice and will be subject to the Party seeking access to information giving such undertakings as to confidentiality as the other Party may reasonably require and, in the case of access to the auditors' working papers, to the appointed accountants signing such letters holding the auditors harmless as the auditors may reasonably require.

12.6 Purchaser's knowledge.

(a) Subject only to the provisions of Section 12.6 (b) below, no Warranty made by the Seller in this Agreement shall be deemed in any way modified or discharged by reason of any investigation or inquiry made or to be made by or on behalf of the Purchaser. Subject only to the provisions of Section 12.6 (b) below, for the purpose of determining the Seller's liability hereunder in respect of any Warranty, the Purchaser shall not be deemed to have knowledge of any matter relating to the subject matter of that Warranty unless disclosure in accordance with Section 4.4 is made by the Seller specifically in connection with that matter in the relevant Disclosure Schedule.

(b) The Purchaser undertakes to the Seller that it has no actual knowledge (having made enquiry of Suellyn Tornay, Jeff Baker, Jim Kelly, Manning Smith and Mac Schuessler) of any fact, matter or circumstance which constitutes or may constitute a breach of any of the Seller Warranties and/or may give rise to a Claim and to the extent that any breach or Claim arises out of or in connection with any fact, matter or circumstance which is within such actual knowledge of the Purchaser the Seller will not be liable for and the Purchaser waives and releases that Claim.

12.7 General limitations.

The Seller will not be liable for any Claim and accordingly no Claim may be brought to the extent that: (a) the Purchaser or Joint Venture or any member of the Purchaser's Group actually recovers any loss or damage under the terms of any insurance policy for the time being in force; (b) specific provision therefore was made in the Financial Statements; (c) the Claim arises wholly or partly out of or in connection with, or the amount of the Claim is increased by (i) any voluntary act, omission, transaction or

arrangement carried out by, at the request of or with the written approval of the Purchaser or the Purchaser's Group before or at Completion; (ii) any voluntary act, omission, transaction or arrangement of the Purchaser or any member of the Purchaser's Group or any of their respective officers, employees, agents or successors in title, or (to the extent under the exclusive control or direction of the Purchaser) the Joint Venture after Completion (iii) any breach by the Purchaser of any of its obligations under this Agreement or any other Operative Document; (iv) any passing of or change in any statutory or other binding or advisory legislative or regulatory provision or a change in the interpretation of law (whether or not as a result of case law) after the date of this Agreement (which has not been publicly announced at the date of this Agreement and which has retrospective effect); (v) any change in the rate of Taxation or any imposition of any Taxation or change in the practice of, or concession operated by, any Taxation Authority which is not in force at the date of this Agreement (which has not been publicly announced at the date of this Agreement and which has retrospective effect); (vi) the loss or liability suffered or incurred by the Purchaser to which the Claim relates is contingent, future or unascertainable and no Claim may be brought for such loss or liability until the Purchaser actually suffers the loss or incurs the liability in question. Sub-Sections (a), (b), (c)(iv) and (c)(v) of this Section 12.7 shall not apply to limit the Seller's liability under Section 14(1)(c) or 9.10(b)(iii) or where liability arises by reference to any VAT payable in respect of the contribution of Transferred Assets pursuant to the Hive Down Agreement.

12.8 Right to Remedy.

A breach of any of the Seller Warranties which is capable of remedy will not entitle the Purchaser to compensation unless and to the extent that such breach has not been remedied by the Seller within 30 Business Days after the date of service of the notice of the Claim.

12.9 Subsequent recovery from third party.

The Purchaser shall reimburse the Seller forthwith an amount equal to any sum paid by the Seller in respect of any Claim which is subsequently recovered by or paid to the Purchaser or the Joint Venture by any third party in respect of the matter giving rise to the Claim (less any Expenses incurred in making such recovery).

12.10 Claims against third party.

Where the Purchaser or Joint Venture or any member of the Purchaser's Group may be entitled (whether by reason of insurance, payment, discount, credit, relief or otherwise) to recover from a third party any sum for any damage or liability which is or could be the subject of a Claim (a "**Third Party Recovery**"), the Purchaser: (a) shall notify the Seller of the Third Party Recovery within 25 Business Days of the Purchaser or any member of the Purchaser's Group becoming aware that it may be entitled to make the Third Party Recovery, and in any event prior to taking any material step to enforce, compromise, settle or waive any right in relation to that Third Party Recovery; (b) shall provide the Seller with such information as the Seller may reasonably require relating to the Third Party Recovery and shall keep the Seller reasonably informed of any material development in the conduct of the Third Party Recovery;(c) shall not (and shall procure that the Joint Venture (so far as the Purchaser is reasonably able to do so) and each member of the Purchaser's Group do

not) compromise, settle or waive any right in relation to that Third Party Recovery without the written consent of the Seller; and (d) shall, following written acknowledgment by the Seller that it is liable for such Claim pursuant to the terms of this Agreement and subject to the Seller paying the Purchaser's Expenses first take steps or procure that the relevant member of the Purchaser's Group first takes steps (including the commencement and prosecution of proceedings) to enforce such Third Party Recovery as the Seller may reasonably require before taking any steps (other than the notification of the Claim under Section 12.3) to pursue the Claim against the Seller. Following written acknowledgment by the Seller that it is liable for such Claim pursuant to the terms of this Agreement and the Seller paying the Purchaser's Expenses incurred for such procurement, the Purchaser shall, at the Seller's request, use commercially reasonable endeavours to procure that the Seller is placed in a position to take over the conduct of all negotiations and proceedings arising in relation to the Third Party Recovery following which the Seller shall not be liable for any legal costs or other expense subsequently incurred by the Joint Venture, the Purchaser or any member of the Purchaser's Group in connection with the conduct of the Recovery. Any Claim will be limited (in addition to the other limitations on the Seller's liability referred to in this Article 12) to the amount by which the loss or damage suffered by the Purchaser as a result of such breach exceeds the amount (if any) so recovered by way of the Third Party Recovery and the Purchaser shall pay over to the Seller all amounts recovered up to the amount of the relevant Claim previously discharged by the Seller, if any. The Seller will not be liable to the Purchaser only to the extent that any Claim arises or is increased by the failure of the Purchaser to comply with its obligations under this Section 12.10.

12.11 Claims by third parties.

If grounds for any Claim arise as a result of, or in connection with any claim by, or alleged liability to, a third party ("**Third Party Claim**"), the Purchaser: (a) shall notify the Seller of the Third Party Claim as soon as reasonably practicable and in any event: (i) within 25 Business Days of the Purchaser becoming aware of the Third Party Claim, and (ii) prior to taking any material step to defend the Third Party Claim or to compromise, settle or waive any right in relation to the Third Party Claim; (b) shall provide the Seller with such information as the Seller may reasonably require relating to the Third Party Claim and shall keep the Seller reasonably informed of any material development in the conduct of the Third Party Claim; (c) shall not (and shall procure that the Joint Venture, the Purchaser and each member of the Purchaser's Group do not) compromise, settle or waive any right or admit any liability in relation to that Third Party Claim without the written consent of the Seller; and (d) shall, following written acknowledgment by the Seller that it is liable for such Claim pursuant to the terms of this Agreement and subject to the Seller paying the Purchaser's Expenses promptly: (i) take, and procure that the Joint Venture, the Purchaser and each member of the Purchaser's Group take, such action as the Seller may reasonably request to avoid, dispute, resist, appeal, defend or compromise the Third Party Claim; and (ii) use its reasonable endeavours to procure that the Seller is placed in a position to take over the conduct of all negotiations and proceedings arising in connection with the Third Party Claim following which the Seller shall not be liable for any legal costs or other expense subsequently incurred by the Joint Venture, the Purchaser or any member of the Purchaser's Group in connection with the defence of the Third Party Claim. The Seller will not be liable to the Purchaser only to the extent that any Claim arises or is increased by the failure of the Purchaser to comply with its obligations under this Section 12.11.

12.12 Duty to mitigate.

Nothing in this Agreement will be deemed to relieve the Purchaser from its common law duty to mitigate its loss.

12.13 No double recovery.

Neither the Purchaser nor any member of the Purchaser's Group will be entitled to recover damages or any other amount in respect of any Claim or otherwise obtain reimbursement or restitution in respect of a matter, loss or liability to the extent the Purchaser or any member of the Purchaser's Group has previously recovered in respect of the same matter, loss or liability pursuant to the provisions of any of the Operative Documents. Neither the Purchaser nor any member of the Purchaser's Group will be entitled to recover damages or any other amount in respect of any Claim or otherwise obtain reimbursement or restitution in respect of a matter, loss or liability to the extent that (i) the Seller has made a contribution to the Joint Venture in accordance with Section 7.1; or failing that (ii) the Joint Venture has been indemnified for that matter loss or liability pursuant to the provision of Section 7.2; or (iii) the Joint Venture has previously recovered in each case in respect of the same matter, loss or liability pursuant to the provisions of any of the Operative Documents. The Joint Venture will not be entitled to any contribution by the Seller pursuant to Section 7.1 or any indemnification pursuant to the provisions of Section 7.2 to the extent that the Purchaser or any member of the Purchaser's Group has recovered damages or any other amount in respect of any Claim or otherwise obtained reimbursement or restitution in respect of the same matter, loss or liability pursuant to the terms of any of the Operative Documents.

12.14 Operative Documents.

To the extent that the Joint Venture has the right to reimbursement or restitution in respect of a matter, loss or liability pursuant to the provisions of any of the Operative Documents (excluding the Purchase Agreement) including but not limited to clause 14 of the Hive Down Agreement the Purchaser shall (so far as it is able) procure that the Joint Venture shall seek to obtain reimbursement or restitution in respect of such matter, loss or liability pursuant to the provisions of the relevant Operative Documents (excluding the Purchase Agreement) before any Claim may be brought pursuant to the terms of this Agreement. For the avoidance of doubt, the operation of this Section 12.14 shall not result in the Joint Venture's or the Purchaser's right of recovery being limited by any limitations on liability or recovery contained in any Operative Documents if such amounts would have been recoverable from the Seller pursuant to the terms of this Agreement.

12.15 No reliance on statements.

The Purchaser shall not make any claim against the Seller in respect of any warranty, representation, indemnity, covenant, undertaking or otherwise arising out of or in connection with the sale of the Controlling Interest except where it is expressly contained in this Agreement. The Purchaser confirms that it has not relied upon or been induced to enter into this Agreement by any warranty, representation, indemnity, covenant or undertaking given by any person which is not expressly contained in this Agreement.

12.16 Reduction in Consideration.

Any payment made by the Seller to the Purchaser in respect of any Claim will, to the extent possible, take effect as a reduction in the Purchase Price.

12.17 Waiver of Claims Against Employees.

The Seller hereby fully and absolutely waives, to the extent permitted by Laws, any and all rights and claims which it might otherwise have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by any of the officers or employees of the Seller or the Joint Venture in enabling the Sellers to give the Seller Warranties or to prepare the Disclosure Schedules.

ARTICLE 13

POST-COMPLETION COVENANTS

13.1 Further Assurances.

On and after the Completion Date, each Party shall give such further assurances to the other Party and execute, acknowledge and deliver all such acknowledgements and other instruments and take such further actions as may be reasonably necessary or appropriate to effectuate the transactions contemplated by this Agreement and the other Operative Documents, including the transfer of the Controlling Interest to the Purchaser the transfer of the Merchant Acquiring Business to the Joint Venture, and the completion of the Restructuring.

13.2 Matters relating to Applicable Sales Taxes and VAT.

After Completion, each of the Bank and the Purchaser shall use their respective commercially reasonable efforts (by providing relevant guidance, expertise, advice and support) to assist the Joint Venture:

(a) should the Joint Venture choose to seek a ruling from HMRC that the supplies which it provides are properly exempt from VAT under any current or proposed legislation concerning VAT; and

(b) in the event that HMRC determine that in their view VAT is in fact chargeable on the relevant services to be supplied by the Joint Venture, in the contestation of the ruling to the extent agreed between the parties,

provided always that, nothing in this clause shall oblige the Bank or the Purchaser to take or omit to take any action which it believes in its absolute discretion, to be materially prejudicial to the interests of its business or the interests of any member of the Bank VAT Group or the Purchaser's VAT group.

ARTICLE 14

MISCELLANEOUS

14.1 Expenses.

(a) The expenses associated with the creation of HSBC Merchant Services LLP and the subsequent transfer of the Merchant Acquiring Assets to the Joint Venture and the Hive Down Agreement shall be borne exclusively by the Bank. In any other case, except as otherwise specifically provided in this Agreement, each Party shall pay its own costs and expenses in connection with this Agreement and the transactions contemplated hereby, including its own attorney's fees, accounting fees and other expenses. For the avoidance of doubt, any Taxes recovered by any Party or the Joint Venture shall be reimbursed to the relevant Party which has paid for the relevant Taxes as part of the expenses of the Restructuring.

(b) The Purchaser shall pay any U.K. stamp duty, stamp duty reserve tax, and stamp duty land tax (if any) payable in respect of the purchase of the Controlling Interest under this Agreement.

(c) The Bank undertakes and acknowledges that it will settle any liability to SDLT of the Joint Venture arising in respect of the entering into by the Joint Venture of the Property Agreements.

14.2 Notices.

All notices, demands and other communications hereunder shall be in writing, and shall be delivered in person, sent by post (return receipt requested), sent via commercial courier or sent via facsimile (provided that the sending Party has automatically generated confirmation that the entire facsimile was actually received by the receiving Party and the receiving party has provided voice confirmation of receipt) to the Parties at their respective addresses and facsimile numbers below:

(i) If to the Seller, to:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Attention: Head of Commercial Cards
Facsimile: +44 (0)20 7991 4660
Telephone: +44 (0)20 7992 1844

With a copy to:

William James
Addleshaw Goddard LLP
150 Aldersgate Street
London EC1A 4EJ

Facsimile: +44 (0)20 7606 4390
Telephone: +44 (0)20 7880 5771

(ii) If to the Purchaser, to:

Global Payments U.K. LTD.
c/o Global Payments Inc.
10 Glenlake Parkway
North Tower
Atlanta, Georgia 30328
United States of America

Attention: General Counsel
Facsimile: +1-770-829-8265
Telephone: +1-770-829-8250

With a copy to:

Mark Thompson
King & Spalding International LLP
25 Cannon Street
London EC4M 5SE

Facsimile: +44(0)20 7551 7575
Telephone +44(0)20 7551 7500

The persons, addresses or facsimile numbers to which mailings or deliveries shall be made may be changed from time to time by notice given pursuant to the provisions of this Section 14.2. Any notice, demand or other communication given pursuant to the provisions of this Section 14.2 shall be deemed to have been given on the date actually delivered.

14.3 Third Party Beneficiaries.

(a) Save as provided in Section 14.3(b), no Person who is not a party to this Agreement shall have any right to enforce any term of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

(b) The Joint Venture may enforce the provisions of Section 7.2.

14.4 Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement and all rights, privileges, duties and obligations of the Parties may not be assigned, transferred or otherwise disposed of, in whole or part, by either Party without the prior written Consent of the other Party, which Consent shall not be unreasonably withheld or delayed; provided, however, that no such Consent shall be required (i) for the assignment or delegation by any Party of any of its rights, privileges, duties and obligations hereunder to an Affiliate of such Party or (ii) for the assignment or

delegation by any Party of any of its rights, privileges, duties and obligations hereunder to any Person into or with which the assigning or delegating Party shall merge or consolidate or to which the assigning or delegating Party shall sell all or substantially all its assets. In the event of an assignment or delegation as contemplated by subsection (i) or (ii) above, the assigning or delegating Party shall provide the other Party with notice thereof as soon as reasonably practicable thereafter. Neither an assignment or delegation under this Section 14.4 nor the Consent of a Party to an assignment or delegation by the other Party under this Section 14.4 shall (i) directly or indirectly relieve that Party of any of its obligations under this Agreement or any of the other Operative Documents arising prior to such assignment or delegation; or (ii) constitute either of the other Parties' Consent to further assignment or delegation. If, at any time following an assignment or delegation to an Affiliate under sub-Section (i), the assignee or delegate ceases to be an Affiliate of the assigning or delegating Party, the assigning or delegating Party shall procure that the assignee or delegate shall forthwith transfer back to the relevant Party the relevant right, privilege, duty or obligation. If there is an assignment or encumbrance by a Party as permitted by this Section 14.4, the amount of loss or damage recoverable by the assignee or encumbrancer will be calculated as if that Person had been originally named as a party to this Agreement.

14.5 Amendments and Waivers.

(a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Party herefrom, shall be effective unless the same shall be in writing and signed by the Party sought to be bound thereby, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No amendment, modification or alteration of the provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the authorized representative of each of the Parties.

(b) No failure or delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

14.6 Severability of Provisions.

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Law, but if any provision of this Agreement is held to be prohibited by or invalid under Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. In such an event, the Parties shall use good faith endeavours to re-negotiate any such provision in an effort to retain the spirit and intent of the original provision.

14.7 Counterparts.

This Agreement may be executed by the Parties in one or more counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

14.8 Joint Announcement; Confidentiality.

(a) No press release or other written public announcement (other than one containing public disclosures required by Law or the rules or regulations of any Stock Exchange applicable to the relevant Party or any of its Affiliates which is listed on the Stock Exchange) on any matter concerning or connected to the transactions contemplated by the Operative Documents or the terms and conditions of the Operative Documents or any matter ancillary thereto shall be made by any Party without the prior written approval of all Parties (such approval not to be unreasonably withheld). So far as reasonably practicable, the Parties shall consult as to the content, manner of making, and timing of any such press release or other written public announcement (whether one made with the approval of the Parties or one required by Law or the rules or regulations of any applicable Stock Exchange) and each Party shall comply with such requests in respect thereof as a Party shall reasonably make. Notwithstanding the foregoing and subject to the confidentiality provisions set out in any of the Operative Documents, nothing herein shall prevent any Party from disclosing, either publicly or otherwise, (i) any information which has been previously disclosed pursuant to a mutually agreed press release or other mutually agreed written public announcement or which has been approved for disclosure by the other Parties, or (ii) any information which is or has come into the public domain other than as a result of a breach of this Section 14.8.

(b) (Subject to each Party's ability to make any public disclosures required by Law and by the rules or regulations of any Stock Exchange applicable to the relevant Party or any of its Affiliates which is listed on a Stock Exchange, the Parties shall use commercially reasonable endeavours to avoid publicly disclosing any sensitive commercial information concerning the transactions contemplated by the Operative Documents or the terms and conditions thereof.

(c) Each of the Parties shall treat as confidential the Bank Data or the Purchaser Data, as appropriate, which come into its possession in the course of negotiating or performing this Agreement, and shall use the Bank Data or the Purchaser Data exclusively for the purposes of this Agreement and for no other purposes, and shall not disclose any Bank Data or Purchaser Data to any other Person (excluding its auditors, legal advisors and other professional advisors) except as agreed by the other Party, or as required by any Law or any Stock Exchange rule or regulation applicable to the relevant Party or any of its Affiliates which is listed on the Stock Exchange, or as needed in connection with any lawsuit, claim, litigation or other proceeding or in connection with tax or regulatory matters, or except to the extent that any Bank Data or Purchaser Data was otherwise known to the receiving Party prior to its coming into the receiving Party's possession, or is or has come into the public domain other than as a result of the breach of this Section 14.8. Each of the Parties shall procure that its Affiliates shall comply with the provisions of

this Section 14.8. Notwithstanding the foregoing, in the event that either Party is requested or required (by deposition, interrogatories, requests for information or documents in legal proceedings, subpoenas, civil investigative demand or similar process or in order to comply with applicable requirements of any Stock Exchange or Governmental Entity, or by requirements of any securities Law or regulations or other Laws) to disclose any Bank Data or Purchaser Data, such Party shall provide the other Party, to the extent that it is legally permitted to do so, with prompt notice of any such request or requirement so that the affected Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 14.8 in connection with such request or requirement. Any disclosure of Bank Data or Purchaser Data in accordance with the preceding sentence shall not be deemed a breach or violation of this Section 14.8.

14.9 Entire Agreement.

The making, execution and delivery of this Agreement, by the Parties, and the Disclosure Schedules agreed to by the Parties as of the date hereof, have been induced by no representations, statements, warranties or agreements other than those herein expressed or expressed in the other Operative Documents. This Agreement, the Operative Documents, the Disclosure Schedules and any Exhibits and Schedules hereto and the other written instruments specifically referred to herein or therein embody the entire understanding of the Parties in respect of the subject matter hereof and supersede and cancel in all respects all previous letters of intent, correspondence, understandings, agreements and undertakings (if any) between the Parties with respect to the subject matter hereof whether such shall be written or oral.

14.10 Survival.

The Parties acknowledge and agree that the provisions of Sections 11.2, 11.3, 11.4, 12 and 14 (and any other provisions which by their nature are expected to survive the expiration or termination of this Agreement) shall survive the expiration or termination of this Agreement.

14.11 Gross-Up.

(a) Any sum payable under this Agreement (including for the avoidance of doubt any contribution or subscription for Deferred Membership Units) shall be paid free and clear of all deductions or withholdings or rights of counterclaim or set-off unless the deduction or withholding is required by Law.

(b) If any deduction or withholding from any payment under this Agreement, the sum due from the payor in respect of such payment shall be increased to the extent necessary to ensure that after the making of such deduction or withholding the payee receives and retains a net sum equal to the sum it would have received had no deduction or withholding been required to be made.

(c) If any amount paid or due under this Agreement (except for the Purchase Price and amounts in respect of interest) results in a liability to Tax of the payee the payor shall pay to the payee such further sum as will ensure that the net amount received and retained by the payee after such liability to Tax is taken into account shall equal the full amount which would have been received and retained by the liability to Tax in the absence of such liability to Tax.

(d) If an additional payment is made under Section 14.11(b) or (c) and the party receiving such payment (the "**Recipient**"), in its sole discretion, acting reasonably, determines that it has received a credit for, refund of or relief from any tax or other monies payable by it or similar benefit by reason of any deduction or withholding for or on account of tax or by reason of any tax charged in respect of which there is a gross up under Section14.11(c) then it shall reimburse to the payor such part of such additional payments paid to it pursuant to Section 14.11(b) or (c) by the Recipient, acting reasonably, certifies to the payor will leave it (after such reimbursement) in no better or worse position that it would have been if no deduction or withholding had been required or no tax charge had arisen.

14.12 Further Assurances.

Each Party shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver or cause to be executed and delivered all such other agreements, certificates, instruments, and documents as the other Party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement.

14.13 Governing Law and Arbitration.

(a) This Agreement shall be governed by and construed in accordance with English Law.

(b) Any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination (a **Dispute**) that is not amicably settled by the Parties shall at the request of any Party be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this clause

(c) The number of arbitrators shall be three. Subject to Article 8 of the LCIA Rules, the Claimant and the Respondent shall each nominate an arbitrator. The LCIA Court shall select and appoint the third arbitrator.

(d) The seat and legal place of arbitration shall be London, England.

(e) The language to be used in the arbitral proceedings shall be English.

(f) If any Dispute raises issues which are substantially the same as or connected with issues raised in a Dispute which has already been referred to arbitration or a dispute under one of the other Operative Documents which has already been referred to arbitration (in either case an "**Existing Dispute**"), or arises out of substantially the same facts as are the subject of an Existing Dispute (in either case, a "**Related Dispute**"), and whether such Existing Dispute involves only the Parties to this Agreement or parties to the other Operative Documents ("**Related Parties**"), subject to the prior agreement in each case of the Parties

involved in the Related Dispute, the Arbitral Tribunal appointed or to be appointed in respect of such Existing Dispute shall also be appointed as the Arbitral Tribunal in respect of the Related Dispute. In such case, the Arbitral Tribunal may, subject to the prior agreement of all Parties and other parties involved in the Existing Dispute and the Related Dispute, having regard to the stage of the proceedings of the Existing Dispute and other relevant circumstances, consolidate the proceedings arising out of the Existing Dispute and the Related Dispute. Where one or more members of the Arbitral Tribunal appointed in relation to the Existing Dispute declines appointment in relation to the Related Dispute, replacement arbitrator(s) shall be selected and appointed by the LCIA Court.

(g) The Arbitral Tribunal, once constituted, may, having regard to the stage of the proceedings and other relevant circumstances, upon the application of any Party join any one or more of the Related Parties to arbitration proceedings commenced under this Clause, subject to the agreement of such Related Party or Parties. The Arbitral Tribunal may, upon the request of any Related Party so joined to arbitration proceedings commenced under this Clause, join any one or more of the remaining Related Parties to such arbitration proceedings, subject to the agreement of such Related Party or Parties.

Signed, by the Parties or their duly authorized representatives on the day and year first above written.

Signed by Sean O'Sullivan
duly authorised for and on behalf of
HSBC BANK plc

Sean O'Sullivan
For and on behalf of **HSBC Bank plc**

Signed by Paul Garcia as attorney for **Global Payments U.K. LTD** under a power of attorney dated 16 June 2008

Paul Garcia
Attorney for **Global Payments U.K. LTD**

Exhibit 10.30

MARKETING ALLIANCE AGREEMENT

HSBC BANK PLC

GLOBAL PAYMENTS INC.

AND

HSBC MERCHANT SERVICES LLP

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MARKETING ALLIANCE AGREEMENT

This **MARKETING ALLIANCE AGREEMENT** is made on _____2008, by and among **HSBC Bank PLC,** a company incorporated under the laws of England and Wales (registered number 14259) with its registered office at 8 Canada Square, London E14 5HQ, **GLOBAL PAYMENTS INC.**, a corporation organized under the Laws of the State of Georgia U.S.A with its registered address at 10 Glenlake Parkway, North Tower, Atlanta, Georgia, 30328, and **HSBC Merchant Services LLP** (No. 0C337146) a limited liability partnership incorporated under the laws of England and Wales whose registered office at De Montfort House, 51 De Montfort Street, Leicester, LE1 7BB.

WHEREAS, the Bank and GPUK entered into the Purchase Agreement pursuant to which the Bank agreed to sell and GPUK agreed to purchase a 51% interest in the Joint Venture; and

WHEREAS, the Parties have each agreed to undertake or cause to be undertaken certain activities with respect to the Merchant Acquiring Business; and

WHEREAS, the execution and delivery of this Agreement by the Bank, GPN and the Joint Venture is one of the deliveries to be made at Completion by the Seller and the Joint Venture under Section 4.3 of the Purchase Agreement; and

NOW, THEREFORE, in consideration of the closing of the transactions contemplated by the Purchase Agreement, of the foregoing and of the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the Bank, GPN and the Joint Venture hereby agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

SECTION 1.1 Definitions and Interpretation. Capitalised terms used but not defined in this Agreement shall bear the same meanings as in part 1 of Schedule 1.1 to the Purchase Agreement (the "**Definition and Interpretation Schedule**") and the provisions of part 2 of the Definition and Interpretation Schedule shall apply as if they appeared in this Section. Other expressions which are defined in this Agreement shall bear the meanings so assigned to them where used elsewhere in this Agreement.

SECTION 2. MERCHANT AGREEMENTS; SPECIAL ACCOUNTS

SECTION 2.1 Merchant Agreements. Except as expressly provided for in this Agreement, the Bank shall remain a party to all Existing Merchant Agreements and take such other actions as may be necessary in consultation with the Joint Venture in order to comply with the applicable Association Rules as they relate to the Bank Services.

SECTION 2.2 Rights under Merchant Agreements. The rights and obligations of the Joint Venture and the Bank in relation to the Existing Merchant Agreements and New Merchant Agreements entered into between the Effective Time and the New Form Merchant Agreement Issue Date are as set out in the Hive Down Agreement. Except as expressly set out herein the Joint Venture shall, after the Effective Time, be entitled to receive all of the rights under all Existing Merchant Agreements and New Merchant Agreements and shall be

responsible for all liabilities arising from or relating to all Existing Merchant Agreements and New Merchant Agreements in accordance with this Agreement. Except as otherwise permitted, where the Bank owns any Membership Units in the Joint Venture and is no longer represented on the Board, the Joint Venture will not assign or transfer the benefits or obligations under any Merchant Agreements to any Person without the prior written Consent of the Bank.

SECTION 2.3 Modifications to and terminations of Merchant Agreements.

(a) The Joint Venture shall not modify any Merchant Agreement in a way which increases the Bank's liabilities to the Card Associations or under this Agreement or any other Operative Document without the Bank's prior written Consent. Except as set forth in the preceding sentence, Section 2.4 (Modification of Existing Merchant Agreements), Section 2.7 (Key Accounts) and Section 6.1(q) (Exclusivity and Marketing), the Joint Venture shall have the right to modify any Merchant Agreement at any time.

(b) Subject to the provisions of Section 2.7(c) regarding Key Accounts, the Joint Venture shall have the right to terminate any Merchant Agreement at any time. Unless otherwise expressly provided for in this Agreement, the Bank shall not terminate any Existing Merchant Agreement or New Merchant Agreement without the prior Consent of the Joint Venture such Consent not to be unreasonably withheld.

SECTION 2.4 Modification of Existing Merchant Agreements. Without prejudice to Section 2.3, the Joint Venture shall not effect modifications to Existing Merchant Agreements prior to 1 January 2009 (i) except to the extent it deems reasonably necessary to protect itself against a Loss; or (ii) except in relation to Key Accounts to which Section 2.7 applies, to (on notice to a Merchant in accordance with the terms of the relevant Existing Merchant Agreement), increase the fees charged to that Merchant where:

(a) such increase is equivalent to a fully absorbed cost increase (including an increase in Interchange Fees) received from a Card Association or Network Organisation;

(b) the Merchant is priced below Interchange Fees plus Assessments provided that the increase does not result in charges which exceed the Standard Rate; or

(c) as otherwise agreed with the Bank (including where incorporated in an amended or replaced form of agreement approved by the Bank).

SECTION 2.5 New Merchant Agreements. The Bank and the Joint Venture shall cooperate in good faith to agree a new form of Merchant Agreement as soon as practicable following the Completion Date and, in any event, prior to the date 75 days from the Completion Date (the **"New Form Merchant Agreement Target Date"**). If the Bank and the Joint Venture have not agreed a new form of Merchant Agreement by the New Form Merchant Agreement Target Date, the Bank and the Joint Venture shall be deemed to have agreed to the latest draft form of Merchant Agreement as proposed by the Joint Venture on such date, provided that such draft form of Merchant Agreement shall comply with applicable Laws, Association Rules and Clearing System Rules. The form of Merchant Agreement deemed to be

agreed under the preceding sentence or as agreed between the Bank and the Joint Venture prior to the New Form Merchant Agreement Target Date shall be the **"New Form Merchant Agreement"**. From the Effective Date until the date the New Form Merchant Agreement has been printed and is ready for issue (which shall be no later than the date 60 days following the New Form Merchant Agreement Target Date) (or any later date agreed between the Joint Venture and the Bank) (the **"New Form Merchant Agreement Issue Date"**), except as otherwise provided herein, all Merchant Agreements executed by the Joint Venture shall be substantially in the form set out in Schedule 2.5 (Existing Form of New Merchant Agreement). From the New Form Merchant Agreement Issue Date (or any later date agreed between the Joint Venture and the Bank), except as otherwise provided herein, all Merchant Agreements executed by the Joint Venture shall be substantially in the form of the New Form Merchant Agreement, which form may be amended from time to time by the Joint Venture with the prior written Consent of the Bank, (the form in Schedule 2.5 together with the New Form Merchant Agreement and any subsequently agreed amended forms each being an "**Agreed Form New Merchant Agreement**"**).** Notwithstanding the foregoing, if the Bank and the Joint Venture provide a joint response to a request for proposal ("**RFP**") which relates to Merchant Acquiring Services, the Joint Venture shall have the limited authority to sign, on behalf of the Bank, a New Merchant Agreement which is substantially in the form presented in the joint RFP response even if the form materially differs from the Agreed Form Merchant Agreement, provided that the obligations of the Bank in such agreement do not differ materially from the obligations of the Bank under the Agreed Form Merchant Agreement. Except as set forth above, the Bank's Consent shall be required prior to the execution of any New Merchant Agreement negotiated between the Joint Venture and a Merchant pursuant to any other RFP. Where in this Section 2 the Bank's Consent is required in relation to a modification to a Merchant Agreement, or to the terms of a New Merchant Agreement, or to the terms of a new Agreed Form New Merchant Agreement, the Bank's Consent shall not be unreasonably withheld or delayed and shall be assumed to have been given unless the Bank advises the Joint Venture that it does not Consent within 7 days of a written request for Consent being received by the Bank.

SECTION 2.6 Authorised Agent. The Bank hereby grants to the Joint Venture the limited authority to sign any New Merchant Agreements from time to time on behalf of the Bank in accordance with the terms of this Agreement, provided that such New Merchant Agreements do not differ substantially from the Agreed Form New Merchant Agreement.

SECTION 2.7 Key Accounts.

(a) Attached hereto as Schedule 2.7 (List of Key Accounts) is a list of Merchants that the Parties acknowledge are significant relationship customers of the Bank (the "**Key Accounts**"). Notwithstanding any provision to the contrary in this Agreement, the Bank may add any Merchant or otherwise revise the list of Merchants set out in Schedule 2.7 (List of Key Accounts) at any time and from time to time as the Bank may reasonably consider appropriate by giving at least 30 days notice to the Joint Venture provided that at no time will Schedule 2.7 (List of Key Accounts) contain more than 250 Merchants.

(b) Notwithstanding Section 2.7(c), the Joint Venture may, with 7 days prior written notice to the Bank, amend the pricing relating to a Key Account

where the Key Account is currently priced below the Standard Rate applicable to Merchants having characteristics in the market place (including volume levels) materially the same as those of the relevant Key Account ("**Relevant Standard Rate**"), provided that the increased price charged shall not be greater than the Relevant Standard Rate.

(c) Except as permitted in Section 2.7 (b), if the Joint Venture desires to cause a Merchant Agreement that relates to a Key Account to be terminated or modified in respect of any material commercial terms (including discount fees and other fees and expenses payable by the Key Account) or to commence or threaten legal action against a Key Account in connection with the applicable Merchant Agreement, the Joint Venture shall first give notice to the Bank's Joint Venture Representative of its intention to do so (a "**Key Account Notice**"), which notice shall include a description of the Joint Venture's proposed course of action and the reasons therefore. A Key Account Notice indicating that the Joint Venture desires either to terminate a Merchant Agreement that relates to a Key Account because it reasonably believes that a continuation of the Merchant Agreement with the Key Account may result in Losses to the Joint Venture (including Losses arising from or in connection with the potential bankruptcy or insolvency of the Key Account or the risk profile of the Key Account or the potential sale, assignment, transfer or disposal of the Key Account), or to seek injunctive or other equitable relief against the Key Account, shall be considered an "**Emergency**". The Bank must respond to an Emergency within two Business Days after the Key Account Notice is received by the Bank. If the Key Account Notice does not relate to an Emergency, the Bank shall respond within five Business Days after receipt of the Key Account Notice. If the Bank responds to the Joint Venture within the applicable response time that it wishes to become involved in the proposed action involving a Key Account with a view to avoiding or preventing the proposed termination, modification or legal or other proceeding or action or otherwise addressing the issues set forth in the Key Account Notice, the Bank and the Joint Venture shall negotiate in good faith to ensure that a mutually agreeable solution is reached as soon as reasonably possible. In the event that (i) the Bank does not respond to the Key Account Notice within the applicable response time, or (ii) the Bank responds but the Bank and the Joint Venture do not reach a mutually agreeable solution including where the Bank does not agree to subsidise or otherwise contribute or provide rights of indemnity (to the satisfaction of the Joint Venture) with respect to Losses arising from or in connection with such Key Account or the Merchant Agreement relating to such Key Account (A) in the case of an Emergency, at the end of the second Business Day, or (B) in any other case, at the end of the 10th Business Day after the Bank has responded, or failed to respond within the applicable response time, to the Key Account Notice, the Joint Venture shall be permitted to proceed with the course of action proposed in the Key Account Notice without any further notice to or Consent from the Bank.

(d) The Bank may, from time to time, request the Joint Venture to offer Merchant Acquiring Services for specified fixed periods to certain Key Accounts on the basis of Interchange Fees and Assessments plus an agreed margin which margin ("**Discounted Margin**") is lower than the margin element of the Standard Rate applicable to Merchants having characteristics in the market place (including volume levels) materially the same as those of the relevant Key Account ("**Standard Margin**"). The Joint Venture and the Bank shall negotiate in good faith taking into account prevailing market conditions and competitive pricing and agree on a reduction of the Standard Margin for such Key Accounts, failing which the Joint Venture shall honour the Discounted Margin request as long as the Bank agrees to pay to the Joint Venture the difference between the Discounted Margin and the Standard Margin (the "**Reimbursement Amount"**). The Joint Venture shall invoice the Bank monthly for any Reimbursement Amount owed by the Bank under this Agreement and such invoices shall be due and payable within 30 days after receipt by the Bank.

(e) If the Bank desires to terminate any arrangement described in Section 2.7(d) with respect to a particular Key Account, it shall have the right to do so by providing the Joint Venture with written notice in advance of such termination specifying the effective date of termination; provided, however, that such notice period must be at least as long as the notice period required under the terms of the applicable Merchant Agreement for the Joint Venture to terminate or if appropriate amend, as applicable, the applicable Merchant Agreement plus an additional 30 days.

SECTION 2.8 Bank Affiliate Transactions and "on us" transactions.

(a) The Bank acknowledges that there are certain Credit Card Transactions (collectively, "**Bank Affiliate Transactions**") of the Bank and certain of its Affiliates and other Persons in which the Bank has an ownership interest (e.g., insurance and brokerage subsidiaries) (collectively, for the purposes of this Section only, "**Bank Affiliates**"). The Bank agrees that it shall use commercially reasonable endeavours to ensure that all Bank Affiliates who utilise the Merchant Acquiring Services or services similar to the Merchant Acquiring Services (i) process Bank Affiliate Transactions exclusively through the Joint Venture; and (ii) execute a New Merchant Agreement with the Joint Venture in the same form as the Agreed Form Merchant Agreement not later than 6 months after the Effective Time. Where a Bank Affiliate Transaction is processed in the absence of a Merchant Agreement being in place with the relevant Bank Affiliate the Bank shall charge the Bank Affiliate at a rate equivalent to that charged by the Joint Venture in the Ordinary Course for such processing and shall reimburse the Joint Venture all sums received from the Bank Affiliate.

(b) The Bank acknowledges that certain Credit Card Transactions are processed as "on us" transactions by the Bank rather than being processed through the Credit Card Interchange System, including, but not limited to, Bank Affiliate Transactions referred to above. Between the Effective Time and

the date that all transactions are processed through the Credit Card Interchange System, the issuing side of the Bank shall receive "on-us" rates for all "on-us" transactions which rates shall not exceed the Interchange Fees that the relevant Bank Affiliate Transaction would have otherwise attracted. The Bank agrees that following the Transition Period, all such transactions shall be processed through the Credit Card Interchange System, unless otherwise agreed or required by Laws or Association Rules.

SECTION 3. SERVICES

SECTION 3.1 Joint Venture Services; Processor Exclusivity.

(a) During the Term, the Joint Venture shall provide the Joint Venture Services in respect of all Merchant Agreements in accordance with this Agreement (either through itself or through the Transition Agreement or the Processing Agreement). For the avoidance of doubt, if any of the Bank's benefits or obligations under any Merchant Agreements which are intended to be transferred or assigned to the Joint Venture are not effectively transferred or assigned for any reason, the Joint Venture shall perform the Joint Venture Services (including such obligations) in respect of such Existing Merchant Agreements in accordance with this Agreement notwithstanding that the Bank may remain bound by such Merchant Agreements in respect of such obligations and the Joint Venture shall be entitled to all of the benefits thereunder.

(b) Without prejudice to the generality of this Section 3.1, the Joint Venture shall ensure that the Joint Venture Services shall not give rise to any material deterioration in terms of the types, quality or standard of the services, products and functionalities provided or supported by the Bank under the Merchant Acquiring Business as a whole immediately prior to the Completion Date. The Joint Venture shall provide the Joint Venture Services in accordance with the service levels described in Schedule 3.1(b) (Joint Venture Service Levels). Notwithstanding the foregoing, during the period from the Completion Date to a date 30 days after the Back End Migration Completion Date or the Front End Migration Completion Date (as applicable) if and to the extent that the Required Information delivered by the Bank under the Transition Agreement does not include the information described in Part 1 (in relation to Back End Migration) or Part 2 (in relation to Front End Migration) of Schedule 6 of the Transition Agreement or such information is inaccurate then the Joint Venture shall not be in breach of its obligations under this Agreement to meet a Joint Venture Service Level if the breach is caused by such omission or inaccuracy of information and provided always that the Joint Venture shall use commercially reasonable endeavours to achieve the relevant Joint Venture Service Levels and to cure any failure to do so. Notwithstanding anything in this Agreement to the contrary, except for a breach of the Joint Venture Critical Service Levels which are set forth in Section 15.4 (c) below, no breach of a Joint Venture Service Level shall constitute a Joint Venture Default.

(c) As the Joint Venture's and the GPN Processor's technological infrastructure becomes operational and, in no event later than the end of the Transition Period, the Joint Venture Services shall include products and services that, considered as a whole from the vantage point of customers, are reasonably competitive in comparison to leading acquirers in the United Kingdom. For greater certainty, the Joint Venture shall not be required to offer every product or service offered by leading acquirers in the United Kingdom and shall not be required to be the lowest cost acquirer.

(d) The Joint Venture Services shall also include merchant reporting tools and other back-end product features which are necessary for the growth of the Merchant Acquiring Business.

(e) The Joint Venture has appointed GPN as the GPN Processor with effect from the Effective Date under the terms of the Processing Agreement attached at Schedule 3.1 (e) (Processing Agreement). Whilst the Bank is represented on the Board, the Joint Venture shall not agree to any amendment to the Processing Agreement which could reasonably be expected to have a material adverse effect on the Joint Venture or the Bank or to terminate the Processing Agreement without the Board's Consent. If the Bank is not represented on the Board, the Joint Venture shall (i) not make any material amendment to the terms of the following provisions within the Processing Agreement: Sections 7 (Joint Venture Data, Bank Data), 8 (Data Processing), 9 (Audits, Regulatory Examinations and Compliance) and 10.13 (Confidentiality); and (ii) procure that the GPN Processor complies with Section 2.4(c) of the Processing Agreement (Use of Subcontractors); and (iii) not enter into any replacement Processing Agreement that does not include provisions offering substantially the same protections to the Bank as those contained in the Sections described above, in each case, without the Bank's Consent. In the event that the Joint Venture receives a notice of termination of the Processing Agreement from the GPN Processor, at any time, the Joint Venture shall promptly notify the Bank.

SECTION 3.2 Bank Services. During the Term the Bank shall provide the Bank Services as set out in Schedule 3.2.1 (Bank Services and Fees) unless otherwise agreed with the Joint Venture or provided for in this Agreement. The Bank shall ensure that the Bank Services shall not (i) give rise to any material deterioration in the services and functionalities provided or supported by the Bank prior to the Effective Time which are equivalent to the Bank Services; and (ii) cause any breach of the Merchant Agreements. The Bank shall provide the Bank Services in accordance with the standards applied before the Completion Date and in accordance with the service levels described in Schedule 3.2.2 (Bank Service Levels). Except for a breach of a Bank Critical Service Level which is set forth in Section 15.3 (c), no breach of a Bank Service Level hereunder shall constitute a Bank Default.

SECTION 3.3 Authorisations and Consents. The Joint Venture shall be solely and fully responsible for ensuring compliance by the Joint Venture with all applicable Laws, Association Rules and Clearing System Rules, including any service levels established thereunder, and obtaining and complying with the terms and conditions of all Authorisations and Consents required by applicable Laws, Association Rules and Clearing System Rules, in

each case, with respect to the Joint Venture Services to be performed by the Joint Venture or by other Persons (other than the Bank) on its behalf, and shall pay all related Merchant acquiring fees, costs and expenses and assume all other obligations associated therewith. The Joint Venture shall be solely and fully responsible for and shall pay all fines and penalties arising from or in connection with any non-compliance by the Joint Venture or any Person (other than the Bank) on its behalf with any Merchant Agreement, applicable Laws, Association Rules or Clearing System Rules or other applicable requirements in respect of its delivery of the Joint Venture Services. As between the Bank and the Joint Venture, the Joint Venture shall collect from and be responsible for any fines and penalties arising from the non-compliance by a Merchant with any Association Rules or Clearing System Rules. Other than the Merchant acquiring fees, costs and expenses described above the Joint Venture shall not be responsible for any Authorisations, Consents, memberships or sponsorships required to be obtained and/or maintained by the Bank or any Person on its behalf or for any related fees, costs and expenses required or incurred in connection with the performance by the Bank or any Person on its behalf of the Bank Services. The Bank shall be solely and fully responsible for ensuring compliance with all applicable Laws, Association Rules and Clearing System Rules, including any service levels established thereunder, and obtaining and complying with the terms and conditions of all Authorisations and Consents required by applicable Laws, Association Rules and Clearing System Rules, in each case, with respect to the Bank Services to be performed by it or by other Persons on its behalf and, subject to the Bank's right to reimbursement as set out in this Agreement, shall pay related fees, costs and expenses and assume all other obligations associated therewith. For the avoidance of doubt, the Bank shall pay all membership fees, costs and expenses of the applicable Card Associations and Network Organisations which arise solely and directly from the Bank's status as an issuer of Cards (and no right of reimbursement shall apply to such fees, costs and expenses). The Bank shall be responsible for and shall pay all fines and penalties arising from or in connection with non-compliance by the Bank or any Person on its behalf with any applicable Laws, Association Rules or Clearing System Rules or other applicable requirements, in respect of its delivery of the Bank Services (and no right of reimbursement shall apply to such fees, costs and expenses). Notwithstanding anything to the contrary contained in this Agreement, the Bank shall not be responsible for any Authorisations and Consents required to be obtained and/or maintained by the Joint Venture or any Person on its behalf or for any related fees, costs and expenses required or incurred in connection with the performance by the Joint Venture or any Person on its behalf of the Joint Venture Services. In the event that the Bank receives a notice of a violation by the Joint Venture of a Merchant Agreement or an applicable Law, Association Rule or Clearing System Rule, the Bank shall as soon as reasonably practicable notify (but in no event more than two Business Days following receipt of such notice) the Joint Venture of the occurrence and details of such event.

SECTION 3.4 Fees for Bank Services; Invoices.

(a) Except as provided for in Section 8.5, the Bank shall charge the Joint Venture in providing the Bank Services the fees described in Schedule 3.2.1 (Bank Services and Fees) and, for any new Bank Service that is not provided as of the Effective Time and is not covered by Schedule 3.2.1, an amount equal to the Direct Costs incurred by the Bank or any of its Affiliates in the provision of the Bank Services not covered by Schedule 3.2.1, subject to any adjustment pursuant to Section 22.18(k) (Withholding Tax; Applicable Sales Taxes; Transfer Pricing) (provided that, for the avoidance of doubt, the Bank may not charge for the same services under both this Agreement

and the Transition Agreement). The Bank shall invoice the Joint Venture by the 15th day of each month for the Bank Services provided during the immediately preceding month. The Joint Venture shall pay any undisputed amounts set forth in the Bank invoices within 30 days after receipt. All payments shall be made in pounds sterling. Except as otherwise specifically set out in this Agreement, the charges set forth in Schedule 3.2.1 are the sole and exclusive charges for the Bank Services. For greater certainty, any Bank Service covered by Section 9.1(b) (Payment of Scheme Fees and Interchange Fees) shall be reimbursed in accordance with that Section 9.1(b) and not this Section.

(b) The Joint Venture shall notify the Bank of any disputed amounts contained in any invoice submitted under this Section in the manner specified in, and the dispute shall be resolved in accordance with, Section 3.4(e).

(c) GPN and the Joint Venture shall have the right to audit the Books and Records of the Bank applicable only to the Bank's billing for the provision of the Bank Services hereunder; provided that such inspection shall be conducted not more often than at reasonable intervals, shall be at mutually agreeable times upon prior appointment and subject to the Bank's Security and Privacy Policies and Procedures.

(d) Each of the Bank and the Joint Venture shall have the right to audit the Books and Records of the GPN Processor applicable only to its billing for the performance of its obligations under the Processing Agreement; provided that such inspection shall be conducted not more often than at reasonable intervals, shall be at mutually agreeable times upon prior appointment and subject to the GPN Processor's Security and Privacy Policies and Procedures. The Joint Venture shall procure that the GPN Processor complies with this Section 3.4(d).

(e) Any dispute arising from any invoice issued pursuant to this Section 3.4 shall be resolved in the following manner:

(i) within 180 days after receiving the invoice, the Joint Venture shall serve written notice on the Bank stating the nature and amount of its dispute;

(ii) the Joint Venture and the Bank shall each appoint an appropriate officer with authority to resolve the dispute on its behalf within 10 days after the Bank has received the notice of dispute from the Joint Venture;

(iii) the officers respectively appointed by the Joint Venture and the Bank shall act in good faith and use all reasonable endeavours to resolve the dispute;

(iv) if the dispute is not resolved within 30 days after the Bank receives the notice of dispute from the Joint Venture, the dispute shall be handled in accordance with Section 21 (Dispute Resolution);

(v) the Bank shall not be entitled to serve notice under Section 15.4(a) in respect of any disputed amount for as long as such dispute is continuing;

(vi) the Joint Venture shall pay the Bank all undisputed amounts of any invoice on or before the due date whilst the dispute is being resolved in accordance with the provisions of this Agreement. If it is later agreed by the Joint Venture and the Bank or it is ordered by an arbitrator or court that the whole or any part of the disputed amount of the invoice should be paid by the Joint Venture, the Joint Venture shall pay to the Bank the disputed amount together with interest on that amount at the rate of 10% per annum for the period from the due date on the applicable invoice until the date on which payment is actually received by the Bank.

(f) The Joint Venture shall not be obligated to pay any fees or expenses to the Bank under this Agreement unless the Bank delivers an invoice to the Joint Venture for such fees or expenses within six months after the last day of the month in which such fees or expenses are incurred. All invoices issued to the Joint Venture shall be in a form which complies with any applicable Laws.

SECTION 3.5 GPN obligation in relation to Transition Agreement. GPN shall pay to the Bank the sum described in Section 5.5(b) (Delayed Back-End Migration Completion) of the Transition Agreement on behalf of the GPN Processor.

SECTION 4. DEPOSIT AND SETTLEMENT PROCEDURES

SECTION 4.1 Acceptance, Delivery, and Settlement of Credit Card Transaction Records and Debit Card Transaction Records.

(a) On and after the Effective Time, the Joint Venture shall accept Credit Card Transaction Records and Debit Card Transaction Records from Merchants in documentary or electronic (including telephonic) form and shall transmit such information as is reasonably required by the Bank to settle with Merchants in the Ordinary Course of the Joint Venture's business in accordance with the provisions of this Agreement and the applicable Merchant Agreement.

(b) The Bank or its Affiliates (as applicable) shall, on the instructions of the Joint Venture and subject to the receipt of the information described in Section 4.1(a), transfer funds from the applicable Settlement Account to the Merchant Depository Accounts (whether maintained by Merchants with it or with financial institutions other than the Bank or any of its Affiliates) in the Ordinary Course of the Bank's business for settling transactions effected by the Merchants. In the case of Merchants that are settled on a net basis, such settlement amounts shall be net of certain Account Fees depending on the Joint Venture's arrangement with the Merchant.

(c) The Bank or its Affiliates, as applicable, shall debit funds from the applicable Settlement Account to effect transfers in accordance with Section 4.1(b). In the event that the Daily Aggregate Balance of the Settlement Accounts is negative at the end of a day, the Joint Venture shall pay the Bank a service fee in accordance with Section 4.3. Unless otherwise agreed by the Joint Venture and the Bank, the Bank and its Affiliates shall be prohibited from backdating any settlement deposits into a Merchant Depository Account (e.g., giving a Merchant credit for funds availability in its Merchant Depository Account before the funds are actually deposited). The Joint Venture shall also be prohibited from requesting the transfer of funds to either a Merchant Depository Account or a Joint Venture Bank Account prior to the requests for settlement being sent to the respective Card Association or Network Association.

(d) The Parties agree that any over-the-counter cash advances shall be processed (authorized and settled) through the Credit Card Interchange System from the Effective Time. The Joint Venture shall be entitled to all processing revenues (including but not limited to the reverse interchange) arising from over-the-counter cash advances whether or not Bank Affiliates have entered into a Merchant Agreement pursuant to Section 2.8 (a) (Bank Affiliate Transactions and "on us" transactions). The Bank shall be liable for any valid Chargeback arising from such transactions.

SECTION 4.2 Amendments. The Parties acknowledge and agree that the procedures set forth in this Section 4 may be amended by agreement between the Joint Venture and the Bank from time to time provided that such amended procedures are in accordance with applicable Laws, Association Rules, Clearing System Rules and provided further that there is no material adverse impact on the Bank.

SECTION 4.3 Funding Costs for Merchant Settlement.

(a) In the event the Daily Aggregate Balance of all of the Settlement Accounts at midnight (local time in the UK) on any day is negative, the Joint Venture shall owe the Bank a service fee equal to the negative amount of such Daily Aggregate Balance multiplied by the Bank's then applicable daily lending rate which shall be equal to the best rate then available from the Bank for a similar secured lending facility. The Bank shall provide the Joint Venture with a reconciliation of the debit balances and credit balances in all of the Settlement Accounts which have been used to calculate each Daily Aggregate Balance within thirty days after the end of the applicable month and the Joint Venture shall pay any service fee owing to the Bank within 30 days after the Joint Venture's receipt of the applicable invoice from the Bank. The reconciliation provided by the Bank shall include a description of the daily debit or credit balance in each Settlement Account, together with the applicable lending rate.

(b) Upon receiving cleared funds from the applicable Card Association or other settlement system for settlement of Credit Card Transactions, the Bank shall apply such funds towards satisfaction of any debit balance in the relevant Settlement Account on a same day basis.

(c) The Daily Aggregate Balance shall not include any debit balance in any Settlement Account to the extent that the applicable amount of debit balance is satisfied in full through the receipt of cleared funds from the applicable Card Association or other settlement system on or before midnight (local time in the UK) on the same day that such amount of debit balance was incurred.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Bank shall not charge the Joint Venture any service fee described in Section 4.3(a) on any Card Transactions involving Cards issued by the Bank which are "on us" transactions.

SECTION 5. PAYMENTS AND ACCOUNTS; CLEARING ARRANGEMENTS

SECTION 5.1 General.

(a) The Bank shall maintain one or more internal, segregated settlement accounts (the "**Settlement Accounts**"), the sole purpose of which shall be for the Bank to receive funds from the Card Associations and Network Organizations, as the case may be, in connection with the Merchant Acquiring Business.

(b) The Bank shall provide the Joint Venture electronically with details of settlement activities (in the manner, format and content agreed to by the Joint Venture and the Bank) on a daily and monthly basis. The Bank's obligation under this Section is satisfied by providing the Joint Venture with unlimited electronic view access to the Settlement Accounts.

(c) The Bank shall provide the Joint Venture the ability to instruct the Bank to make transfers from the Settlement Account to Merchant Depository Accounts or from the Settlement Accounts or from the Merchant Depository Accounts to the Joint Venture bank accounts consistent with funding rights provided for in the Merchant Agreements and in accordance with Association Rules. These transfers will reflect settlement activities and shall include, but not be limited to, Account Fees, merchant fees, establishment of Reserve Accounts, Chargeback and Credit Losses, merchant funding exceptions (i.e., returns and miscellaneous Merchant fund transfers), Card Association fees and exceptions (i.e., rejects).

(d) In any event where the Merchant Acquiring Business receives settlement proceeds from the Credit Card Associations in one currency and pays a Merchant in another currency, the Bank agrees to make any such currency conversion requested by the Joint Venture. The Bank shall charge the Joint Venture for such foreign exchange activities as provided for in Schedule 3.2.1 (Bank Services and Fees).

SECTION 5.2 Withdrawal of Account Fees and Unreimbursed Chargebacks from Merchant Depository Accounts. The Bank shall take the actions set forth in this Section 5.2 unless otherwise prohibited by the Merchant Agreement. On a monthly basis, or more frequently if requested by the Joint Venture, for all Merchants which do not have their

Account Fees debited from their net settlement amounts on a daily basis, (a) the Joint Venture shall direct the Bank to withdraw the Account Fees from each Merchant Depository Account maintained with the Bank or any of its Affiliates, and (b) for each Merchant whose Merchant Depository Account is maintained with a financial institution other than the Bank, collect such Account Fees from the Merchant in the Ordinary Course of the Bank's business. Except as otherwise stated in Sections 2.4 (Modification of Existing Merchant Agreements), 2.7 (Key Accounts) and 6.1(q) (Exclusivity and Marketing), the Joint Venture shall have the right to change the manner in which Account Fees are calculated and the Bank shall be obligated to use commercially reasonable endeavours to accommodate such changes, so long as changes are consistent with the applicable Merchant Agreements, Law and/or Association Rules. On each Business Day for any Merchant whose unreimbursed Chargebacks and Credit Losses are not already offset from its daily settlement amounts, the Joint Venture shall direct the Bank to (i) withdraw any unreimbursed Chargebacks and Credit Losses from each Merchant Depository Account maintained with the Bank or any of its Affiliates, and (ii) for each Merchant whose Merchant Depository Account is maintained with a financial institution other than the Bank or any of its Affiliates, collect such Chargebacks and Credit Losses from the Merchant in the Ordinary Course of the Bank's business. The Bank shall cause the Account Fees and amounts related to unreimbursed Chargebacks, Credit Losses and Merchant settlement adjustments, if any, to be deposited into a Joint Venture Bank Account. For the avoidance of doubt, the Bank is not required to take any collection or enforcement steps or action other than debiting or collecting the relevant amounts in accordance with this Agreement.

SECTION 5.3 Ownership of Settlement Accounts. The Parties agree that the Settlement Accounts shall be held in the name of the Bank or its Affiliates in order to comply with applicable Association Rules concerning the use by the Joint Venture of the Bank's BIN/ICAs**.** The Parties agree that the funds which are held in the Settlement Accounts at any given time are held for the benefit of the applicable Merchants and the Joint Venture according to the terms of the relevant Merchant Agreement and this Agreement as their respective rights and interests to those funds are set forth therein and the Bank shall not exercise any right over such funds except as otherwise set forth in this Agreement.

SECTION 6. EXCLUSIVITY AND MARKETING

SECTION 6.1 Referral of Potential Merchants; Covenant Not to Compete; Exclusivity; Indemnification for Indemnified Merchants

(a) For the purposes of this Section 6, "**Restriction Period**" means the period of time commencing on the Completion Date and ending on the start of the Run-Off Period.

(b) Subject to Section 6.1 (c), during the Restriction Period, neither the Bank nor any of its Affiliates shall provide access to a BIN/ICA number owned by the Bank or an Affiliate of the Bank to any Person for the purposes of a Competing Business in the United Kingdom. This Section 6.1 (b) shall not restrict the Bank or any of its Affiliates from providing access to an Affiliate of the Bank (whose primary business is outside the United Kingdom) to a BIN/ICA number owned by the Bank or a Bank Affiliate in relation to the provision of services similar to Merchant Acquiring Services that are Pan-European or International Acquiring Services to a merchant of such

Affiliate (whose primary business is outside the United Kingdom) in respect of which an expression of interest is received by the Bank or an Affiliate of the Bank from outside the United Kingdom.

(c) In the case of GPN subject to Sections 6.1 (k) and 6.1(j), during the Restriction Period, neither the Bank, the Joint Venture nor GPN nor any of their respective Affiliates shall directly or indirectly solicit or accept on its own behalf or on behalf of any Person (other than the Joint Venture) any Merchants or Prospective Merchants in relation to a Competing Business in the United Kingdom.

(i) The Bank further agrees that where GPUK (or any Affiliate of GPUK) owns 100% of the Membership Units in the Joint Venture neither the Bank nor its Affiliates shall:

(A) for six months following the Restriction Period solicit or accept Merchants or Prospective Merchants on its own behalf or on behalf of any Person (other than the Joint Venture); or

(B) for eighteen months following the later of (i) the end of the Restriction Period, and (ii) completion of the Transfer resulting in GPUK (or any Affiliate of GPUK) owning 100% of the Membership Units in the Joint Venture, solicit Merchants on its own behalf or on behalf of any Person (other than the Joint Venture),

in each case in relation to a Competing Business in the United Kingdom.

(ii) GPN further agrees that where the Bank owns 100% of the Membership Units in the Joint Venture neither GPN nor its Affiliates shall, for eighteen months following the later of (i) the end of the Restriction Period, and (ii) completion of the Transfer resulting in the Bank owning 100% of the Membership Units in the Joint Venture, solicit Merchants on its own behalf or on behalf of any Person (other than the Joint Venture) in relation to a Competing Business in the United Kingdom, except as permitted by Section 6.1(k).

(d) During the Restriction Period neither the Bank nor any of its Affiliates shall participate, directly or indirectly, in a Competing Business in the United Kingdom (unless such Competing Business is entered into through the Joint Venture).

(e) Subject to Section 6.1(g), during the Restriction Period, the Bank shall refer only to the Joint Venture any Person (a "**Prospective Merchant**") who expresses an interest in obtaining any of the following:

(i) Merchant Acquiring Services in the United Kingdom;

(ii) Merchant Acquiring Services that are Pan-European; or

(iii) International Acquiring Services,

in each case where the relevant referral is made by or through the Bank based in the United Kingdom.

(f) Notwithstanding anything to the contrary contained in this Agreement, in the event of a Change of Control of the Bank, the foregoing shall continue to apply to the Bank and its successors notwithstanding such Change of Control. In the case of a Change of Control of the Bank involving a Merger Transaction where the Bank is not the Surviving Person immediately following the completion of such Merger Transaction, then the obligations contained in this Section shall apply to (i) all of the branches (and the existing and potential merchants with accounts at such branches) of the Bank in existence on the date immediately prior to the Change of Control even if the name of such branches is changed or the control of such branches is changed as a result of such Change of Control, and (ii) to any other branches which bear the HSBC name (or derivation thereof) provided that there shall be no obligation on the Surviving Person to comply with this Section where to do so would put the Surviving Person in breach of a written obligation of the Surviving Person pre-dating the Merger Transaction. The foregoing exception shall relieve the Bank or the Surviving Person of its obligations hereunder only to the extent prohibited by the express terms of the agreement and for only so long as the written agreement referred to in the foregoing sentence remains in effect and the Bank and/or the Surviving Person shall terminate such obligation at the earliest possible time allowed by such agreement (pursuant to a right to terminate for convenience or at the end of the term) and shall not seek to extend the term of such obligation. If, following a Change of Control of the Bank, there is a material, sustained reduction in the number of referrals being made by the Bank to the Joint Venture and such reduction is not justified by normal market fluctuations or circumstances other than the Change of Control of the Bank, the Bank's referral obligations shall cease and the Bank shall pay GPN (on behalf of GPUK) an amount as set forth in Schedule 6.1 (f) (Refund of Referral Fee Purchase Amount) (the **"Referral Fee Purchase Amount"**).

(g) Section 6.1 (e) shall not apply where the Joint Venture determines that Joint Venture Services or functionalities required by any Prospective Merchant are not currently made available by the Joint Venture and cannot be made available by the Joint Venture within a reasonable period of time.

(h) The Parties acknowledge that, in addition to the Merchant Acquiring Business that is the subject of this transaction, as at the Completion Date the Bank and/or its Affiliates operate businesses similar to the Merchant Acquiring Business in other regions of Europe (each an "**Affiliated Business**"). If, prior to the start of the Run-Off Period, the Bank or its Affiliate desires to transfer an Affiliated Business to another Person (other than an Affiliate of the Bank), the Bank must, subject to the grant of any regulatory approvals that may be required and to the remainder of this Section 6.1(h), first provide to the Joint Venture the opportunity to review

information relevant to transferring that Affiliated Business and to allow the Joint Venture, within a period of 30 days following receipt of all information reasonably requested by the Joint Venture, to make an offer to acquire such Affiliated Business and to accept such offer provided that it is on terms (including material non-monetary terms) substantially equal to or better than those offered by the relevant other Person (and in the case of a transfer relating to an Affiliated Business operated by HSBC Bank Malta, the terms are deemed by HSBC Bank Malta to be an acceptable offer) and unless the Bank or the relevant Affiliate decides not to proceed with the transfer of the Affiliated Business. If GPN (or one of its Affiliates) has already entered into another merchant acquiring joint venture with another major financial institution in the primary country in which such Affiliated Business operates which is a competitor of the Bank, which relationship the Bank reasonably deems unacceptable, and which cannot be terminated or which cannot be modified to the Bank's reasonable satisfaction within a reasonable period of time, the Joint Venture shall have no right of first refusal under this Section 6.1(h) as to such Affiliated Business at that time but no other rights hereunder shall be affected.

(i) If prior to the start of the Run-Off Period the Bank or any of its Affiliates (each, a "**Controlled Person**") directly or indirectly acquires a business similar to the Merchant Acquiring Business in the United Kingdom (an "**Acquired Affiliated Business**"), such Controlled Person shall be required, subject to the grant of any regulatory approvals that may be required, to offer such business to the Joint Venture at fair market value (determined in accordance with the procedures set forth in the Partnership Agreement) (other than in relation to an Affiliated Business operated by HSBC Bank Malta in respect of which the value shall be as agreed between the Joint Venture and HSBC Bank Malta) within 180 days of such acquisition in accordance with the provisions of this Section unless such a transfer (A) would result in a breach of any pre-existing obligation of such Acquired Affiliated Business that is assumed by the Bank in connection with the acquisition of such Acquired Affiliated Business or of an obligation of the Bank or any of its Affiliates which exists as at the Completion Date, or (B) is otherwise prohibited by Laws, or (C) would cause the Bank to incur a material termination fee (unless the Joint Venture agrees to fund such termination fee). The foregoing exception shall only relieve the Bank of its obligations hereunder for so long as the obligation, restriction, or cause, as applicable, referred to in the foregoing sentence remains in effect and the Bank shall terminate such obligation at the earliest possible time allowed by such agreement (under a right of termination for convenience or as allowed at the end of the term only) and shall not seek to extend the term of such obligation. Except in relation to a transfer relating to an Affiliated Business operated by HSBC Bank Malta, the Joint Venture has a period of 30 days following receipt of the determination of fair market value from the Appraisers which shall constitute the offer from the Bank in which to accept such offer. The parties agree that, if (i) an exception to the Bank's obligation to offer the Acquired Affiliated Business to the Joint Venture as described in this Section 6.1(i) applies, or (ii) the Joint Venture does not accept the offer

to acquire the Acquired Business within this 30 day period, the Bank's obligations set out in this Section 6.1(i) shall not apply in relation to the Acquired Affiliated Business at that time, but any other rights hereunder shall not be affected. In the event that an offer by the Joint Venture is accepted pursuant to the terms of this Agreement, the Joint Venture and the Bank shall use commercially reasonable endeavours to complete such sale as soon as practicable. In relation to an Acquired Affiliated Business operated by HSBC Bank Malta, should the Controlled Person be required to offer such business to the Joint Venture then the Controlled Person shall provide to the Joint Venture the opportunity to review information relevant to transferring that Acquired Affiliated Business and to allow the Joint Venture, within a period of 30 days following receipt of all information reasonably requested, to make an offer to acquire such Acquired Affiliated Business and to accept such offer provided that it is on terms (including material non-monetary terms) that are deemed by HSBC Bank Malta to be an acceptable offer.

(j) From the Completion Date until the earlier of (i) start of the Run-Off Period and (ii) the date on which the Bank and its Affiliates together owns less than 15% of the Membership Units in the Joint Venture, GPN agrees that, except as set forth in Section 6.1(k) below, neither GPN nor any of its Affiliates shall, directly or indirectly, participate in a Competing Business in the United Kingdom unless such Competing Business is entered into through the Joint Venture (provided that nothing shall restrict GPN's rights to solicit or provide cash advance services to merchants which are casinos). In the case of a Change of Control of GPN involving a Merger Transaction where GPN is not the Surviving Person immediately following the completion of such Merger Transaction, then the obligations contained in Section 6.1(c), 6.1(j) and 6.1(k) shall thereafter only apply to GPN and its subsidiaries. Notwithstanding the foregoing restrictions, GPN and its Affiliates (without prejudice, in the case of the Joint Venture, to Section 6.1(o)) shall be permitted to directly or indirectly provide front end processing services (e.g. authorisation and capture of Card Transactions) in any market without restriction.

(k) Nothing herein shall restrict GPN or any of its Affiliates (without prejudice, in the case of the Joint Venture, to Section 6.1(o)) from providing Merchant Acquiring Services or services similar to the Merchant Acquiring Services to any Merchant, Prospective Merchant, or prospective merchant where:

(i) GPN or its Affiliate receives a referral or a request for proposal to do so from a Person with whom GPN has a contractual business relationship who has access to a BIN/ICA in the United Kingdom and whose primary business is outside the United Kingdom; and

(ii) the primary business of the merchant to which the referral or request for proposal relates is outside the United Kingdom; and

(iii) the referral is received from inside or outside the United Kingdom.

For the avoidance of doubt the BIN/ICA numbers owned by the Bank or any of its Affiliates and utilised by the Joint Venture pursuant to this Agreement shall not be used for any other business of GPN.

(l) During the Restriction Period the Joint Venture shall not form an alliance with any Restricted Entities in the United Kingdom or assign or sell any Merchant Agreements to which the Bank is a party to another bank. Notwithstanding the foregoing the Bank acknowledges that a parent of the Joint Venture could be acquired by a bank or by a Restricted Entity and nothing herein shall be construed as attempting to prevent or restrict such acquisition and such acquisition shall not put either the Joint Venture or the acquiring party in breach of this Section as a result of such acquisition.

(m) The Joint Venture may solicit:

(i) Merchant Acquiring Services within the United Kingdom;

(ii) International Acquiring Services anywhere in the world;

(iii) Merchant Acquiring Services, both domestic and Pan-European, in regions of Europe where the Bank or any of its Affiliates as of the Completion Date:

(A) do not operate a business similar to the Merchant Acquiring Business; or

(B) operate a business similar to the Merchant Acquiring Business but subsequently ceased operating such business,

("**Non-Operating Region**").

(n) Notwithstanding Section 6.1(m) the Joint Venture can provide Merchant Acquiring Services in any region of Europe provided that the referral or request for services is received by the Joint Venture outside a Non-Operating Region.

(o) Save as permitted by Section 6.1(m), the Joint Venture shall, during the Term, be prohibited from offering or marketing the Joint Venture Services without the Consent of the Board whilst the Bank is represented on the Board and thereafter without the Consent of the Bank.

(p) The Joint Venture shall pay the Bank a referral fee in connection with referrals of potential merchants to the Joint Venture consistent with the terms set forth in Schedule 3.2.1 (Bank Services and Fees) and the Bank agrees that the Merchant Acquiring Business shall remain a discreet line item on the performance statements for the retail and commercial referral generating relationship managers. Such amount shall be paid for each potential merchant that (a) executes a Merchant Agreement with the Joint Venture, and (b) remains active for no less than 30 days.

(q) If the Joint Venture does not wish to enter into a New Merchant Agreement with a Prospective Merchant or prospective merchant referred to the Joint Venture by the Bank, the Bank may request that the Joint Venture accept such Prospective Merchant or prospective merchant (each, an "**Indemnified Merchant**") in exchange for the Bank's agreement to subsidize or otherwise contribute or provide rights of indemnity as agreed by the Joint Venture and the Bank, as applicable, with respect to Losses under the Merchant Agreement with the Indemnified Merchant. The Joint Venture shall not unreasonably refuse to offer Joint Venture Services to a Prospective Merchant or prospective merchant referred to the Joint Venture by the Bank unless such refusal is consistent with the Merchant Qualification Criteria or unless the Joint Venture is incapable of providing the services requested. If the Joint Venture and the Bank agree upon the terms and conditions of such arrangement, the Joint Venture shall accept such Prospective Merchant or prospective merchant subject to such arrangement and shall not modify such arrangements in a manner which would increase the Bank's liability or cause the Bank's subsidy obligations to increase without the Bank's prior Consent and shall in relation to any other modifications to or the termination of any such arrangement provide the Bank with prior notification. The Bank acknowledges and agrees that, except as expressly set out below, the indemnification obligations described in this Section are complete, (subject to Section 6.1(r)) irrevocable, nontransferable, unqualified, unconditional and, subject to the Bank's right to terminate such obligations under Section 6.1(r), shall survive termination of this Agreement. Notwithstanding anything to the contrary contained herein, the Bank, their Affiliates and their successors and assigns waive any and all claims, demands, and causes of action against the Joint Venture, GPN, and all of GPN's Affiliates regarding any indemnification amounts paid or owed under this Section unless the Losses under the Merchant Agreement with the Indemnified Merchant were caused by the Joint Venture's negligence or wilful default.

(r) Unless otherwise provided hereunder in this Section 6.1(r), Section 7.3(a), or otherwise, if the Bank desires to terminate its subsidy, contribution and/or indemnity obligation with respect to a particular Merchant, it shall have the right to do so by providing the Joint Venture with notice in advance of such termination with a minimum notice period equal to the notice period for termination set forth in the applicable Merchant Agreement plus thirty days. Once the Joint Venture has received such notice, it shall have the right to continue providing services for such Merchant or to terminate the applicable Merchant Agreement. In either event, the subsidy, contribution and/or indemnity obligation of the Bank, as applicable, shall continue to apply with respect to all services provided and all transactions which are handled prior to the effective date of termination of the subsidy, contribution and/or indemnity obligation of the Bank, as applicable, which effective date will occur on the date specified in the Bank's notice as long as the notice has been given in compliance with the notice requirements set forth above. Notwithstanding the foregoing, the Bank shall not have the right to terminate the Bank's subsidy, contribution, and/or subsidy contribution if the termination of the Merchant Agreement is prohibited by any bankruptcy

stay, court order, or other legal proceeding, in which event such obligation of the Bank shall continue to apply with respect to all services provided and all transactions which are handled prior to the effective date of termination of the Merchant Agreement. The foregoing shall survive the termination of this Agreement.

(s) In the event that (a) the Bank wishes to respond to a request for proposal issued by a Prospective Merchant or prospective merchant for services to be provided by the Bank or any of its Affiliates and the Bank desires to include in its response the Joint Venture Services of the Joint Venture or (b) if the request for proposal specifically requests or refers to Joint Venture Services, the Bank shall contact the Joint Venture and the Joint Venture shall provide the terms and conditions, including the prices, and supporting marketing materials to be included in such proposal with a view to agreeing to the same with the Joint Venture to enable the Bank to submit the response to the Prospective Merchant or prospective merchant within the time reasonably required by the Bank or its Affiliate.

(t) In connection with the determination to enter into a New Merchant Agreement with a Prospective Merchant or prospective merchant, the Joint Venture shall follow the Card Association Rules and the Merchant Qualification Criteria agreed to between the Bank and the Joint Venture. The Joint Venture further agrees that if it receives a notice from the Bank that a Merchant does not, in the reasonable opinion of the Bank (having consulted the Joint Venture and having regard of its comments), meet the Merchant Qualification Criteria or that a Merchant Agreement substantially increases the reputation, legal, financial or credit risk of the Bank, then the Joint Venture shall terminate such Merchant Agreement as soon as reasonably practicable taking into account the Joint Venture's need to reduce financial risk by accumulating a reasonable amount of reserves, and promptly notify the Bank of the effective date of the termination.

(u) The Parties shall, where expressly applicable and to the extent permitted by Laws, procure that their Affiliates shall comply with the provisions of this Section 6.1.

SECTION 6.2 Marketing. During the Term, the Joint Venture shall permit the Bank and its Affiliates to market its products (other than the Merchant Acquiring Services or services similar to Merchant Acquiring Services) to the Joint Venture's customers so long as such marketing does not adversely impact the relationship between the Joint Venture and such customers and does not otherwise violate the terms of this Agreement and conforms with all Laws and Association Rules. The Joint Venture and the Bank shall advise the other of any opt outs, suppression requests and/or other notices or requests that it receives from the Merchants or other Persons and shall work together to determine the appropriate actions relating to such notices and/or requests provided that the Party whose marketing activity is the subject of the notice and/or request shall be solely responsible for taking the necessary action in relation to it.

SECTION 6.3 Governmental or other Contracts. If a Governmental Entity or any other Merchant requires a financial institution to be the only other party to any contract, agreement, understanding, commitment or arrangement involving the Merchant Acquiring Business or any part thereof (each, a "**Governmental Contract**") and the Joint Venture is interested in pursuing such Merchant Agreement or Governmental Contract, the Bank agrees to enter into such Merchant Agreement or Governmental Contract on behalf of the Joint Venture. The economic benefits and burdens of such Governmental Contract or Merchant Agreement shall inure to the Joint Venture like any other New Merchant Agreement hereunder.

SECTION 6.4 Benchmarking. The Bank may require the Joint Venture to carry out a benchmarking exercise to determine if the Joint Venture's products, services and costs are competitive in the marketplace provided that the Joint Venture shall not be obliged to carry out such an exercise more frequently than once per year. To the extent that such exercise reveals deficiencies, the Joint Venture, in combination with the GPN Processor, shall prepare and present to the Board a plan to make the products and services more competitive.

SECTION 6.5 Customer Satisfaction Exercises. On an annual basis, the Joint Venture, in cooperation with the Bank shall, at its cost, conduct research to gauge customer satisfaction across its products and services. To the extent that such research produces results that are significantly below the standard obtained by the Bank in relation to its customers, the Joint Venture shall prepare and present to the Board a plan to improve customer satisfaction in general and with respect to specific deficiencies highlighted by the research results.

SECTION 7. CHARGEBACKS, CREDIT LOSSES AND RISK MANAGEMENT

SECTION 7.1 Chargebacks and Credit Losses.

(a) The Joint Venture shall be responsible for, and reimburse the Bank in respect of, all unreimbursed Chargebacks and Credit Losses with respect to Card Transactions that occur after the Effective Time, subject to the provisions of Section 8.2 (b) of the Transition Agreement. The Bank shall be reimbursed for sums due under this Section 7.1(a) by debiting such funds from the applicable Settlement Account.

(b) The Bank shall follow the Joint Venture's reasonable instructions, if any, with respect to monitoring Merchants and holding funds relating to the Merchant Acquiring Business at the Joint Venture's request subject to any applicable Law or Association Rules.

SECTION 7.2 Processing Chargebacks and Credit Losses; Pre-Completion Transactions. Without prejudice to the Bank's obligations under the Transition Agreement, the Joint Venture shall process Chargebacks and Credit Losses relating to the Merchant Agreements in an expeditious manner in the Ordinary Course of its business after the Effective Date. The Bank shall be responsible for, and reimburse the Joint Venture in respect of all unreimbursed Chargebacks and Credit Losses with respect to Card Transactions which are authorised (or if no authorisation, presented) on or prior to the Effective Time, even if the such Chargebacks and Credit Losses are incurred or received after the Effective Time except to the extent that any such Chargebacks or Credit Losses arise as a result of the Joint Venture's negligence or wilful default in performing its obligations under this Agreement or any Joint Venture Agreements (provided always that prior to Back-end Migration Completion any such Chargebacks and/or Credit Losses which arise as a result of an IT systems failure shall not be deemed to result from the Joint Venture's negligence or wilful default in performing its obligations).

SECTION 7.3 Payment for Unreimbursed Chargebacks and Credit Losses

(a) The Bank agrees to pay the Joint Venture for all unreimbursed Chargebacks and Credit Losses applicable to any Merchant referred to in Schedule 7.3 (Indemnified Existing Merchant List) (each, an "**Indemnified Existing Merchant**") except to the extent that such unreimbursed Chargebacks and Credit Losses arise from the Joint Venture's negligence or wilful default in performing its obligations hereunder (provided always that prior to Back-end Migration Completion any such Chargebacks and/or Credit Losses which arise as a result of an IT systems failure shall not be deemed to result from the Joint Venture's negligence or wilful default in performing its obligations). The obligation of the Bank in the preceding sentence shall survive as to all transactions handled until the indemnification obligation is terminated by the Bank in accordance with the provisions of Section 6.1(r) (Exclusivity and Marketing). If a Merchant Agreement with an Indemnified Existing Merchant (but not, for the avoidance of doubt, an Indemnified Merchant) is, before the date 51 months and 18 days following the Completion Date, terminated as a result of the termination of the Bank's indemnification obligation pursuant to the preceding sentence, the Bank shall pay to GPN (on behalf of GPUK) a sum calculated as follows (the **"Terminated Merchant Value"**):

Terminated Merchant Value = (Merchant Value x (a/51.6)) x b%

where:

Merchant Value = the value attributed to the relevant Indemnified Existing Merchant as set out in Column (2) of the table in Schedule 7.3 (Indemnified Existing Merchant List);

a = 51.6 minus the Elapsed Months;

Elapsed Months = the number of whole calendar months and days that have elapsed since the Completion Date, expressed to one decimal place on the basis that the number of days elapsed should be divided by the number of days in the relevant part month (i.e. if the elapsed period equals 26 months and 24 days of June, the Elapsed Months shall equal 26.8); and

b = the percentage of the total Membership Units in the Joint Venture owned by GPUK (or any of its Affiliates) at the relevant time,

provided that when **"a"** equals zero or is negative or the **"Merchant Value"** equals zero or is negative, no payment will be payable under this Section 7.3(a).

(b) The Joint Venture shall notify the Bank promptly after experiencing unreimbursed Chargebacks and Credit Losses from any Indemnified Existing Merchant or Indemnified Merchant and shall exercise reasonable endeavours to collect all such amounts and to terminate the relevant Merchant Agreement in the Ordinary Course. As soon as the Joint Venture becomes aware that it has a right to payment from the Bank under this Section with respect to an Indemnified Existing Merchant or Indemnified Merchant, it shall promptly notify the Bank. The Bank shall not be obligated to pay the Joint Venture for any unreimbursed Chargebacks and/or Credit Losses under this Agreement unless the Joint Venture requests payment in respect such Chargebacks and/or Credit Losses within six months after the date on which the Joint Venture makes a final determination of the loss. If, at any time, the Joint Venture has recovered damages or other compensation for unreimbursed Chargebacks or Credit Losses from the Bank and also recovers funds, payments, or costs from another Person relating to such unreimbursed Chargebacks or Credit Losses, the amounts so recovered (less the reasonable costs of recovery) shall be remitted to the Bank up to the amounts previously paid by the Bank for such unreimbursed Chargebacks and Credit Losses.

(c) The termination of the Bank's indemnity obligations, as described in Section 7.3(a) or 6.1(r), shall have no effect on Chargebacks and Credit Losses arising out of transactions which occur prior to the effective time of such termination regardless of when the relevant unreimbursed Chargeback or Credit Loss is received.

SECTION 7.4 Reserve Accounts.

(a) The Parties acknowledge that there are certain Reserve Accounts held on behalf of Merchants as of the Effective Time (the "**Existing Reserve Accounts**"), which include but shall not be limited to the Existing Reserve Accounts set forth on Schedule 7.4. (Existing Reserve Accounts). As for Existing Reserve Accounts containing cash amounts that were established on behalf of a Merchant, the Bank shall transfer such funds to the Joint Venture and the Joint Venture shall hold those funds in accordance with the Merchant Agreement unless a Card Association advises either the Bank or the Joint Venture that this is not permitted in which case the Bank shall retain and maintain such Existing Reserve Accounts in accordance with Section 7.4(b) as if such Existing Reserve Account was a new Reserve Account. As for Existing Reserve Accounts containing cash amounts that were established on behalf of Merchants but were established by another area of the Bank the Bank shall not transfer the funds to the Joint Venture but the Bank agrees, to the extent that the Bank is not otherwise prevented by applicable Laws from doing so, to take all steps reasonably necessary to allow the Joint Venture to withdraw from such Existing Reserve Accounts from time to time amounts necessary to satisfy any Losses incurred by the Joint Venture with respect to the applicable Merchant for Chargebacks or Credit Losses accruing after the Effective Time. The Bank agrees to take all commercially reasonable actions requested by the Joint Venture in order to exercise or enforce the rights of the Bank in any Existing Reserve Accounts on behalf of the Joint Venture. The Parties acknowledge that nothing in this

Section 7.4 shall create any greater priority for the Joint Venture with respect to funds or collateral held in Existing Reserve Accounts than would otherwise be the case under applicable Laws. The Bank shall not release funds or collateral held in an Existing Reserve Account to the Merchant unless and until the Merchant's liability to the Joint Venture in respect of Chargebacks and Credit Losses has been satisfied in full. In relation to any Existing Reserve Accounts that were established on behalf of Indemnified Existing Merchants or new Reserve Accounts which the Bank establishes in relation to Indemnified Merchants in accordance with Section 7.4 (b) the Joint Venture acknowledges that the Bank shall have no obligation to release funds or collateral held in such Reserve Accounts to the relevant Merchant unless and until the Merchant's liability in respect of which the Bank is providing an indemnity to the Joint Venture has been satisfied in full.

(b) In the event that the Joint Venture establishes a new Reserve Account on behalf of a Merchant, such Reserve Accounts shall be maintained and controlled by the Joint Venture unless a Card Association advises either the Bank or the Joint Venture that it is not permitted for the Joint Venture to establish Reserve Accounts in which case the Bank shall, at the Joint Venture's request, establish and maintain such Reserve Accounts on behalf of the Joint Venture. In the event that the Joint Venture, acting reasonably, deems it prudent to establish a reserve by delaying settlement funding or by retrieving previously credited settlement funds from a Merchant Depository Account for a Merchant, the Bank shall ensure that the Bank or its Affiliates, as applicable, shall (at the Joint Venture's request, which may be oral provided that it is promptly confirmed in writing (which shall include by E-mail)) promptly withhold any Merchant settlement or debit from the Merchant Depository Account previous settlement credits and transfer such amounts to the Joint Venture as a reserve held for the Joint Venture's benefit to offset any future Chargebacks or Credit Losses under the applicable Merchant Agreement. In the event that the Merchant is a Key Account, the request from the Joint Venture shall be considered a Key Account Notice relating to an Emergency and shall be handled in accordance with Section 2.7 (Key Accounts). If the Bank does not establish a Reserve Account or effect a withholding as described above within one Business Day of the request (provided that, where such request is oral, it is promptly confirmed in writing (which shall include by E-mail)) then, to the extent that such failure or delay causes the Joint Venture to suffer additional Loss through its inability to recover unreimbursed Chargebacks or Credit Losses the Bank shall be liable for such Loss. In relation to Indemnified Merchants the Joint Venture acknowledges that the Bank shall be entitled to create and hold new Reserve Accounts as the Bank deems fit to protect itself against a potential Loss arising from its indemnification obligations to the Joint Venture.

(c) From the Effective Time, Existing Reserve Accounts and new Reserve Accounts, including delaying settlement funding, held by the Joint Venture shall earn interest on a daily basis equal to the Aggregate Balances multiplied by the Earnings Rate, set forth in Schedule 3.2.1 (Bank Services and Fees). The interest will be credited to a bank account designated by the Joint Venture monthly.

SECTION 8. MEMBERSHIP IN CARD ASSOCIATIONS AND NETWORK ORGANISATIONS

SECTION 8.1 Card Association and Network Organisation Membership by Bank. During the Term, the Bank shall remain a member of MasterCard, Maestro, and VISA, and any other Card Association or Network Organisation operating in the United Kingdom and, subject to reimbursement by the Joint Venture of all out of pocket associated costs, shall use reasonable efforts to become a member in any other region as required by the Merchant Acquiring Business (including the International Acquiring Business) of the Joint Venture and to carry out its obligations as a member thereof in connection with the Merchant Acquiring Business in compliance with applicable Association Rules. The Bank shall take commercially reasonable endeavours to ensure that a representative of the Joint Venture is appointed to committees relating to the Merchant Acquiring Business of MasterCard and VISA, to the extent permitted by applicable Association Rules. If membership on a particular committee is not permitted by applicable Association Rules, the Bank shall use reasonable efforts to get permission to allow a Joint Venture representative to attend MasterCard and VISA committee meetings along with the Bank's representative. If attendance by the Joint Venture representative is not allowed, the Bank shall attend committee meetings on a regular basis and shall as soon as reasonably practicable following each committee meeting, provide the Joint Venture with a summary of all verbal and written information discussed at such meeting unless disclosure is otherwise prohibited by the applicable Association Rules. The Bank shall be and remain solely responsible for the terms relating to its membership of all Card Associations and Network Organisations and the negotiation and agreement of such terms and any changes to them shall be a matter solely for the Bank.

SECTION 8.2 Card Association and Network Organisation – Membership by the Joint Venture. In the event the Joint Venture is allowed to become a direct member of any of the Card Associations or Network Organisations, the Joint Venture may, in its sole discretion, apply for membership unless such membership would necessitate capital requirements that the Joint Venture cannot meet without the assistance of the Bank and GPUK. In such event, the Joint Venture may only apply for membership with the written Consent of the Bank and GPUK. In the event that the Bank and GPUK do consent to such an application and the Joint Venture does become a member of a Card Association or Network Organisation directly, then: (i) the provisions of Clause 8 of the Partnership Agreement shall apply to the funding of capital requirements arising directly from such membership; and (ii) any applicable rights and obligations of the Bank within this Agreement associated with the relevant Card Association or Network Organisation shall become the rights and obligations of the Joint Venture; and (iii) all the Bank's applicable rights and obligations shall cease. The Joint Venture and the Bank shall work together to modify the Merchant Agreements accordingly. Subject to the approval of the relevant Card Associations, the Bank shall assign any applicable BIN/ICA to the Joint Venture subject to and in accordance with Association Rules. The Bank shall continue to have the rights and obligations in accordance with this Agreement with respect to any other BIN/ICA needed for the operation of the business which has not been obtained by the Joint Venture or for any other membership or sponsorship contemplated hereunder which has not been obtained by the Joint Venture directly.

SECTION 8.3 Compliance with Association Rules by the Joint Venture. During the Term, the Joint Venture and GPN shall cooperate to work with the Bank in connection with the Joint Venture, GPN and/or the Bank obtaining and maintaining any Authorisations or Consents from Card Associations, Network Organisations and Clearing Systems as are required in connection with the performance by or on behalf of the Joint Venture of the Joint Venture Services or by the Bank of the Bank Services and, without limiting the foregoing, the Joint Venture and GPN shall comply with all Association Rules and other obligations relating to it being designated a Member Service Provider or an Independent Sales Organisation or a Third Party Administrator. After the Transition Period, the Joint Venture shall undertake all reporting, audit, compliance and related procedures ("**BIN/ICA Reporting**") required by the applicable Association Rules with respect to the use of BINs/ICAs, whether such BIN/ICA Reporting is required to be done on a regular basis or on an ad hoc basis pursuant to a request by the relevant Card Association, Network Organisation or any Governmental Entity. During the Transition Period the Bank shall be solely and fully responsible for all required BIN/ICA Reporting.

SECTION 8.4 Processing and Clearing Arrangements. At the Effective Time, the Bank shall (either directly or through its Affiliates or through non-affiliated parties) have and shall thereafter, subject to the remainder of this Section, maintain segregated BIN/ICA numbers adequate for use in processing, clearing and settling of all of the Credit Card Transactions effected in connection with the Merchant Acquiring Business as it exists as of the Effective Date. If, after the Effective Time, the Joint Venture requires additional BIN/ICA numbers due to international expansion or for any other reason, subject to reimbursement by the Joint Venture of all associated costs of the Bank and its Affiliates, the Bank shall, or shall procure that one of its Affiliates shall, use commercially reasonable endeavours to obtain such BIN/ICA numbers unless it is prohibited from doing so by Law or by an Association Rule. In the event that a BIN/ICA number used by the Joint Venture is owned by a party not-affiliated with the Bank and such non-affiliated party elects to discontinue availability of that BIN/ICA, the Bank shall use commercially reasonable endeavours to secure a comparable service, but shall not be liable for failure to do so.

SECTION 8.5 Bank Services Fees during Run-Off Period. The Bank Services, from the Completion Date to the start of the Run-Off Period, shall be provided by the Bank in accordance with the cost basis described in Schedule 3.2.1 (Bank Services and Fees). During the Run-Off Period the Bank shall charge the Joint Venture for the Bank Services at the prevailing market rates in the relevant market other than in relation to the Bank's lending rate in relation to Settlement Accounts which shall continue to be charged in accordance with Section 4.3(a) (Funding Costs for Merchant Settlement). The Joint Venture and the Bank shall negotiate in good faith to agree the appropriate market rates on which the Bank Services will be provided and, in the event they cannot agree within 60 days following the start of the Run-Off Period, either the Joint Venture or the Bank may invoke the dispute resolution procedures set out in Section 21 (Dispute Resolution). The Joint Venture shall not use any BIN/ICA sponsored by the Bank or its Affiliates for the benefit of any Person other than the Joint Venture or for any purpose other than the Merchant Acquiring Business.

SECTION 9. PAYMENT OF SCHEME FEES

SECTION 9.1 Payment of Scheme Fees and Interchange Fees.

(a) The Joint Venture shall reimburse the Bank for any and all interchange costs incurred by the Bank in connection with the Merchant Acquiring Business.

(b) The Joint Venture shall reimburse the Bank for any and all membership fees, BIN/ICA fees, scheme fees, assessments, or any other fees assessed by Card Associations or Network Organisations in connection with the Merchant Acquiring Business including actual and out of pocket costs or expenses incurred by the Bank related to the BIN/ICA as a result of industry wide regulatory changes (including charges for capital allocation) where, in the main, competitors of the Joint Venture (including but not limited to at least two of the Restricted Entities) have passed such costs through to their merchants. Such fees shall be passed through by the Bank to the Joint Venture at actual cost, based on the methodology set out in this Section. When such costs are specific to the Merchant Acquiring Business and individually itemised on invoices received by the Bank, such costs shall be passed straight through to the Joint Venture. In the event that such costs are bundled, tiered, stepped or otherwise combined with fees unrelated to the Merchant Acquiring Business and no unit count is available to differentiate such costs, so long as such fees apply to the Merchant Acquiring Business at least in part, then such fees shall be passed through to the Joint Venture on a basis consistent with the Ordinary Course prior to the Completion Date in an amount in proportion to net merchant acquiring volumes relative to the Bank's total net turnover volumes (inclusive of credit or debit card issuing or other businesses applicable to the fee assessed) with the applicable Card Associations or Network Organisations and this calculation shall be carried out at the end of the calendar year in respect of costs incurred during such calendar year consistent with the Ordinary Course prior to the Completion Date. If there is no Ordinary Course, then the Joint Venture and the Bank shall agree on a fair and reasonable methodology for allocating the costs amongst the Merchant Acquiring Business and the other businesses of the Bank.

(c) If the Bank receives a discount reimbursement or rebate from a Card Association or Network Organisation, the Bank shall pay the Joint Venture a pro rata amount of that discount based on the net turnover of the Merchant Acquiring Business with respect to the Bank's net turnover of the Bank's issuing business or other businesses which apply to the rebate or discount consistent with the Ordinary Course prior to the Completion Date.

(d) With respect to the International Acquiring Business, interchange, assessments, scheme fees, or other network or membership related charges and any other fees assessed by Card Associations or Network Organisations shall be passed through to the Joint Venture at the cost assessed by the Card Associations or Network Organisations to the Bank or the Bank Affiliate directly or by Bank Affiliates or third parties. To the extent that costs related to the International Acquiring Business passed through from Bank Affiliates or Card Associations or Network Organisations do not adhere to the principles described in Section 9.1 a), b) or c) above, the Bank shall use reasonable efforts to enforce such principles with the Bank Affiliates or to otherwise reassess pass-through of scheme fees, however, only to the extent that such pursuits are commercially reasonable.

SECTION 10. AMENDMENTS TO SERVICES; PROBLEM NOTIFICATION

SECTION 10.1 Complaints. The Joint Venture shall implement customer complaint policies and procedures concerning the Joint Venture Services consistent with the Ordinary Course of its business having regard to the Bank's policies and procedures to deal with complaints.

SECTION 10.2 Changes in Laws, Association Rules and Clearing System Rules. The Joint Venture and the Bank may from time to time identify and assess the impact on provision of the Joint Venture Services and the Bank Services, respectively, hereunder of a change in applicable Laws, Association Rules or Clearing System Rules that relates to the Joint Venture Services or the Bank Services, as applicable, or their provision hereunder (a "**Legal Change**"). The Joint Venture and the Bank shall in good faith attempt to agree upon any modifications to the Joint Venture Services or Bank Services, as applicable, required as a result of a Legal Change provided that the Bank shall, in its sole discretion, be entitled to determine and implement any Changes to the Bank Services necessitated by a Legal Change and the Joint Venture shall, in its sole discretion, be entitled to determine and implement any Changes to the Joint Venture Services necessitated by a Legal Change. Should either the Joint Venture or the Bank have a good faith basis to conclude that the Changes to the Services, if any, made by the Bank or the Joint Venture will have a material impact on the other, then a Dispute will have arisen which will be resolved according to Section 21(Dispute Resolution). While a Party is making any agreed upon modifications resulting from a Legal Change, it shall use commercially reasonable endeavours to continue to provide the Services for which it is responsible in accordance with the provisions of this Agreement. If, however, such Legal Change prevents the Party from providing the Services in accordance with the provisions of this Agreement, the Party shall use commercially reasonable endeavours to arrange a reasonable solution which gives effect to the intent of this Agreement as closely as practicable and that delivers the Service in the most commercially reasonable manner in the then existing circumstances. Notwithstanding Section 3.4 (a) (Fees for Bank Services; Invoices) and subject to Section 22.18(h) (Withholding Tax; Applicable Sales Taxes; Transfer Pricing), if the Bank's or the Joint Venture's cost of providing the Services for which it is responsible hereunder is substantially increased as a result of a Legal Change, the Joint Venture and the Bank shall in good faith negotiate an amendment to the Bank Services or the Joint Venture Services described in this Agreement, as the case may be, to minimise such increase.

SECTION 10.3 Problem Notification. The Bank or the Joint Venture, shall, as soon as reasonably practicable, notify the other Party in the event either that the Bank or the Joint Venture becomes aware of an event, occurrence, error, defect or malfunction materially affecting the ability of the Joint Venture or the Bank to perform the Services for which it is responsible hereunder. Notwithstanding the foregoing, any failure by any Party to give any notice pursuant to this Section relating to a problem relating to the other Party shall not relieve the other Party of any liability hereunder. If more than one problem arises or occurs at one time, the Parties shall agree upon the order of priority in which the problems are to be addressed and resolved.

SECTION 10.4 Root-Cause Analysis and Resolution. As soon as reasonably practicable following any material failure of either the Joint Venture or the Bank to provide any of the Services for which such Party is responsible hereunder in accordance with this Agreement and in any event within three days after receipt of a notice from a Party to the other Party in respect thereof, the defaulting Party shall commence and conduct a detailed analysis to identify the cause of such failure; and as soon as reasonably practicable thereafter provide the other Party with a written report detailing the cause of, and procedure for correcting, such failure. In addition, the defaulting Party shall deliver to the other Party, within a commercially reasonable time, a corrective action plan that addresses actions to be taken in an effort to try to avoid a recurrence of such failure.

SECTION 11. SERVICE LOCATIONS AND SECURITY

SECTION 11.1 Rights of Access to Joint Venture Service Locations. Subject to the confidentiality requirements in this Agreement or as otherwise agreed to by the Joint Venture and the Bank, each of the Bank and its Advisors shall be permitted access, for the purposes of the Merchant Acquiring Business or the provision of Bank Services hereunder, to any Joint Venture Service Location during the normal operating hours for such Joint Venture Service Location and in accordance with the Joint Venture's Security and Privacy Policies and Procedures; provided, however, that each of the Bank and its Advisors shall, except in emergency situations, make reasonable accommodation for the needs of the Joint Venture to run its business unimpeded, particularly at busy times of the year.

SECTION 11.2 Joint Venture Service Locations. The Joint Venture agrees that it shall not provide any of the Joint Venture Services from any locations without obtaining all required Authorisations from applicable Governmental Entities.

SECTION 11.3 Unauthorised Access or Copying. The Joint Venture and the Bank shall give each other prompt notice if it becomes aware of any unauthorised copying of, or access to, the Bank Data or the Joint Venture Data, respectively, or any part thereof, such notice to be in the form of a reasonably detailed incident report.

SECTION 11.4 Data Security for Bank System. To the extent that the Joint Venture has, pursuant to the Joint Venture Agreements, the right to gain access to or use any system or facility operated by the Bank or by an Affiliate of the Bank (a "**Bank System**"), the Joint Venture acknowledges, agrees and covenants that:

(a) except as expressly otherwise provided in this Agreement or any of the other Operative Documents, the Joint Venture shall have no right or title to, interest in or ownership of, any Bank System or any component or portion thereof;

(b) except as expressly otherwise provided in this Agreement or any of the other Operative Documents, the Joint Venture shall neither permit nor enable any Person (other than GPN and the GPN Processor or any of its Advisors, and then only strictly on the basis that the Joint Venture shall procure that such Persons act in accordance with this Agreement and any conditions reasonably imposed by the Bank) to access or use any Bank System or any component or portion thereof;

(c) except as expressly otherwise provided in this Agreement or any of the other Operative Documents, the Joint Venture shall not, and shall not facilitate or assist another Person (other than GPN or any of its Advisors, and then only on the basis that the Joint Venture shall procure that such Persons act strictly in accordance with this Agreement and any conditions reasonably imposed by the Bank) to gain access to or use any Bank System or any component or portion thereof;

(d) the Joint Venture shall not, and shall not facilitate or assist another Person to, reverse compile or disassemble any object code version of any software application or program in the Bank System or any component or portion thereof;

(e) the Joint Venture shall not make any untrue or unsubstantiated claim or representation as to the ownership of, or act as the owner of, any Bank System or any component or portion thereof;

(f) the Joint Venture shall not, and shall not facilitate or assist another Person to, gain access or attempt to gain access through any Bank System or any component or portion thereof (in respect of which the Joint Venture has, under this Agreement or any other Operative Document, a right of access), to any other system or facility or any component or portion thereof to which the Joint Venture does not, under this Agreement or any other Operative Document have the right to access;

(g) except as may otherwise be provided in this Agreement or any of the other Operative Documents, the Joint Venture shall not, nor shall it facilitate or assist another Person to, perform any act that is inconsistent with or in violation of this Agreement or any other Operative Document, or that may jeopardize the rights of the Bank, its Affiliates or any third party licensors, in the Bank System or any component or portion thereof; and

(h) the rights to gain access to or use any system or facility as set out in this Section shall be subject to the Bank's Security and Privacy Policies and Procedures, and any obligations of confidentiality or like restrictions imposed upon the Bank under any legally binding agreements to which the Bank is a party.

SECTION 11.5 Data Security for Joint Venture System. To the extent that the Bank has, pursuant to the Joint Venture Agreements, the right to gain access to or use any system or facility operated by the Joint Venture or the GPN Processor or any of their respective Affiliates (a "**Joint Venture System**"), the Bank acknowledges, agrees and covenants that:

(a) except as expressly otherwise provided in this Agreement or any of the other Operative Documents, the Bank shall have no right or title to, interest in or ownership of, any Joint Venture System or any component or portion thereof;

(b) except as expressly otherwise provided in this Agreement or any of the other Operative Documents, the Bank shall neither permit nor enable any Person

(other than any of its Advisors, and then only strictly in accordance with this Agreement and any conditions reasonably imposed by the Joint Venture) to access or use any Joint Venture System or any component or portion thereof;

(c) except as expressly otherwise provided in this Agreement or any of the other Operative Documents, the Bank shall not, and shall not facilitate or assist another Person (other than any of its Advisors, and then only strictly in accordance with this Agreement and any conditions reasonably imposed by the Joint Venture) to, gain access to or use any Joint Venture System or any component or portion thereof;

(d) the Bank shall not, and shall not facilitate or assist another Person to, reverse compile or disassemble any object code version of any software application or program in the Joint Venture System or any component or portion thereof;

(e) the Bank shall not make any untrue or unsubstantiated claim or representation as to the ownership of, or act as the owner of, any Joint Venture System or any component or portion thereof;

(f) the Bank shall not, and shall not facilitate or assist another Person to, gain access or attempt to gain access through any Joint Venture System or any component or portion thereof (in respect of which the Bank has, under this Agreement or any other Operative Document, a right of access), to any other system or facility or any component or portion thereof to which the Bank does not, under this Agreement or any other Operative Document have the right to access;

(g) except as may otherwise be provided in this Agreement or any of the other Operative Documents, the Bank shall not, nor shall it facilitate or assist another Person to, perform any act that is inconsistent with or in violation of this Agreement or any other Operative Document, or that may jeopardize the rights of the Joint Venture, the GPN Processor, any of their respective Affiliates or any third party licensors, in the Joint Venture System or any component or portion thereof; and

(h) the rights to gain access to or use any system or facility as set out in this Section shall be subject to the Joint Venture's Security and Privacy Policies and Procedures, and any obligations of confidentiality or like restrictions imposed upon the Joint Venture under any legally binding agreements to which it is a party.

SECTION 11.6 Rights of Access to Bank Service Locations.

(a) During the Term, the Bank agrees to provide employees of the Joint Venture, GPN, and of the GPN Processor or, subject to the Bank's prior approval, other specified independent contactors of the Joint Venture or other employees of the Joint Venture's subcontractors (cumulatively the "**Access Employees**") with access to and use of the Bank's systems and with access to and use of facilities in the United Kingdom, Philippines and India to the

extent necessary for the purposes of the Merchant Acquiring Business or the provision of Joint Venture Services hereunder provided that such access or use is in accordance with the Bank's Security and Privacy Policies and Procedures and does not and will not directly or indirectly contravene any Laws.

SECTION 11.7 Co-operation with Special Investigations. The Joint Venture and the Bank shall, in good faith, provide reasonable co-operation and assistance to each other and their respective Advisors with respect to any investigation of an actual or alleged security breach at a Joint Venture Service Location or a Bank Service Location.

SECTION 12. REPORTS, DATA AND INTELLECTUAL PROPERTY

SECTION 12.1 Joint Venture Reports and Data Sharing. As part of the Joint Venture Services, the Joint Venture shall provide to the Bank such data and reports as the Bank and the Joint Venture may agree upon from time to time, including the following:

(a) periodic reports detailing the Joint Venture's performance against those Joint Venture Service Levels which are tracked by the Joint Venture in the Ordinary Course of its business;

(b) daily reports detailing Reserve Accounts;

(c) monthly closed account reports by reason code;

(d) referral stream quantum and payments reports data to enable reporting on the Bank's monthly performance management systems at mutually agreeable times and in a mutually agreed upon format; and

(e) up to once in each year, a report providing details of the names and addresses of all Merchants.

SECTION 12.2 Bank Reports and Data Sharing. As part of the Bank Services, the Bank shall provide to the Joint Venture such written reports as the Bank and the Joint Venture may agree upon from time to time, including the following reports:

(a) daily reconciliation of debits and credits to the Settlement Account, including detailed information as reasonable requested by the Joint Venture regarding the settlement fund transfers referenced in Section 4.1(b) and the settlement funding costs referenced in Sections 4.1(c) (Acceptance, Delivery and Settlement of Credit Card Transaction Records and Debit Card Transaction Records) and 4.3 (Funding Costs for Merchant Settlement);

(b) daily Merchant funding reports;

(c) daily settlement reports from each Card Association unless such reports are provided directly by the applicable Card Association; and

(d) Debit Card funding and Network Organization settlement reports.

SECTION 12.3 Format and Cost of Reports. The reports required to be provided pursuant Sections 12.1 and 12.2 may be provided directly to the relevant Party or through access to an electronic view. The reasonable fees, costs and expenses of such reports shall be solely and wholly borne by the Party to which the reporting obligation applies unless such reporting activities were not in the Ordinary Course of business in which case the reporting Party shall be provided with costs reimbursement consistent with the agreement made between the Parties for the report(s). Notwithstanding the foregoing, the reports set forth above shall be considered reports provided in the Ordinary Course of the providing Party's business.

SECTION 12.4 Ownership and use of the Bank Data. Notwithstanding the Joint Venture's use of the Bank Data in connection with the Merchant Acquiring Business or providing the Joint Venture Services, the Bank Data is and shall remain the property of the Bank or its customers, as applicable. The Bank Data shall not be:

(a) used in any way, directly or indirectly, by the Joint Venture or any of its Advisors other than to the extent necessary in connection with the Merchant Acquiring Business or the provision of the Joint Venture Services;

(b) disclosed (other than pursuant to this Agreement) sold, assigned, leased or otherwise provided by the Joint Venture to any Person (other than the GPN Processor and their respective Affiliates and Advisors, and then only on a need-to-know and strictly confidential basis for performing the Merchant Acquiring Business or providing the Joint Venture Services and in accordance with the terms of this Agreement and, in the case of the GPN Processor, the Processing Agreement); or

(c) commercially exploited in any way, directly or indirectly, by or on behalf of the Joint Venture or any of the Affiliates of the Joint Venture or any of their respective Advisors.

Without prejudice to Section 6 (Exclusivity and Marketing), the restrictions on the Joint Venture's use of the Bank Data set out in this Section 12.4 shall not apply to information which (i) has otherwise been disclosed by a Merchant or other Person to the Joint Venture directly or indirectly other than as a result of a breach of any obligation of confidence; (ii) is or becomes available in the public domain other than as a result of a disclosure by the Joint Venture in violation of the terms of any confidentiality undertaking; or (iii) is independently developed by the Joint Venture without reference to or use of the Bank Data.

SECTION 12.5 Access to the Bank Data. Notwithstanding the Joint Venture's use of the Bank Data in connection with the Merchant Acquiring Business or providing the Joint Venture Services, at all times during the Term, the Joint Venture shall, subject to Section 11 (Service Locations and Security), provide (and procure that the GPN Processor and their respective Affiliates and Advisors shall provide) the Bank with unrestricted access to the Bank Data used or being used in accordance with Section 12.4 (Ownership and use of the Bank Data).

SECTION 12.6 Privacy. The Parties agree to comply with all reasonable requirements of the Bank's and the Joint Venture's Security and Privacy Policies and Procedures in connection with the Merchant Agreements and all applicable privacy Laws, Association Rules and Clearing System Rules in connection with the provision of the Services.

SECTION 12.7 Ownership and use of the Joint Venture Data.

(a) Notwithstanding the Bank's access to the Joint Venture Data in connection with the Operative Agreements or providing the Bank Services or as otherwise permitted under this Agreement, the Joint Venture Data is and shall remain the property of the Joint Venture.

(b) The Bank and its Affiliates shall be permitted to use the Joint Venture Data: (i) in connection with providing the Bank Services; (ii) to perform its obligations and benefit from its rights under the Merchant Agreements during the Term; and (iii) during the Term and thereafter to market its products and services and those of its Affiliates to Merchants (provided that such use complies with all Laws and Association Rules), provided in each case that the Bank shall not use the Joint Venture Confidential Information to solicit Merchant Acquiring Services or services similar to the Merchant Acquiring Services unless the Bank owns all Membership Units in the Joint Venture.

(c) GPN and its Affiliates shall be permitted to use the Joint Venture Data: (i) in its capacity as GPN Processor, to perform its obligations under the Processing Agreement; (ii) during the Term, to market its products and services and those of its Affiliates to Merchants (provided that such use complies with all Laws and Association Rules), provided in each case that GPN shall not use the Joint Venture Confidential Information to solicit services similar to the material products and services of the Bank, which shall be defined as loan, savings, money transmission and insurance services and shall exclude cash advance card processing services for casinos and (iii) after the Term where GPUK (or any of its Affiliates) owns all Membership Units in the Joint Venture, for any purpose.

(d) Except as expressly permitted under this Agreement or any of the Operative Documents, at any time during the Term whilst the Bank has an ownership interest in the Joint Venture:

(i) the Joint Venture Data shall not be disclosed (other than to its Affiliates), sold, assigned, leased or otherwise provided to any Person (excluding its auditors, legal advisors and other professional advisors, who are subject to standard confidentiality obligations) except: (A) disclosure in the Ordinary Course of the Merchant Acquiring Business (as permitted by applicable Laws); or (B) in respect of Joint Venture Data other than Merchant specific data, disclosure as necessary in connection with a potential acquisition of GPN, provided that Joint Venture shall ensure that such Person respects the confidentiality obligations set out in Section 22.11 (Confidentiality); or (C) in respect of Joint Venture Data other than Merchant specific data, disclosure as necessary in connection with financing activities by GPN or any of its Affiliates; and

(ii) if there is a Change of Control in respect of the Joint Venture, GPUK or GPN which results in a Restricted Entity acquiring Control of the Joint Venture, GPUK or GPN then the Joint Venture shall ensure that no Joint Venture Data is, or can be, used by such Restricted Entity or any of its Affiliates (excluding the Joint Venture, the GPN Processor, GPUK and GPN) for merchant level analysis in connection with pricing or for solicitation.

(e) Without prejudice to Section 6 (Exclusivity and Marketing), the restrictions on the Bank's use of the Joint Venture Data set out in Section 12.7 shall not apply to information which: (i) has otherwise been disclosed by a Merchant or other Person to the Bank, other than in connection with the Merchant Acquiring Business or as a result of a breach of any obligation of confidence; (ii) is or becomes available in the public domain other than as a result of a disclosure by the Bank in violation of the terms of any Joint Venture Agreement; or (iii) is independently developed by the Bank without reference to or use of the Joint Venture Data. For the avoidance of doubt, the Joint Venture acknowledges that data identical to the Joint Venture Data may be held separately by the Bank, obtained directly in relation to any of the Bank's businesses other than the Merchant Acquiring Business and nothing in this Agreement is intended to affect the Bank's ownership or use of such data.

SECTION 12.8 Access to the Joint Venture Data. Notwithstanding the Bank's use of the Joint Venture Data in connection with the Merchant Acquiring Business or providing the Bank Services or as otherwise permitted under this Agreement, at all times during the Term the Bank shall, subject to Section 11 (Service Locations and Security), provide the Joint Venture with unrestricted access to the Joint Venture Data used or being used by it.

SECTION 13. BUSINESS RECOVERY PLANS

SECTION 13.1 Business Recovery Plan. The Joint Venture's Business Recovery Plan must be completed, approved by the Board, and submitted to the Bank within nine months of the Effective Date. Until such time as the Joint Venture has an operational Business Recovery Plan, the Bank shall continue to make theirs available on a basis consistent with the Ordinary Course of the Merchant Acquiring Business prior to the Completion Date. The Joint Venture and the Bank shall:

(a) maintain their respective Business Recovery Plans in accordance with their terms as provided to the other Party in writing on or before the date hereof;

(b) periodically update and test the effectiveness of their respective Business Recovery Plans;

(c) provide the other Party with copies of their amended Business Recovery Plans as soon as reasonably practicable following any amendment;

(d) on a periodic basis, certify to the other Party that the certifying Party's Business Recovery Plan has been successfully tested;

(e) implement their respective Business Recovery Plans in accordance with the applicable terms;

(f) consult with the other Party regarding the priority to be given to the Services upon the occurrence of an event that triggers any obligation under either Party's Business Recovery Plan;

(g) not amend their respective Business Recovery Plans in a manner that may materially affect the Merchant Acquiring Business without the prior written Consent of the other Party, such Consent not to be unreasonably withheld; and

(h) ensure that each of their respective Business Recovery Plans complies with all applicable Laws, Association Rules and Clearing Systems Rules.

SECTION 13.2 Force Majeure. Neither the Joint Venture nor the Bank shall be liable for a failure or delay in the performance of its obligations pursuant to this Agreement (other than the obligations referred to in Section 15.3 (c) (in the case of the Bank) and Section 15.4 (c) (in the case of the Joint Venture)), including the failure or delay in respect of providing the Services which it shall provide hereunder if, and to the extent that, and only for so long as such failure or delay is caused, directly or indirectly, by fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions, strikes, lock outs or labor or supply disruptions or revolutions or any other similar causes beyond the reasonable control of such Party or any of its subcontractors or other Persons (and, in relation to the Joint Venture, the GPN Processor) engaged to provide the relevant Services on its behalf hereunder (each, a "**Force Majeure Event**"**)** provided that the affected Party:

(a) has continued to use commercially reasonable endeavours to resume performance of such obligations whenever and to whatever extent possible without delay;

(b) has adopted and implemented a Business Recovery Plan in accordance with the provisions of Section 13.1;

(c) has complied with its Business Recovery Plan; and

(d) still has failed in the performance of such obligations.

If a Force Majeure Event occurs, the affected Party shall, as soon as reasonably practicable, notify the other Party by telephone (to be confirmed in writing within five days after the inception of such failure or delay) of the occurrence of a Force Majeure Event, and describe in reasonable detail the circumstances causing the Force Majeure Event.

SECTION 14. AUDITS, REGULATORY EXAMINATIONS AND COMPLIANCE

SECTION 14.1 Audits and Inspections.

(a) Upon reasonable notice, each Party shall provide such internal auditors and/or external auditors of the other Parties with access, as requested, to the Joint Venture Service Locations or the Bank Service Locations, as applicable, for the purpose of performing audits or inspections of the Joint Venture Services or the Bank Services, as applicable. Each Party shall

provide such auditors any assistance that they may reasonably require, at the sole expense of the requesting Party. If any audit by an auditor designated by the auditing Party results in the audited Party being notified that it is not in compliance with any provisions of this Agreement or any other Operative Documents, or any applicable Laws, Association Rules or Clearing System Rules, the audited Party shall, within the period of time specified by the auditing Party, use commercially reasonable endeavours to remedy the non-compliance.

(b) Each Party shall provide such inspectors designated by any Governmental Entity, Card Association or Network Organisation having jurisdiction over that Party with access to the Joint Venture Service Locations or the Bank Service Locations, as applicable, for the purpose of performing inspections of the Joint Venture Services or the Bank Services, as applicable, subject to and in accordance with the applicable Laws, Association Rules or Clearing System Rules. If an inspection by any such Governmental Entity, Card Association or Network Organisation results in the inspected Party being notified that it is not in compliance with any applicable Laws, Association Rules or Clearing System Rules, the inspected Party shall, within the period of time specified by such Governmental Entity, Card Association or Network Organisation, use commercially reasonable endeavours to remedy such non-compliance.

(c) In addition, the Joint Venture shall permit the Risk Teams to have access, on reasonable notice, during normal business hours to the Joint Venture's documentation, records and/or marketing materials (in each case in whatever media), staff (including the right to observe staff fulfilling their roles and undertaking training) and premises (and any premises within which the Joint Venture and/or its representatives undertake activities) in each case for the purpose of undertaking monitoring activities and satisfying themselves that the Joint Venture, its procedures and processes (including without limitation its training, risk, regulatory and audit functions) are operating effectively and in accordance with this Agreement and the other Operative Agreements (but on the basis that neither the Joint Venture nor GPUK is relying on any report or recommendation made to the Joint Venture by the Risk Teams and that the Risk Teams shall not owe any duty of care either to the Joint Venture or GPUK in respect of any such reports or recommendations). Notwithstanding the foregoing, in connection with the foregoing right, neither GPUK nor their internal and external auditors shall have the right to access (other than view access) any IT system operated by the Bank or any of its Affiliates and neither the Bank nor any of their internal and external auditors shall have the right to access (other than view access) any IT system operated by GPN or its Affiliates.

(d) Promptly upon request by the Joint Venture from time to time, the Bank shall, to the extent permitted by Laws, provide the Joint Venture with copies of its underwriting files or similar documents for individual Merchants that are parties to Existing Merchant Agreements.

SECTION 14.2 Regulatory Matters.

(a) The Parties shall cooperate with each other to ensure that all information necessary or desirable for making (or responding to any requests for information following) any notification or filing made in respect of this Agreement, or the transactions contemplated by it, is supplied to the Party dealing with such notification and filing and that they are properly, accurately and promptly made and updated as necessary.

(b) Without prejudice to the other provisions of this Section 14, if any material regulatory action (including but not limited to any order of any Court or any order or decision made by any regulatory authority or agency or any enactment of any regulatory authority which may prohibit or restrict the carrying on of all or part of the Merchant Acquiring Business or in consequence of which a Party may incur a fine or liability and damages were this Agreement or the other Operative Documents to be performed in accordance with their terms) is taken or threatened, the Joint Venture and the Bank shall promptly meet to discuss:

(i) the situation and the action to be taken as a result; and

(ii) whether any modification to the terms of this Agreement or the other Operative Documents (or any other agreement entered into pursuant to this Agreement or the other Operative Documents) should be made in order that any requirement (whether as a condition of giving any approval, exemption, clearance or consent or otherwise) of any regulatory authority may be reconciled with and within the intended scope of the business arrangement contemplated by this Agreement and the other Operative Documents. The Parties shall co operate to give effect as soon as practicable to any such agreed modifications.

(c) Notwithstanding any other provision of this Agreement, if during the Term a material regulatory or compliance matter relating to: (i) the Bank or its Affiliates which may affect the Merchant Acquiring Business; or (ii) the Joint Venture or its Affiliates, or any of their respective activities or procedures arises including, without limitation:

(i) any dispute with the Financial Services Authority, the Office of Fair Trading, the Banking Standards Code Board, Network Organisation, Card Association, the Competition Commission or any other regulator with jurisdiction over the Joint Venture's Group in relation to Laws (a "**Regulator**");

(ii) any material breach or alleged breach by the Bank or its Affiliates or the Joint Venture or any of its Affiliates of the Association Rules;

(iii) any material dispute with or complaint by a third party in which there is an allegation or claim made or is likely to be made or implied that the Joint Venture or any of its Affiliates or the Bank or any of its Affiliates may not have complied in all respects with Laws; or

(iv) any investigation or enquiry by, or review, consultation or other dialogue with, a Regulator related to any matter referred to in Section 14.2(c)(i) to (iii) above or which may reasonably be expected to be so related,

(each being a "**Regulatory Matter**") then each Party so becoming aware shall as soon as reasonably practicable after becoming aware of the same notify the Joint Venture, the Bank and the Members of this fact (a "**Regulatory Matter Notification**").

(d) Following the service of a Regulatory Matter Notification the Joint Venture and the Bank shall promptly discuss how to deal with such Regulatory Matter and shall keep each other informed and consult as appropriate in relation to it.

(e) Save (but only to the extent) expressly required by Laws or a recognised investment exchange, each of the Parties undertakes to the other Parties that it will not at any time following a Regulatory Matter Notification make any public announcement, statement or communication in relation to a Regulatory Matter Notification regarding, related to or mentioning any of the other Parties or their Affiliates, whether in response to enquiries or otherwise to the public without the prior consent of the relevant Party or Parties.

(f) The course of action (the "**Regulatory Resolution**") as decided by the Board or as determined by the Bank as the case may be, as amended from time to time, in accordance with this paragraph, shall be implemented by the Joint Venture or the Bank, as applicable, and each of the Parties shall exercise its rights hereunder (insofar as it lawfully can) so as to procure that all steps required to implement the Regulatory Resolution are taken and shall take all steps within their respective powers to ensure that the representatives appointed by them take all steps to implement the Regulatory Resolution.

(g) Each Party shall keep the other Parties informed at regular intervals and as requested by the other Parties from time to time as to the way the Regulatory Resolution is being implemented and the way the Regulatory Matter develops. The Joint Venture or the Bank, as the case may be, shall be entitled to amend the Regulatory Resolution but in the case of a Joint Venture Regulatory Resolution only with the prior written approval of the Board.

SECTION 15. TERM AND TERMINATION OF AGREEMENT

SECTION 15.1 Term of Agreement. Unless otherwise terminated by agreement of the Parties or in accordance with its terms, this Agreement shall remain in full force and effect for an initial period of ten years from the Completion Date and shall be automatically extended for successive ten-year periods on the same terms and conditions expressed herein, or as may be amended, unless a Party serves on each of the other Parties a notice of termination at least one year prior to the expiration of the initial period (or any extensions or renewals thereof) such notice to take effect at the end of the applicable Run-Off Period.

SECTION 15.2 Termination Events. Except as specifically set forth in Section 15.1, the only events which may result in the termination of this Agreement are:

(a) a Bank Default as set forth in Section 15.3; or

(b) a Joint Venture Default as set forth in Section 15.4;

(c) the occurrence of any of the events described in Section 15.5; or

(d) the Bank being required to terminate this Agreement by applicable Laws, Association Rules or Clearing System Rules,

(each, a "**Termination Event**"), and then only in accordance with the provisions of Section 15.6 and, in the case of the Termination Events specified in Sections 15.2 (a) and (b), Section 20 (Remedies).

SECTION 15.3 Bank Default. Upon the occurrence of any of the following events, the Bank shall be deemed to have committed a '**Bank Default**" and the Joint Venture shall be entitled to terminate this Agreement by giving written notice to the Bank, such notice to take effect at the end of the applicable Run-Off Period:

(a) without prejudice to Section 15.3(c), the Bank defaults in the performance of any of the Bank Services hereunder or any of its other obligations under this Agreement (unless such default or failure in performance is caused by the Joint Venture or GPN or any Person acting on their respective behalves or by a Card Association or Network Organisation) and a corrective action plan is not implemented and effective to cure such default during the 120 day period after notice and demand for cure has been given by the Joint Venture to the Bank (except that such period shall be extended to the extent that there shall be a Force Majeure Event which prevents the Bank from curing the default) and provided that the default has a material adverse effect on the Merchant Acquiring Business relative to either the Joint Venture's rolling twelve month earnings prior to the occurrence of the default or the Joint Venture's total asset value as stated in the accounts at the end of the month prior to the occurrence of the default. Notwithstanding the foregoing except for a breach of a Bank Critical Service Level which is set forth in Section 15.3(c) no breach of a Bank Service Level hereunder shall constitute a Bank Default;

(b) if a default as described in Section 15.3(a) occurs which default would have resulted in a Bank Default had the Bank not cured the default (the "**Relevant Default**") and subsequently two further Bank defaults arise out of the same facts and circumstances no less than 120 days but no more than 4 years after notice and demand for cure has been given by the Bank in relation to the Relevant Default, if the Relevant Default and each of the two other Bank defaults has a material adverse effect on the Merchant Acquiring Business relative to either the Joint Venture's rolling twelve month earnings prior to the occurrence of the default or the Joint Venture's total asset value as stated in the accounts at the end of the month prior to the occurrence of the default;

(c) notwithstanding any Force Majeure Event, the Bank fails to:

(i) debit or credit a material number of the Merchant Depository Accounts (based on the portfolio as a whole) in accordance with Section 4.1(b) (Acceptance, Delivery and Settlement of Credit Card Transaction Records and Debit Card Transaction Records) for five consecutive Business Days; or

(ii) debit a material number of the Merchant Depository Accounts (based on the portfolio as a whole) in accordance with Section 5.2 (Withdrawal of Account Fees and Unreimbursed Chargebacks from Merchant Depository Accounts) within five Business Days after the required date; or

(iii) in respect of a material number of Merchants (based on the portfolio as a whole), debit or withhold a Merchant Depository Account or withhold any Merchant settlement amounts in accordance with Section 7.1(b) (Chargebacks and Credit Losses) and such defaults are not cured within five Business Days after notice and demand for cure has been given by the Joint Venture to the Bank; or

(iv) debit the Settlement Account in accordance with Section 4.1(c) (Acceptance, Delivery and Settlement of Credit Card Transaction Records and Debit Card Transaction Records) in respect of material number of Merchants (based on the portfolio as a whole), and any such defaults are not cured within five Business Days after notice and demand for cure has been given by the Joint Venture to the Bank,

unless in each case such failure is the result of a breach by the Joint Venture or GPN of their respective obligations under this Agreement or caused by a failure or default of the applicable Card Association or Network Organisation and provided that the Bank shall not be considered to have committed a Bank Default under this Section 15.3(c) if any requisite payment has been effected through any other means within the applicable time period specified above;

(d) a material breach by the Bank of Section 6 (Exclusivity and Marketing) which is incapable of cure or which, if capable of being cured, is not cured within 30 days after notice and demand for cure has been given by the Joint Venture; or

(e) an Insolvency Event occurs in relation to the Bank.

SECTION 15.4 Joint Venture Default. Upon the occurrence of any of the following events, the Joint Venture shall be deemed to have committed a "**Joint Venture Default",** and the Bank shall be entitled to terminate this Agreement by giving written notice to the Joint Venture such notice to take effect at the end of the applicable Run-Off Period:

(a) without prejudice to Sections 15.4(c), the Joint Venture defaults in the performance of any of the Joint Venture Services hereunder or any of its obligations under this Agreement (unless such default or failure in performance is caused by the Bank or any Person acting on the Bank's behalf or by a Card Association or Network Organisation) and a corrective action plan is not implemented and effective to cure such default within the 120 day period after notice and demand for cure has been given by the Bank to the Joint Venture (except that such period shall be extended to the extent that there shall be a Force Majeure Event which prevents the Joint Venture from curing the default) and provided that the default has a material adverse effect on either (i) the Merchant Acquiring Business; or (ii) the Bank, in each case relative to either the Joint Venture's rolling twelve month earnings prior to the occurrence of the default or the Joint Venture's total asset value as stated in the accounts at the end of the month prior to the occurrence of the default. Notwithstanding the foregoing except for a breach of a Joint Venture Critical Service Level which is set forth in Section 15.4(c) no breach of a Joint Venture Service Level hereunder shall constitute a Joint Venture Default;

(b) if a default as described in Section 15.4(a) occurs which default would have resulted in a Joint Venture Default had the Joint Venture not cured the default (the "**Relevant Default**") and subsequently two further Joint Venture defaults arise out of the same facts and circumstances no less than 120 days but no more than 4 years after notice and demand for cure has been given by the Bank in relation to the Relevant Default, if the Relevant Default and each of the two other Joint Venture defaults has a material adverse effect on either (i) the Merchant Acquiring Business; or (ii) the Bank, in each case relative to either the Joint Venture's rolling twelve month earnings prior to the occurrence of the default or the Joint Venture's total asset value as stated in the accounts at the end of the month prior to the occurrence of the default;

(c) notwithstanding a Force Majeure Event, the Joint Venture fails to:

(i) accept or process a material number of Card Transactions (based on the portfolio as a whole) for five consecutive Business Days; or

(ii) transmit information affecting a material number of Merchants (based on the portfolio as a whole) to the Bank in accordance with Section 4.1(a) (Acceptance, Delivery and Settlement of Credit Card Transaction Records and Debit Card Transaction Records) for five consecutive Business Days; or

(iii) provide settlement information to the applicable Card Association for five consecutive Business Days; or

(iv) accept or process any Chargebacks for twenty consecutive days, unless in each case such failure is as a result of a breach of the Bank of its obligations under this Agreement or the Transition Agreement or caused by a failure or the default of the applicable Card Association or Network Organisation;

(d) GPN defaults in the performance of any of its obligations under this Agreement and a corrective action plan is not implemented and effective to cure such default within the 120 day period after notice and demand for cure has been given by the Bank to GPN (except that such period shall be extended to the extent that there shall be a Force Majeure Event) and provided that the default has a material adverse effect on either (i) the Merchant Acquiring Business; or (ii) the Bank, in each case relative to either the Joint Venture's rolling twelve month earnings prior to the occurrence of the default or the Joint Venture's total asset value as stated in the accounts at the end of the month prior to the occurrence of the default;

(e) a material breach by the Joint Venture or GPN of Section 6 (Exclusivity and Marketing) which is incapable of cure or which, if capable of being cured, is not cured within 30 days after notice and demand for cure has been given by the Bank;

(f) an Insolvency Event occurs in relation to the Joint Venture and/or GPN; or

(g) The service of a notice of termination by the Bank in respect of the HSBC Trade Mark Licence Agreement under Article 8.1 of the HSBC Trade Mark Licence Agreement following three separate but repeated, wilful, material, egregious breaches of the HSBC Trade Mark Licence Agreement, provided that the first two breaches have been notified to the chief executive officer or chief operating officer of GPN and the Parties had at least thirty days to resolve each such matter.

SECTION 15.5 Other Termination Events.

(a) If the Bank acquires all the Membership Units in the Joint Venture, this Agreement shall automatically terminate with effect from the end of the Run-Off Period.

(b) If GPUK or any of its Affiliates acquires all of the Membership Units held by the Bank or its Affiliates in the Joint Venture under Clause 22 (Tenth Anniversary Termination or Renewal) of the Partnership Agreement, this Agreement shall automatically terminate with effect from the end of the Run-Off Period.

SECTION 15.6 Run-Off Period and Termination.

(a) If a Termination Event occurs in relation to which the Joint Venture or the Bank, as applicable, serves notice to terminate this Agreement, or in the case of the Termination Events specified in Section 15.5 there is an automatic Termination Event, then this Agreement shall continue in full force and effect on the same terms and conditions for the applicable Run-Off Period (determined in accordance with Section 15.6 (b)) except that the following provisions shall cease to apply with effect from the start of the Run-Off Period:

(i) Section 2.8 (a) (Bank Affiliate Transactions and "on us" Transactions); and

(ii) Section 6 (Exclusivity and Marketing) other than Sections 6.1 (c), 6.1 (o), 6.1 (q) and 6.1(r) which shall continue in full force and effect until the end of the Run-Off Period in accordance with their respective terms.

(b) The Run-Off Period applicable to each Termination Event is set out below:

(i) if there is a Joint Venture Default and the Bank serves notice to terminate in accordance with Section 15.4 then the Run-Off Period shall be two years from the service of such notice;

(ii) if there is a Bank Default and the Joint Venture serves notice to terminate in accordance with Section 15.3 then the Run-Off Period shall be two years from the service of such notice;

(iii) in the circumstances described in Section 15.5(b) then the Run-Off Period shall be two years from the Bank's service of its notice in accordance with Clause 22.2 of the Partnership Agreement, provided that if the Bank subsequently decides that it does not wish to transfer its Membership Units to GPUK (or its Affiliate) in accordance with Clause 22 of the Partnership Agreement, the Bank shall reimburse the GPUK (and its Affiliates) for all reasonable, direct out of pocket expenses incurred by any of them between the date of service of the Bank's notice and the date the Bank notifies GPUK that it does not wish to transfer its Membership Units to GPUK (or its Affiliate) in connection with it seeking a replacement partner to provide services similar to those provided by the Bank under this Agreement;

(iv) in all circumstances where Bank acquires 100% of the Membership Units in the Joint Venture the Run-Off Period shall be for a period of up to two years with such period determined by the Bank in its discretion subject to the Bank giving 3 months' notice to terminate the Run-Off Period;

(v) if a notice of termination is served in accordance with Section 15.1 the Run-Off Period shall be two years from the end of the relevant ten-year period; and

(vi) if the Agreement is terminated in accordance with 15.2(d) the Run-Off Period shall be two years from the service of the notice of termination by the Bank.

(c) Except as set out in Section 15.6 (a), during the Run-Off Period each Party shall continue to comply with its obligations and exercise its rights as set out herein including in relation to the provision of the Joint Venture Services and the Bank Services.

(d) In addition to Section 15.6 (c), during the Run-Off Period the Parties shall, at their own cost, work together in good faith and use their commercially reasonable endeavours to cause an orderly transition of the Services to the Parties or a new service provider, as applicable.

(e) Notwithstanding the foregoing, if the applicable Laws, Association Rules or Clearing System Rules would not allow all of the Services to continue for the applicable Run-Off Period as contemplated in Section 15.6 (b) the Bank and the Joint Venture shall agree upon a modification to the Run-Off Period which would be in compliance with such Laws, Association Rules or Clearing System Rules.

(f) At the end of the Run-Off Period this Agreement shall terminate subject always to the provisions of Section 22.13 (Survival).

SECTION 15.7 Consequences of termination where GPUK owns 100% of Membership Units.

Where this Agreement terminates and GPUK and/or its Affiliates owns all of the Membership Units in the Joint Venture, the following provisions shall apply:

(a) GPN shall indemnify the Bank and its Affiliates against all Losses incurred by the Bank or any of its Affiliates arising from or in connection with any Merchant or any of the Merchant Agreements from the end of the Term, other than Losses caused by the Bank's negligence or wilful default;

(b) to the extent it is permitted under the Association Rules, the Bank shall assign to the Joint Venture or any Person designated by the Joint Venture the BIN/ICAs used exclusively as at the end of the Term to process Card Transactions for Merchants and any residual rights or obligations under the Merchant Agreements;

(c) the Joint Venture (or any Person on its behalf) shall perform all of the Bank's obligations under the Merchant Agreements following the end of the Term and shall (and shall procure that any Person on its behalf shall) perform such obligations in accordance with applicable Laws, Association Rules and Clearing System Rules; and

(d) the Joint Venture shall (i) no later than the date immediately prior to the end of the Run-Off Period, send to all Merchants a new starter kit and a new form of merchant agreement to which the Bank is not a party, advising Merchants that the Joint Venture (or any Person on its behalf) has assumed all of the obligations of the Bank under the relevant Merchant Agreement, and (ii) without prejudice to (i), migrate Merchants onto new merchant agreements to which the Bank is not a party as soon as practicable in connection with contract renegotiations (excluding routine pricing and amendments) in the Ordinary Course.

SECTION 16. DESIGNATION OF RESPONSIBLE PERSONNEL

SECTION 16.1 Joint Venture Representative. Each Party agrees that it shall from time to time designate one or more officers or employees (each, a "**Joint Venture Representative**") who shall be responsible for implementing the provisions of this Agreement and coordinating all communications with the other Parties relating to the subject matter of this Agreement. The initial Joint Venture Representatives of the Bank and the Joint Venture are set forth in the Partnership Agreement. The Bank shall ensure that the Bank's Joint Venture Representative is a senior-level liaison with merchant acquiring experience. In the event the Bank desires to change the Bank's Joint Venture Representative, the Joint Venture shall have the right to approve such proposed change.

SECTION 17. EMPLOYEES

SECTION 17.1 Employee Recruitment Assistance. In addition to the requirements set forth in the Employment Agreement, the Bank agrees to provide limited recruitment assistance as reasonably requested from time to time by the Joint Venture.

SECTION 18. CREDIT POLICY

SECTION 18.1 Approval of Merchant Qualification Criteria. The initial Merchant Qualification Criteria are attached hereto as Schedule 18.1 (Merchant Qualification Criteria). The Joint Venture agrees to adhere to such Merchant Qualification Criteria and any applicable Association Rules and Clearing System Rules. The Joint Venture shall have the right to modify the Merchant Qualification Criteria from time to time, subject to the following:

(a) if the Joint Venture makes a material change to the Merchant Qualification Criteria making them more restrictive, it shall notify the Bank and the Bank shall have twenty Business Days after receipt of such notice to object to such new criteria and any objections by the Bank under this Section shall be resolved in accordance with Section 21 (Dispute Resolution);

(b) if the Joint Venture proposes a material change to the Merchant Qualification Criteria making them materially less restrictive, the Joint Venture must receive the prior written Consent of the Bank before implementing such change.

SECTION 18.2 Review of Merchant Qualification Criteria. The Joint Venture agrees to review the Merchant Qualification Criteria on the reasonable request of the Bank.

SECTION 19. INDEMNIFICATION/LIMITATION OF LIABILITY AND PROCEDURES FOR CLAIMS

SECTION 19.1 Indemnification.

(a) Subject to the terms of this Agreement, the provisions of Section 8.5 and the limit specified in Section 19.2(d), the Bank shall indemnify the other Parties

and hold them harmless from any Losses suffered or incurred by them or any of their respective Affiliates that shall directly or indirectly result from or arise out of (i) the breach by the Bank of this Agreement, or (ii) the Bank's violation of any applicable Laws, Association Rules and Clearing System Rules or any acts or omissions of the Bank which causes the Joint Venture or GPN or their respective Affiliates to violate any applicable Laws, Association Rules and Clearing System Rules or (iii) the negligence or wilful default of the Bank or any Person providing any of the Bank Services on its behalf;

(b) Subject to the terms of this Agreement and the limit specified in Section 19.2(e), GPN shall indemnify the other Parties and hold them harmless from any Losses suffered or incurred by them or any of their respective Affiliates that shall directly or indirectly result from or arise out of (i) the breach by GPN of this Agreement, or (ii) GPN's violation of any applicable Laws, Association Rules and Clearing System Rules or any acts or omissions of GPN in connection with this Agreement which causes the Joint Venture or the Bank or their respective Affiliates to violate any applicable Laws, Association Rules and Clearing System Rules or (iii) the negligence or wilful default of GPN or any Person performing obligations pursuant to this Agreement on its behalf.

(c) Subject to the terms of this Agreement, the Joint Venture shall indemnify the other Parties and hold them harmless from any Losses suffered or incurred by them or their respective Affiliates that shall directly or indirectly result from or arise out of (i) the breach by the Joint Venture of this Agreement or a Merchant Agreement, or (ii) the Joint Venture's violation of any applicable Laws, Association Rules and Clearing System Rules or any acts or omissions of the Joint Venture which cause the Bank or GPN or their respective Affiliates to violate any applicable Laws, Association Rules and Clearing System Rules, or (iii) the negligence or wilful default of the Joint Venture or any Person providing any of the Joint Venture Services on its behalf, provided that, in all cases, the Joint Venture shall not be required to indemnify GPN or the Bank where the event described in (i), (ii) and (iii) results from a breach of the Processing Agreement by the GPN Processor or a breach of the Transition Agreement by the Bank, respectively;

(d) If there occurs an event that an Indemnitee asserts is indemnifiable pursuant to Sections 19.1(a), 19.1(b) or 19.1(c) the Indemnitee shall notify the Indemnifying Party as soon as reasonably practicable. If such event involves (i) the assertion of any claim or liability (a "**Claim**") or (ii) the commencement of any action or legal proceeding of any kind (an "**Action**") by another Person (other than a Party), the Indemnitee shall give the Indemnifying Party notice as soon as reasonably practicable of the assertion of such Claim or the commencement of such Action; provided, however, that the failure to provide notice as soon as reasonably practicable as provided herein shall relieve the Indemnifying Party of its obligations hereunder only to the extent that such failure materially prejudices the Indemnifying Party. If any Claim or Action shall be made or brought against

any Indemnitee and it shall notify the Indemnifying Party of the receipt or commencement thereof, the Indemnifying Party shall be entitled to participate therein or, following the delivery by the Indemnifying Party to the Indemnitee of the Indemnifying Party's acknowledgment in writing that the relevant Loss is an indemnified liability hereunder, to assume the defense thereof with counsel selected by the Indemnifying Party and, after notice from the Indemnifying Party to the Indemnitee of such election so to assume the defense thereof, the Indemnifying Party shall not be liable to the Indemnitee for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnitee in connection with the defense thereof. The Indemnifying Party and the Indemnitee agree to cooperate fully with each other and their respective counsel in connection with the defense, negotiation or settlement of any Action or Claim. The Indemnitee shall have the right to participate at its own expense in the defense of any Action or Claim. If the Indemnifying Party assumes the defense of an Action or Claim (A) no settlement or compromise thereof may be effected (1) by the Indemnifying Party without the prior written Consent of the Indemnitee (which Consent shall not be unreasonably withheld or delayed) unless (x) there is no finding or admission of any violation of Law or any violation of the rights of any Person by any Indemnitee and no adverse effect on any other claims that may be made against any Indemnitee and (y) all relief provided is paid or satisfied in full by the Indemnifying Party or (2) by the Indemnitee without the prior written Consent of the Indemnifying Party and (B) the Indemnitee may subsequently assume the defense of an Action or Claim if the Indemnitee reasonably determines that the Indemnifying Party is not vigorously defending such Action or Claim. In no event shall an Indemnifying Party be liable for any settlement effected without its prior written Consent (which Consent shall not be unreasonably withheld or delayed).

(e) In case any direct claim is made by one Party against another Party in respect of which indemnification may be sought under this Section, the Indemnitee shall, as soon as reasonably practicable, give notice to the Indemnifying Party, which shall specify the factual basis for the claim and the amount of such claim. The Indemnifying Party shall have 60 days from receipt of notice of the claim within which to make such investigation of the claim as the Indemnifying Party considers reasonably necessary or desirable. For the purpose of such investigation, the Indemnitee shall make available to the Indemnifying Party reasonable documentation relevant to the claim, together with all such other information as the Indemnifying Party may reasonably request. If both Parties agree at or before the expiration of such time period (or any agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Indemnitee the full agreed upon amount of the claim, but failing such agreement the matter shall be referred to the dispute resolution procedures in accordance with Section 21 (Dispute Resolution).

SECTION 19.2 Limitation of Liability.

(a) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall exclude, restrict or limit a Party's liability for:

(i) death or personal injury resulting from its negligence; or

(ii) its fraud; or

(iii) its breach of Section 6 (Exclusivity and Marketing).

(b) Except as specifically provided in Section 13.2 (Force Majeure) neither the Joint Venture nor the Bank shall be liable for failure to provide or delay in providing any of the Joint Venture Services or the Bank Services, respectively, if such failure or delay is directly or indirectly due to any Force Majeure Event affecting the Party not performing, or affecting one of its subcontractors or other Persons providing the relevant Services on its behalf; provided that the Party affected by such Force Majeure Event has complied with the requirements of Section 13.2 (Force Majeure). Neither the Joint Venture nor the Bank shall have any liability for Losses (whether ordinary, special, punitive, indirect or consequential in nature) of the other Parties resulting directly or indirectly from such Force Majeure Event as long as such Party has complied with the requirements of Section 13.2 (Force Majeure).

(c) The Joint Venture makes no warranties or representations regarding the Joint Venture Services except as specifically stated in this Agreement. The Joint Venture shall use due care in performing all Joint Venture Services hereunder and in complying with all applicable Laws, Association Rules, and Clearing System Rules, including those concerning the handling of Chargebacks and Credit Losses, dispute resolutions, and arbitration. The Joint Venture shall not be responsible in any manner for errors, omissions or failures of any Person other than those of the Joint Venture, any Affiliate or Advisor of the Joint Venture or any other Person engaged by the Joint Venture to provide any of the Joint Venture Services directly or indirectly on its behalf hereunder. If there is any failure in performance or errors or omissions by the Joint Venture in respect of any of its obligations hereunder, the Joint Venture shall use commercially reasonable endeavours to correct such failure in performance or errors or omissions. Subject to Section 19.2(a) and without prejudice to the Joint Venture's obligations to make payments to the Bank under this Agreement, in no event shall the Joint Venture be liable to the Bank or any other Person for special, punitive, indirect, or consequential damages, losses, expenses or liabilities even if the Joint Venture has been advised of the possibility of the same.

(d) The Bank makes no warranties or representations regarding the Bank Services except as specifically stated in this Agreement. The Bank shall use due care in performing all the Bank Services hereunder and in complying with all applicable Laws, Association Rules, and Clearing System Rules, including those concerning membership and its sponsorship of the Joint

Venture. The Bank shall not be responsible in any manner for errors, omissions or failures of any Person other than those of the Bank, any Affiliate or Advisor of the Bank or any other Person engaged by the Bank to provide any of the Bank Services on its behalf hereunder. If there is any failure in performance or errors or omissions by the Bank in respect of any of its obligations hereunder, the Bank shall use commercially reasonable endeavours to correct such failure in performance or errors or omissions. Subject to Section 19.2 (a) or to the Bank's obligations to make payments pursuant to the terms of the Merchant Agreements in accordance with its obligations under this Agreement or pursuant to the provisions of Sections 6.1(f) (in relation to the Referral Fee Purchase Amount) or Section 7.3(a) (in relation to the Terminated Merchant Value), in no event shall the Bank be liable to the Joint Venture, GPN or any other Person for (i) special, punitive, indirect, or consequential damages, losses, expenses or liabilities even if the Bank has been advised of the possibility of the same or (ii) amounts which in aggregate (including the liability of the Bank under the Transition Agreement that is subject to the liability cap under Section 8.2(a) (Limitation of Liability and Transition Timing) of the Transition Agreement and under this Agreement) during the Term of this Agreement exceed 7,500,000.00 U.S. Dollars, provided that, from the date on which the price payable for the Bank Services increases in accordance with Section 8.5 (Bank Services Fees during Run-Off Period), this sum shall be the higher of 7,500,000.00 U.S. Dollars and a sum equal to the average monthly fee payable by the Joint Venture to the Bank under this Agreement during the 12 month period (or such lesser number of months for which this Agreement has been in effect) immediately prior to the event giving rise to the claim, multiplied by six. If the Joint Venture recovers damages or other compensation in respect of a Loss from the Bank under the terms of the Transition Agreement, a claim cannot be brought under this Agreement in respect of the same Loss.

(e) Subject to Section 19.2(a) and save for its obligation to indemnify the Bank under Section 15.7(a) (Consequences of termination where GPUK owns 100% of Membership Units), in no event shall GPN be liable to the Joint Venture, the Bank or any other Person for (i) special, punitive, indirect, or consequential damages, losses, expenses or liabilities even if GPN has been advised of the possibility of the same or (ii) amounts which in aggregate (including the liability of the GPN Processor under the Processing Agreement that is subject to the liability cap under Section 6.2(b) (Limitation) of the Processing Agreement and of GPN under this Agreement) during the Term of this Agreement exceed 7,500,000.00 U.S. Dollars. If the Joint Venture recovers damages or other compensation in respect of a Loss from GPN under the terms of the Processing Agreement, a claim cannot be brought under this Agreement in respect of the same Loss.

SECTION 19.3 Recovery. If, at any time, a Party has recovered damages or other compensation from another Party in respect of the relevant Loss under this Section 19 and also recovers funds, payments, or costs from another Person which is not a Party to this Agreement relating to such Loss, the amounts so recovered (less the reasonable costs of recovery and amounts previously paid to the other Party in respect of such Loss) shall be remitted to such other Party up to the amounts previously paid by such other Party.

SECTION 19.4 Notice of Default. Each Party shall, as soon as reasonably practicable, notify the other Party if a default or event of default with respect to it has occurred hereunder.

SECTION 19.5 Notice of Litigation. Each Party shall, as soon as reasonably practicable, give notice to the other Parties of any material claims, proceedings, disputes (including labor disputes), changes or litigation likely, impending or threatened which may have a material effect on the fulfillment of any of the terms hereof by it (whether or not any such claim, change, proceeding, dispute or litigation is covered by insurance) and of which it is aware. It shall provide the other Parties with all information reasonably requested, from time to time, concerning the status of such claims, proceedings, changes, disputes, litigation or developments.

SECTION 20. REMEDIES

SECTION 20.1 Remedies of the Bank. Upon the occurrence of a Joint Venture Default, the Bank may do any or all of the following as the Bank, in its sole and absolute discretion, shall determine:

(a) exercise its rights of termination in accordance with Section 15 (Term and Termination of Agreement); and/or

(b) invoke the dispute resolution procedures set forth in Section 21 (Dispute Resolution); and/or

(c) exercise any of its other rights and remedies provided for hereunder or under Laws.

SECTION 20.2 Remedies of the Joint Venture. Upon the occurrence of a Bank Default, the Joint Venture may do any or all of the following as the Joint Venture, in its sole and absolute discretion, shall determine:

(a) exercise its rights of termination in accordance with Section 15 (Term and Termination of Agreement); and/or

(b) invoke the dispute resolution procedures set forth in Section 21 (Dispute Resolution); and/or

(c) exercise any of its other rights and remedies provided for hereunder or under Laws.

SECTION 21. DISPUTE RESOLUTION

SECTION 21.1 Dispute Resolution. Whilst the Bank owns any Membership Units in the Joint Venture any dispute in connection with the interpretation or operation of this Agreement (a "**Dispute**") shall be handled in accordance with the dispute resolution procedures set forth in Clause 18.9 of the Partnership Agreement which shall apply, mutatis mutandis. Thereafter any Dispute shall, subject to Section 3.4 (Fees for Bank Services; Invoices) be handled as follows:

(a) a Party may notify the other Parties of the Dispute in writing requesting that the Joint Venture Representatives meet and use their reasonable endeavours to reach a just and equitable resolution to the Dispute within ten Business Days after the date of service of such notice;

(b) If the Dispute cannot be resolved in that 10 Business Day period, the Dispute shall be referred in writing within a further 5 Business Days by the Joint Venture Representatives to a committee comprised of the managing director of the Joint Venture, the chief executive officer or chief operating officer of GPN and a senior executive of HSBC (being a person with a management of grade 3 or higher). Such committee members shall use their reasonable endeavours to negotiate in good faith to reach a just and equitable resolution to the Dispute within 20 Business Days after the date of such referral; and

(c) in any event if the Dispute is not resolved on the expiry of 35 Business Days after the date on which notification was given pursuant to Section 21.1 (A), the Parties shall be entitled to exercise all rights and remedies available to them hereunder and at Law.

(d) Nothing in this Section shall prevent any Party:

(i) from seeking ancillary relief including specific performance or injunctive relief on a with or without prejudice basis; or

(ii) from referring a Dispute to arbitration in accordance with Section 22.6 (Governing Law and Jurisdiction) at any time if it requires protection for a right which would otherwise become statute barred.

SECTION 22. MISCELLANEOUS

SECTION 22.1 Amendments. No amendment or waiver of any provision of this Agreement, and no Consent to any departure by the Bank or the Joint Venture herefrom, shall be effective unless the same shall be in writing and signed by each Party sought to be bound thereby, and then such waiver or Consent shall be effective only in the specific instance and for the specific purpose for which it was given. No amendment, modification or alteration of the provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the authorised representatives of each of the Parties.

SECTION 22.2 Notices. Any notice (which in this Section 22.2 shall include any other communication) required to be given under this Agreement or in connection with the matters contemplated by it shall, except where otherwise specifically provided, be in writing in the English language. Notices given by e-mail or any other form of non-permanent display will not be effective, even if actually given. Any such notice shall be addressed as provided in this Section 22.2 and shall be:

(a) personally delivered, in which case it shall be deemed to have been served upon delivery at the relevant address; or

(b) if from and to any place within the United Kingdom, sent by first class pre-paid post, in which case it shall be deemed to have been served two Business Days after the date of posting; or

(c) if from or to any place outside the United Kingdom, sent by pre-paid airmail, in which case it shall be deemed to have been served seven Business Days after the date of posting; or

(d) sent by fax, in which case it shall be deemed to have been served upon receipt of a voice confirmation from the Party to whom such fax was addressed indicating that the entire fax has been received.

provided that in each case where the personal delivery or fax transmission occurs after 17:00 hours on a Business Day or on any day which is not a Business Day, service shall be deemed to have taken place at 09:00 on the next following Business Day.

All references to time in this Section 22.2 are to the then local time in the country of the addressee.

The addressees and other details of the Parties are:

(i) If to the Bank, to:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Attention: Head of Commercial Cards
Fax No: +44(0)207 991 4660
Telephone No: +44(0)207 992 1844

(ii) If to the Joint Venture to

De Montfort House
51 De Montfort Street
Leicester
LE1 7BB

Attention: Managing Director
Fax No: +44(0)116 281 8408
Telephone No: +44(0)116 281 8010

Copied to both:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Attention: Head of Commercial Cards
Fax No: +44(0)207 991 4660
Telephone No: +44(0)207 992 1844

and

Global Payments Inc.
10 Glenlake Parkway
North Tower
Atlanta, Georgia 30328

Attention: General Counsel
Fax No: +1-770-829-8265
Telephone No: +1-770-829-8250

if to GPN, to

Global Payments Inc.
10 Glenlake Parkway
North Tower
Atlanta, Georgia 30328

Attention: General Counsel
Fax No: +1-770-829-8265
Telephone No: +1-770-829-8250

Any Party may give notice to the other Party of any change to its address or of any other details in this Section 22.2, provided that such notification shall only be effective on the date specified in such notice or five days after the notice is deemed to have been served as specified in this Section 22.2 whichever is later.

SECTION 22.3 No Waiver; Remedies. No failure by any Party to exercise, and no delay by any Party in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by Law and rights may be released or waived as regards any Party without affecting the liability of any other Party.

SECTION 22.4 Third Party Beneficiaries. No person who is not a party to this Agreement is entitled to enforce any of its terms, whether under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

SECTION 22.5 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns. This Agreement and all rights, privileges, duties and obligations of the Parties may not be assigned, transferred or otherwise disposed of, in whole or part, by any Party without the prior written Consent of the

other Parties; provided, however, that no such Consent shall be required (i) for the assignment or delegation by any Party of any of its rights (excluding in the case of the Joint Venture, for the avoidance of doubt, the right to receive any revenue under a Merchant Agreement), privileges, duties and obligations hereunder to an Affiliate of such Party or (ii) for the assignment or delegation by any Party of any of its rights, privileges, duties and obligations hereunder to any Person into or with which the assigning or delegating Party shall merge or consolidate or to which the assigning or delegating Party shall sell all or substantially all its assets. In the event of an assignment or delegation as contemplated by subsection (i) or (ii) above, the assigning or delegating Party shall provide the other Party with notice thereof as soon as reasonably practicable thereafter. Neither an assignment or delegation under this Section nor the Consent of a Party to an assignment or delegation by the other Party under this Section shall (i) directly or indirectly relieve that Party of any of its obligations under this Agreement or any of the other Operative Documents arising prior to such assignment or delegation; or (ii) constitute either of the other Parties' Consent to further assignment or delegation. If, at any time following an assignment or delegation to an Affiliate under subsection 22.5(i) above, the assignee or delegate ceases to be an Affiliate of the assigning or delegating Party, the assigning or delegating Party shall procure that the assignee or delegate shall forthwith transfer back to the relevant Party the relevant right, privilege, duty or obligation. If there is an assignment or encumbrance by a Party as permitted by this Section 22.5, the amount of loss or damage recoverable by the assignee or encumbrancer will be calculated as if that Person had been originally named as a party to this Agreement.

SECTION 22.6 Governing Law, Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with English Law.

(b) Any Dispute shall first be subject to amicable settlement discussions in accordance with Section 21 (Dispute Resolution). Any Dispute that is not amicably settled in accordance with Section 21 (Dispute Resolution) shall at the request of any Party be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this Section.

(c) The number of arbitrators shall be three. Subject to Article 8 of the LCIA Rules, the Claimant and the Respondent shall each nominate an arbitrator. The LCIA Court shall select and appoint the third arbitrator.

(d) The seat and legal place of arbitration shall be London, England.

(e) The language to be used in the arbitral proceedings shall be English.

(f) If any Dispute raises issues which are substantially the same as or connected with issues raised in a Dispute which has already been referred to arbitration or a dispute under one of the other Operative Documents which has already been referred to arbitration (in either case an **"Existing Dispute"**), or arises out of substantially the same facts as are the subject of an Existing Dispute (in either case, a **"Related Dispute"**), and whether such Existing Dispute involves only the Parties to this Agreement or parties to the other Operative Documents (**"Related Parties"**), subject to the prior agreement in each case of the Parties involved in the Related Dispute, the Arbitral Tribunal appointed or to be appointed in respect of such Existing Dispute shall also be appointed as the Arbitral Tribunal in respect of the Related Dispute. In such case, the Arbitral Tribunal may,

subject to the prior agreement of all Parties and other parties involved in the Existing Dispute and the Related Dispute, having regard to the stage of the proceedings of the Existing Dispute and other relevant circumstances, consolidate the proceedings arising out of the Existing Dispute and the Related Dispute. Where one or more members of the Arbitral Tribunal appointed in relation to the Existing Dispute declines appointment in relation to the Related Dispute, replacement arbitrator(s) shall be selected and appointed by the LCIA Court.

(g) The Arbitral Tribunal, once constituted, may, having regard to the stage of the proceedings and other relevant circumstances, upon the application of any Party join any one or more of the Related Parties to arbitration proceedings commenced under this Section, subject to the agreement of such Related Party or Parties. The Arbitral Tribunal may, upon the request of any Related Party so joined to arbitration proceedings commenced under this Section, join any one or more of the remaining Related Parties to such arbitration proceedings, subject to the agreement of such Related Party or Parties.

SECTION 22.7 Entire Agreement. This Agreement, together with the Operative Documents and other documents referred to herein and therein, embodies the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes and cancels in all respects all previous letters of intent, correspondence, understandings, agreements and undertakings (if any) between the Parties with respect to the subject matter hereof whether such shall be written or oral.

SECTION 22.8 Independent Contractor. Except as expressly provided for in the Joint Venture Agreements, nothing herein contained shall be construed as constituting a partnership, agency or joint venture between the Joint Venture and the Bank and/or GPN (other than for Tax purposes) and each Party specifically disclaims any obligation or liability for the conduct, performance of services or failure to act or omission of each of the other Parties. Each Party intends that it shall be considered an independent contractor of the other for the Services and other obligations performed by it under this Agreement.

SECTION 22.9 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Law, but if any provision of this Agreement is held to be prohibited by or invalid under Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. In such an event the Parties shall use good faith endeavours to re-negotiate any such provision in an effort to retain the spirit and intent of the original provision.

SECTION 22.10 Execution in Counterparts. This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 22.11 Confidentiality.

(a) During the Term and for a period of five years thereafter, each of the Bank and GPN shall treat all information relating to the Joint Venture or any of its Affiliates (which may be written, oral or in any other format) that is disclosed to or otherwise learnt by the Bank, GPN or any of their Affiliates or Advisors in connection with this Agreement or

any of the Operative Documents (including the Joint Venture Data)**(**"**Joint Venture Confidential Information**"**)** as confidential and shall not use or disclose such information to any other Person (excluding such of its Affiliates and Advisors to whom disclosure is required in connection with this Agreement or any of the Operative Documents) unless agreed by the Joint Venture. Without prejudice to Section 6 (Exclusivity and Marketing), this Section 22.11(a) shall not apply to the extent that:

(i) the Joint Venture Confidential Information has otherwise been disclosed by a Merchant or any other Person (other than an Affiliate of the Joint Venture) to the Bank or GPN, other than in connection with the Merchant Acquiring Business or as a result of a breach of any obligation of confidence;

(ii) the Joint Venture Confidential Information is or becomes available in the public domain other than as a result of a disclosure by the Bank or GPN in violation of the terms of any Operative Agreement; or

(iii) the Joint Venture Confidential Information is independently developed by the Bank or GPN without reference to or use of the Joint Venture Confidential Information.

Notwithstanding the above, the Bank and GPN and their Affiliates may use and disclose the Joint Venture Confidential Information to the extent that such use and disclosure is permitted under Section 12.7 (Ownership and Use of the Joint Venture Data). The Bank and GPN shall procure that its Affiliates and Advisors shall comply with the provisions of this Section.

(b) During the Term and for a period of five years thereafter, each of GPN and the Joint Venture shall treat all information relating to the Bank or any of its Affiliates (which may be written, oral or in any other format) that is disclosed to or otherwise learnt by the Joint Venture, GPN or any of their Affiliates or Advisors in connection with this Agreement or the other Operative Documents (including the Bank Data but excluding data that is also Joint Venture Data) **(**"**Bank Confidential Information**"**)** as confidential and shall not use or disclose such information to any other Person (excluding its Affiliates and Advisors to whom disclosure is required in connection with this Agreement or the other Operative Documents) unless agreed by the Bank. Without prejudice to Section 6 (Exclusivity and Marketing), this Section 22.11(b) shall not apply to the extent that:

(i) the Bank Confidential Information has otherwise been disclosed by a Merchant or any other Person (other than an Affiliate of the Bank) to the Joint Venture or GPN, other than as a result of a breach of any obligation of confidence;

(ii) the Bank Confidential Information is or becomes available in the public domain other than as a result of a disclosure by the Joint Venture or GPN in violation of the terms of any Operative Document; or

(iii) the Bank Confidential Information is independently developed by Joint Venture or GPN without reference to or use of the Bank Confidential Information.

Notwithstanding the foregoing, GPN and the Joint Venture are permitted to (a) use and disclose the Bank Confidential Information to the extent that such use and disclosure is permitted under Section 12.4 (Ownership and Use of the Bank Data); and (b) disclose the Bank Confidential Information to any third party to the extent necessary for funding purposes in order to exercise its rights under Section 6.1(h) or 6.1(i) or to acquire Membership Units under the Partnership Agreement (other than an acquisition pursuant to Clause 8 (Funding and Changes in Capital Contributions) of the Partnership Agreement), provided that the Joint Venture shall ensure that such third party respects the confidentiality restrictions set out in this Section 22.11 as if it were a party to this Agreement.

The Joint Venture and GPN shall procure that their Affiliates (other than each other) and their Advisors shall comply with the provisions of this Section.

(c) During the Term and for a period of five years thereafter, each of the Bank and the Joint Venture shall treat all information relating to GPN or any of its Affiliates (excluding the Joint Venture) (which may be written, oral or in any other format) that is disclosed to or otherwise learnt by the Bank or the Joint Venture of their Affiliates or Advisors in connection with this Agreement or any of the Operative Documents **("GPN Confidential Information")** as confidential and shall not use or disclose such information to any other Person (excluding such of its Affiliates and Advisors to whom disclosure is required in connection with this Agreement or any of the Operative Documents) unless agreed by the GPN. Without prejudice to Section 6 (Exclusivity and Marketing), this Section 22.11(c) shall not apply to the extent that:

(i) the GPN Confidential Information has otherwise been disclosed by any Person (other than an Affiliate of GPN) to the Bank or the Joint Venture, other than in connection with the Merchant Acquiring Business or as a result of a breach of any obligation of confidence;

(ii) the GPN Confidential Information is or becomes available in the public domain other than as a result of a disclosure by the Bank or the Joint Venture in violation of the terms of any Operative Agreement; or

(iii) the GPN Venture Confidential Information is independently developed by the Bank or the Joint Venture without reference to or use of the GPN Confidential Information.

The Bank and the Joint Venture shall procure that its Affiliates and Advisors shall comply with the provisions of this Section.

(d) Notwithstanding the foregoing, in the event that any Party is requested or required (by deposition, interrogatories, requests for information or documents in legal proceedings, subpoenas, civil investigative demand or similar process or in order to comply with applicable requirements of any Stock Exchange or Governmental Entity, or by requirements of any securities Law or regulations or other Laws) to disclose the Joint Venture Confidential Information or the Bank Confidential Information, as applicable, such Party shall provide the other Parties, to the extent that it is legally permitted to do so, with prompt notice of any such request or requirement so that the affected Party may seek a protective order or other appropriate remedy and/or waive compliance with the

provisions of this Section in connection with such request or requirement. Any disclosure of Joint Venture Confidential Information or Bank Confidential Information in accordance with the preceding sentence shall not be deemed a breach or violation of this Agreement.

SECTION 22.12 Joint Announcement. No press release or other written public announcement (other than one containing public disclosures required by Law or the rules or regulations of any Stock Exchange applicable to the relevant Party or any of its Affiliates which is listed on the Stock Exchange) on any matter concerning or connected to the transactions contemplated by the Operative Documents or the terms and conditions of the Operative Documents or any matter ancillary thereto shall be made by any Party without the prior written approval of all Parties (such approval not to be unreasonably withheld). So far as reasonably practicable, the Parties shall consult as to the content, manner of making, and timing of any such press release or other written public announcement (whether one made with the approval of the Parties or one required by Law or the rules or regulations of any applicable Stock Exchange) and each Party shall comply with such requests in respect thereof as a Party shall reasonably make. Notwithstanding the foregoing and subject to the confidentiality provisions set out in any of the Operative Documents, nothing herein shall prevent any Party from disclosing, either publicly or otherwise, (i) any information which has been previously disclosed pursuant to a mutually agreed press release or other mutually agreed written public announcement or which has been approved for disclosure by the other Parties, or (ii) any information which is or has come into the public domain other than as a result of a breach of this Section.

SECTION 22.13 Survival. The Parties acknowledge and agree that the provisions of Sections 2.2, the second sentence of Section 2.3(b), the second sentence of Section 3.1(a), the indemnity obligation in Section 6.1(q), Section 6.1(r), the last sentence of Section 6.3 in respect of Government Contracts entered into prior to the termination of this Agreement, Section 7.1, Section 7.3, Section 12.7, Section 15.7, Section 19, Section 21.1, Section 22.2, Section 22.5, Section 22.6, Section 22.11, Section 22.12 and Section 22.19(e) and (f) (and any other provisions which by their nature are expected to survive the termination of this Agreement) shall survive the termination of this Agreement and, subject to Clauses 20.2 and 20.3 of the Partnership Agreement, the termination of this Agreement or any other Operative Document for any reason shall not affect any rights or liabilities that have accrued prior to such termination.

SECTION 22.14 Further Assurances. Each Party shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver or cause to be executed and delivered all such other agreements, certificates, instruments and documents as the other Parties may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement.

SECTION 22.15 Data Protection. Each Party undertakes (i) to comply with its respective obligations under the Data Protection Laws; (ii) not do or omit to do anything which causes the other Party to breach any Data Protection Laws or contravene the terms of any registration, notification or authorisation under any Data Protection Laws of the Party; and (iii) to maintain at all times any necessary registrations and notifications of its particulars in accordance with applicable Data Protection Laws and any regulations made thereunder and will

ensure that such applicable registrations and notifications are kept accurate and up to date during the Term and supply on request to the other party a copy of such registrations and notifications, together with any amended particulars that may be filed from time to time.

SECTION 22.16 Expenses. The Parties shall bear their own costs and expenses (including legal fees) incurred in relation to or incidental to the negotiation, finalisation, execution and implementation of this Agreement.

SECTION 22.17 Binding Agreement. Each of the Parties warrants that this Agreement is a legal, valid and binding agreement on it, and each Party undertakes to do or procure to be done all such things as may be within its control, including the passing of resolutions to ensure that all the provisions of this Agreement are observed and performed.

SECTION 22.18 Withholding Tax; Applicable Sales Taxes; Transfer Pricing.

(a) If at any time any Party is required to make any deduction or withholding in respect of Taxes from any payment due under this Agreement (other than Merchant settlement payments), the sum due from such Party in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the other Party receiving such payment receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the paying Party shall fully indemnify the receiving Party against any losses or costs incurred by it by reason of any failure of the paying Party to make any such deduction or withholding. The paying Party shall promptly deliver to the receiving Party any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid. Such receipt, certificate or other proof must be either the original, a duplicate original, or a duly certified or authenticated copy. If it is in a foreign language, a certified translation thereof must be furnished to the party bearing the withholding.

(b) Each of the Parties shall use their best endeavours, shall co-operate with, and implement the reasonable suggestions of the others to seek to ensure that the services each may provide to the Joint Venture are, to the greatest degree, properly exempt from or otherwise free from VAT under the relevant provisions of the VATA, and for the avoidance of doubt, such co-operation shall include the conclusion of an agreement at such time as may be agreed by the Parties (acting reasonably) and in pursuance of this Agreement, that certain service(s) as may be agreed between the Parties may be provided to a recipient other than a Party with the aim of providing card processing services to the Joint Venture. For the avoidance of doubt, nothing in this paragraph shall oblige any Party to take any action which it deems in its absolute discretion (acting reasonably), would be materially prejudicial to its interests.

(c) Notwithstanding any other provision of this Agreement, all sums payable by the Joint Venture are inclusive of any VAT which is chargeable on the supply or supplies for which such sums form the whole or part of the consideration for VAT purposes; Provided always that where under this Agreement any Party (the "Supplier") makes or is deemed to make a supply to the Joint Venture and VAT becomes properly chargeable on such supply either:

(i) As a result of any change in law or published interpretation; or

(ii) As a result of a misinterpretation or misapprehension in respect of the applicable VAT law which is not due to the unilateral, wilful or proactive negligent conduct of the relevant Party;

then any actual or deemed consideration for such supply shall be exclusive of any such VAT, and the Joint Venture shall pay to the Supplier, against the issue to the Joint Venture by the Supplier of a valid VAT invoice in respect of the relevant supply, an amount equal to the VAT chargeable thereon for which the Supplier is liable to account to HM Revenue and Customs, and the Supplier shall duly report and account for such sums to HM Revenue and Customs.

(d) All sums payable by the either the Bank or GPN as the case may be, to the other, shall be exclusive of any VAT chargeable on the supply or supplies for which such sums form the whole or part of the consideration for VAT purposes, and where one (the **"Supplier"**) makes or is deemed to make a supply to the other (the **"Recipient"**), then the Recipient shall pay to the Supplier, on demand and against issue to it of a valid VAT invoice by the Supplier in respect of the relevant supply, an amount equal to the VAT for which the Supplier is liable to account to HM Revenue and Customs.

(e) In the event that a Tax Authority, court or tribunal determines in writing that any amount paid as VAT on fees payable under this Agreement was not properly chargeable, the Supplier shall promptly provide a copy of such determination to the Joint Venture, or as the case may be, the Recipient, and the Supplier shall refund to the Joint Venture, or as the case may be, the Recipient, the amount of the VAT paid to it by the Joint Venture under this Section, provided that no such refund shall exceed the amount originally paid to the Supplier.

(f) The Supplier shall make repayment of the amount of the VAT referred to in Section 22.18(e) above promptly after receiving the relevant determination unless it has already accounted to the Tax Authority for the VAT. In that case the Supplier will apply for a refund from the Tax Authority, use reasonable endeavours to obtain it as quickly as possible, and will repay it to the party receiving the supply when and to the extent received from the Tax Authority.

(g) Where under this Agreement a Party (the **"Payor"**) is liable to indemnify, reimburse or pay any costs passed through to the Payer by another Party (the **"Recipient"**) and the cost or liability in respect of which the Recipient is to be so paid includes an element in respect of VAT for which the Recipient is liable, then the Payer shall pay to the Recipient a sum including an amount equal to the amount of any such VAT which the Recipient is not entitled to recover by way of credit or repayment from the relevant Tax Authority (the **"Irrecoverable VAT"**), such that the Recipient is put in the same position after receipt of the payment to be made by the Payer as if it had not incurred such Irrecoverable VAT in the first place, Provided Always That, this Section shall not apply to any such VAT which the Recipient is liable to pay in respect of a supply made to it by the Payer.

(h) If an additional payment is made under Section 22.18(a) and the party receiving such payment (the **"Recipient"**), in its sole discretion (acting reasonably) determines that it has received or been granted (and has derived use and benefit from) a credit against, a relief or remission for or repayment of any Tax, then it will, having so determined, but on that occasion only, determine whether and, if so, to what extent it can then make a payment to party making the payment under Section 22.18(a) (the **"Payor"**) without thereby putting itself in a worse after-tax position than if the relevant additional amount had not been required to be paid. If the Recipient so determines that such a payment can be made, it will thereupon make the appropriate payment to the Payor accordingly. Any such payment shall be conclusive evidence of the amount due to the Payor hereunder and shall be accepted by the Payor in full and final settlement of its rights of reimbursement under this Section 22.18(h) in respect of such deduction or withholding.

(i) If the Recipient makes any payment to the Payor pursuant to Section 22.18(h) and the Recipient subsequently determines that the credit, relief, remission or repayment in respect of which such payment was made was not available to it or has been withdrawn from it or that it was unable to use such credit, relief, remission or repayment in full, the Payor shall reimburse the Recipient to the extent the Recipient, in its sole opinion (acting reasonably), determines is necessary to place it in the same after-tax position as it would have been in if the relevant additional amount had not been required to be paid by the Recipient provided that no such reimbursement shall exceed the amount originally paid to the Payor pursuant to Section 22.18(h).

(j) Notwithstanding any other provision in this Agreement, any product, service or other supply provided under this Agreement whether domestic or cross border by a Person who is considered related to or connected with another Person for the purposes of the applicable transfer pricing rules shall use best endeavours to ensure that at least the minimum fees or charges necessary to comply with the requirements of the applicable transfer pricing rules and in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, OECD, 2001 as amended from time to time (OECD Transfer Pricing Guidelines), as appropriate, are charged. The Parties further agree to ensure that appropriate documentation and supporting agreements are prepared, entered into and maintained where required to ensure compliance with the applicable transfer pricing rules and if appropriate the OECD Transfer Pricing Guidelines.

(k) To the extent a Tax Authority determines that the fees or charges are different than they should be in order to prevent the applicable transfer pricing rules from applying in circumstances where the Joint Venture is receiving a product, service or other supply under this Agreement, the Parties shall (or shall procure that) such fees or charges are altered propectively to reflect the provision agreed with the Tax Authority. Notwithstanding the above, the Parties agree that there shall be a transfer pricing review in accordance with the principles of the OECD Transfer Pricing Guidelines of the fees and charges provided for under this Agreement if it is agreed between the Parties (each party acting reasonably) that such a review would be prudent on the basis of prevailing market practice from time to time and the Parties shall (and shall procure that) such fees and charges are altered prospectively to reflect the provision determined as a consequence of such transfer pricing review.

(l) The Parties agree to act in good faith in connection with any dealings with a Tax Authority in relation to a transfer pricing enquiry in connection with any product, service or other supply provided under this Agreement and each party shall use its reasonable endeavours in relation to such enquiry to negotiate with the Tax Authority a settlement which minimises the level of any adjustment imposed in order to comply with the "arm's length" requirements of the applicable transfer pricing rules and the OECD Transfer Pricing Guidelines, as appropriate. In addition, the parties agree to act in good faith and reasonably in relation to any transfer pricing review undertaken in accordance with Section 22.18(k).

SECTION 22.19 Countering Bribery.

(a) The Joint Venture shall have exclusive control over its employees in the conduct of activities under this Agreement, and shall be regarded as an independent contractor. Except as may be otherwise expressly provided in any Joint Venture Agreements, the Joint Venture is not constituted an agent of the Bank or GPN for any purpose whatsoever and the Joint Venture is expressly prohibited from doing any acts which do or may create the impression or inference that the Joint Venture is an agent of the Bank or GPN, and the Joint Venture is not granted any right or authority to create any obligation or responsibility, express or implied, on behalf of, or in the name of the Bank or GPN in any manner whatsoever.

(b) The Joint Venture represents to the Bank and GPN that in connection with the transactions contemplated by this Agreement, or in connection with other business transactions involving the Bank or GPN, it has not made and agrees that it shall not make any payment or transfer anything of value, directly or indirectly:

(i) to any governmental official or employee (including employees of a government corporation or public international organisation) or to any political party or candidate for public office except for any legitimate purpose; or

(ii) to any other person or entity if such payments or transfers would violate the Laws of the jurisdiction in which made or the Laws of the United Kingdom.

(c) It is the intent of the Parties that no payment or transfer of value shall be made by the Joint Venture in connection with the transactions contemplated by this Agreement or in connection with other business transactions involving the Bank or GPN which has the purpose or effect of public or commercial bribery or acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business.

(d) The Joint Venture further represents and agrees that it is familiar with the provisions of the US Foreign Corrupt Practices Act (**FCPA**") or the equivalent anti-corruption or prevention of bribery legislation applicable to it ("**Other Legislation**") and agrees that:

(i) it is not a government official (as the term is defined in the FCPA) or affiliated with any government official;

(ii) it has not previously engaged in conduct that would have violated the Other Legislation or FCPA (had the Joint Venture been subject to its terms); and

(iii) it shall not violate or cause the Bank or GPN to violate the FCPA or the Other Legislation in connection with the services to be provided by it under this Agreement.

(e) In the event of termination of this Agreement in accordance with Section 15.4 as a result of a Default in the performance of the Joint Venture's obligations under this Section 22.19, without prejudice to any other rights that the Bank or its Affiliates may have, the Bank and its Affiliates may retain from or charge to the Joint Venture the amount of any costs, fines or penalties which the Bank or any of its Affiliates is required to pay as a consequence of acts by the Joint Venture during the Term.

(f) In the event of termination of this Agreement in accordance with Section 15.4 as a result of a Default in the performance of the Joint Venture's obligations under this Section 22.19, without prejudice to any other rights that GPUK or its Affiliates may have, GPUK and its Affiliates may retain from or charge to the Joint Venture the amounts of any costs, fines or penalties which GPUK or any of its Affiliates is required to pay as a consequence of acts by the Joint Venture during the Term.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective signatories thereunto duly authorised, as of the date first above written.

HSBC BANK PLC

By: /s/ Sean O'Sullivan
Name: Sean O'Sullivan
Title: Chief Operating Officer

GLOBAL PAYMENTS INC.

By: /s/ Paul Garcia
Name: Paul Garcia
Title: Chief Executive Officer

HSBC MERCHANT SERVICES LLP

By: /s/ Sean O'Sullivan
Name: Sean O'Sullivan
Title: Chief Operating Officer

[Signature Page – Marketing Alliance Agreement]

Exhibit 21

LIST OF SUBSIDIARIES

Global Payments Inc. has the following subsidiaries and ownership interests.

Name	Jurisdiction of Organization
DolEx Belgium, S.P.R.L	Belgium
DolEx Dollar Express, Inc.	Texas
Dolex Envios, S.A. de C.V.	Mexico
DolEx Europe, S.L.	Spain
Global Payment Holding Company	Delaware
Global Payment Systems Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
Global Payment Systems LLC	Georgia
Global Payment Systems of Canada, Ltd.	Canada
Global Payments Acquisition Corp 1 B.V.	Netherlands
Global Payments Acquisition Corp 2 B.V.	Netherlands
Global Payments Acquisition Corp 3 B.V.	Netherlands
Global Payments Acquisition Corp 4 B.V.	Netherlands
Global Payments Acquisition PS 1 C.V.	Netherlands
Global Payments Acquisition PS 2 C.V.	Netherlands
Global Payments Asia Pacific (Hong Kong) Limited	Hong Kong
Global Payments Asia Pacific (Hong Kong Holding) Limited	Hong Kong
Global Payments Asia Pacific India Private Limited	India
Global Payments Asia Pacific Lanka (Private) Limited	Sri Lanka
Global Payments Asia Pacific Limited	Hong Kong
Global Payments Asia Pacific Processing Company Limited	Hong Kong
Global Payments Asia Pacific (Shanghai) Limited	People's Republic of China
Global Payments Asia Pacific (Singapore) Private Limited	Singapore
Global Payments Asia Pacific (Singapore Holding) Limited	Singapore
Global Payments Canada GP	Canada
Global Payments Canada Inc.	Canada
Global Payments Card Processing Malaysia Sdn. Bhd	Malaysia
Global Payments Check Recovery Services, Inc.	Georgia
Global Payments Check Services, Inc.	Illinois
Global Payments Credit Services LLC	Russian Federation (1)
Global Payments Comerica Alliance, LLC	Delaware (2)
Global Payments Direct, Inc.	New York
Global Payments Europe, d.o.o. Sarajevo	Bosnia and Herzegovina
Global Payments Europe, s.r.o.	Czech Republic
Global Payments Gaming International, Inc.	Georgia
Global Payments Gaming Services, Inc.	Illinois
Global Payments LightSpeed UK, Ltd.	United Kingdom
Global Payments U.K. Ltd.	United Kingdom
GP Finance, Inc.	Delaware
GPS Holding Limited Partnership	Georgia
Latin America Money Services, LLC	Delaware
Merchant Services U.S.A., Inc.	North Carolina
Modular Data, Inc.	Delaware
NDC Holdings (UK) Ltd.	Georgia
NDPS Holdings, Inc.	Delaware
United Europhil UK, Ltd.	United Kingdom
United Europhil, S.A.	Spain

(1) Global Payments Credit Services LLC has a member unrelated to Global Payments Inc. which owns a 50% interest.
(2) Global Payments Comerica Alliance, LLC has members unrelated to Global Payments Inc. which collectively own a 49% minority interest.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-53774 and 333-120640 on Form S-8 of Global Payments Inc. and subsidiaries (the "Company") of our report dated July 30, 2008 relating to the consolidated financial statements and consolidated financial statement schedule of the Company (which report expresses an unqualified opinion and includes explanatory paragraphs regarding the adoption of Statement of Financial Accounting Standards No. 123(R), *Share-based Payment* on June 1, 2006 and the adoption of Financial Accounting Standards Board Interpretation No. 48,*Accounting for Uncertainty in Income Taxes* on June 1, 2007) and our report dated July 30, 2008 on the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K of the Company for the year ended May 31, 2008.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
July 30, 2008

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, Paul R. Garcia, certify that:

1. I have reviewed this annual report on Form 10-K of Global Payments Inc.;

2. Based on my knowledge, this annual 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 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 fourth fiscal quarter 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 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 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 controls over financial reporting.

Date: July 30, 2008

By: /s/ PAUL R. GARCIA
Paul R. Garcia
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, Joseph C. Hyde, certify that:

1. I have reviewed this annual report on Form 10-K of Global Payments Inc.;

2. Based on my knowledge, this annual 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 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 fourth fiscal quarter 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 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 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 controls over financial reporting.

Date: July 30, 2008

By: /s/ JOSEPH C. HYDE
Joseph C. Hyde
Chief Financial Officer

Exhibit 32

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 Annual Report of Global Payments Inc. (the "Company") on Form 10-K for the period ended May 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Paul R. Garcia, Chief Executive Officer of the Company, and Joseph C. Hyde, 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/ PAUL R. GARCIA
Paul R. Garcia
Chief Executive Officer
Global Payments Inc.
July 30, 2008

/s/ JOSEPH C. HYDE
Joseph C. Hyde
Chief Financial Officer
Global Payments Inc.
July 30, 2008

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.