

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended November 30, 2015

OR

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

For the transition period from to

Commission file number: 001-16111



SERVICE. DRIVEN. COMMERCE

GLOBAL PAYMENTS INC.

(Exact name of registrant as specified in charter)

Georgia

(State or other jurisdiction of
incorporation or organization)

58-2567903

(I.R.S. Employer
Identification No.)

10 Glenlake Parkway, North Tower, Atlanta, Georgia

(Address of principal executive offices)

30328

(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

Yes No

The number of shares of the issuer's common stock, no par value, outstanding as of January 7, 2016 was 129,348,466.

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended November 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
PART I - FINANCIAL INFORMATION	
ITEM 1.	<u>Unaudited Consolidated Statements of Income for the three months ended November 30, 2015 and November 30, 2014</u>
	<u>3</u>
	<u>Unaudited Consolidated Statements of Income for the six months ended November 30, 2015 and November 30, 2014</u>
	<u>4</u>
	<u>Unaudited Consolidated Statements of Comprehensive Income (Loss) for the three months ended November 30, 2015 and November 30, 2014</u>
	<u>5</u>
	<u>Unaudited Consolidated Statements of Comprehensive Income for the six months ended November 30, 2015 and November 30, 2014</u>
	<u>5</u>
	<u>Consolidated Balance Sheets at November 30, 2015 (unaudited) and May 31, 2015</u>
	<u>6</u>
	<u>Unaudited Consolidated Statements of Cash Flows for the six months ended November 30, 2015 and November 30, 2014</u>
	<u>7</u>
	<u>Unaudited Consolidated Statements of Changes in Equity for the six months ended November 30, 2015 and November 30, 2014</u>
	<u>8</u>
	<u>Notes to Unaudited Consolidated Financial Statements</u>
	<u>10</u>
ITEM 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	<u>26</u>
ITEM 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	<u>36</u>
ITEM 4.	<u>Controls and Procedures</u>
	<u>36</u>
PART II - OTHER INFORMATION	
ITEM 1.	<u>Legal Proceedings</u>
	<u>36</u>
ITEM 1A.	<u>Risk Factors</u>
	<u>37</u>
ITEM 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	<u>38</u>
ITEM 6.	<u>Exhibits</u>
	<u>39</u>
	<u>Signatures</u>
	<u>40</u>

PART 1 - FINANCIAL INFORMATION

ITEM 1—FINANCIAL STATEMENTS

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

	Three Months Ended	
	November 30, 2015	November 30, 2014
Revenues	\$ 722,350	\$ 697,291
Operating expenses:		
Cost of service	270,565	257,796
Selling, general and administrative	328,620	315,511
	<u>599,185</u>	<u>573,307</u>
Operating income	123,165	123,984
Interest and other income	1,292	1,282
Interest and other expense	(14,126)	(10,350)
	<u>(12,834)</u>	<u>(9,068)</u>
Income before income taxes	110,331	114,916
Provision for income taxes	(27,253)	(29,660)
Net income	83,078	85,256
Less: Net income attributable to noncontrolling interests, net of income tax	(4,307)	(10,475)
Net income attributable to Global Payments	<u>\$ 78,771</u>	<u>\$ 74,781</u>
Earnings per share attributable to Global Payments:		
Basic earnings per share	\$ 0.61	\$ 0.55
Diluted earnings per share	<u>\$ 0.60</u>	<u>\$ 0.55</u>

See Notes to Unaudited Consolidated Financial Statements.

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

	Six Months Ended	
	November 30, 2015	November 30, 2014
Revenues	\$ 1,471,146	\$ 1,402,186
Operating expenses:		
Cost of service	543,231	517,635
Selling, general and administrative	666,978	636,169
	1,210,209	1,153,804
Operating income	260,937	248,382
Interest and other income	2,434	2,474
Interest and other expense	(27,369)	(21,360)
	(24,935)	(18,886)
Income before income taxes	236,002	229,496
Provision for income taxes	(59,876)	(59,806)
Net income	176,126	169,690
Less: Net income attributable to noncontrolling interests, net of income tax	(10,708)	(19,543)
Net income attributable to Global Payments	\$ 165,418	\$ 150,147
Earnings per share attributable to Global Payments:		
Basic earnings per share	\$ 1.27	\$ 1.11
Diluted earnings per share	\$ 1.27	\$ 1.10

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended	
	November 30, 2015	November 30, 2014
Net income	\$ 83,078	\$ 85,256
Other comprehensive income (loss):		
Foreign currency translation adjustments	(35,582)	(92,634)
Income tax (provision) benefit related to foreign currency translation adjustments	(2,256)	4,774
Unrealized losses on hedging activities	(3,968)	(4,419)
Reclassification of losses on hedging activities to interest expense	2,467	531
Income tax benefit related to hedging activities	562	1,443
Other comprehensive loss, net of tax	(38,777)	(90,305)
Comprehensive income (loss)	44,301	(5,049)
Comprehensive loss (income) attributable to noncontrolling interests	1,965	(3,546)
Comprehensive income (loss) attributable to Global Payments	\$ 46,266	\$ (8,595)

	Six Months Ended	
	November 30, 2015	November 30, 2014
Net income	\$ 176,126	\$ 169,690
Other comprehensive income (loss):		
Foreign currency translation adjustments	(72,599)	(117,855)
Income tax benefit related to foreign currency translation adjustments	8,844	7,291
Unrealized losses on hedging activities	(4,000)	(4,419)
Reclassification of losses on hedging activities to interest expense	4,201	531
Income tax (provision) benefit related to hedging activities	(60)	1,443
Other comprehensive loss, net of tax	(63,614)	(113,009)
Comprehensive income	112,512	56,681
Comprehensive income attributable to noncontrolling interests	(6,336)	(7,484)
Comprehensive income attributable to Global Payments	\$ 106,176	\$ 49,197

See Notes to Unaudited Consolidated Financial Statements.

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

	November 30, 2015	May 31, 2015
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 988,457	\$ 650,739
Accounts receivable, net of allowances for doubtful accounts of \$437 and \$468, respectively	202,931	202,390
Claims receivable, net of allowances for doubtful accounts of \$9,091 and \$2,684, respectively	7,812	548
Settlement processing assets	1,403,914	2,394,822
Prepaid expenses and other current assets	52,707	41,416
Total current assets	2,655,821	3,289,915
Goodwill	1,577,455	1,491,833
Other intangible assets, net	665,667	560,136
Property and equipment, net	367,541	374,143
Deferred income taxes	26,252	30,428
Other	35,365	32,846
Total assets	\$ 5,328,101	\$ 5,779,301
LIABILITIES AND EQUITY		
Current liabilities:		
Lines of credit	\$ 685,178	\$ 592,629
Current portion of long-term debt	—	61,784
Accounts payable and accrued liabilities	309,117	312,647
Settlement processing obligations	1,256,458	2,033,900
Income taxes payable	16,892	14,228
Total current liabilities	2,267,645	3,015,188
Long-term debt	1,915,803	1,678,283
Deferred income taxes	202,630	202,855
Other noncurrent liabilities	15,924	19,422
Total liabilities	4,402,002	4,915,748
Commitments and contingencies		
Equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 200,000,000 shares authorized; 129,362,187 issued and outstanding at November 30, 2015 and 130,557,676 issued and outstanding at May 31, 2015	—	—
Paid-in capital	132,401	148,742
Retained earnings	917,989	795,226
Accumulated other comprehensive loss	(245,234)	(185,992)
Total Global Payments shareholders' equity	805,156	757,976
Noncontrolling interests	120,943	105,577
Total equity	926,099	863,553
Total liabilities and equity	\$ 5,328,101	\$ 5,779,301

See Notes to Unaudited Consolidated Financial Statements.

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

	Six Months Ended	
	November 30, 2015	November 30, 2014
Cash flows from operating activities:		
Net income	\$ 176,126	\$ 169,690
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	35,697	33,055
Amortization of acquired intangibles	41,809	36,117
Share-based compensation expense	13,472	9,145
Provision for operating losses and bad debts	11,257	7,432
Deferred income taxes	2,900	(982)
Other, net	2,198	(387)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	(4,271)	17,521
Claims receivable	(18,723)	(4,881)
Settlement processing assets and obligations, net	208,446	(13,778)
Prepaid expenses and other assets	(14,097)	3,903
Accounts payable and other liabilities	(3,329)	(31,503)
Income taxes payable	2,585	1,604
Net cash provided by operating activities	454,070	226,936
Cash flows from investing activities:		
Business, intangible and other asset acquisitions, net of cash acquired	(241,934)	(223,651)
Capital expenditures	(36,246)	(33,290)
Principal collections on financing receivables	—	219
Net proceeds from sales of investments and business	—	10,528
Net cash used in investing activities	(278,180)	(246,194)
Cash flows from financing activities:		
Net borrowings on lines of credit	101,464	90,593
Proceeds from issuance of long-term debt	3,030,175	1,080,000
Principal payments of long-term debt	(2,852,175)	(872,679)
Payment of debt issuance costs	(4,934)	—
Repurchase of common stock	(71,748)	(179,724)
Proceeds from stock issued under share-based compensation plans	6,317	17,099
Common stock repurchased - share-based compensation plans	(11,579)	(15,705)
Tax benefit from share-based compensation plans	6,521	3,599
Purchase of subsidiary shares from noncontrolling interest	(7,550)	—
Distributions to noncontrolling interests	(8,158)	(15,485)
Dividends paid	(2,602)	(2,693)
Net cash provided by financing activities	185,731	105,005
Effect of exchange rate changes on cash	(23,903)	(23,150)
Increase in cash and cash equivalents	337,718	62,597
Cash and cash equivalents, beginning of the period	650,739	581,872
Cash and cash equivalents, end of the period	\$ 988,457	\$ 644,469

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at May 31, 2015	130,558	\$ 148,742	\$ 795,226	\$ (185,992)	\$ 757,976	\$ 105,577	\$ 863,553
Net income			165,418		165,418	10,708	176,126
Other comprehensive loss, net of tax				(59,242)	(59,242)	(4,372)	(63,614)
Stock issued under share-based compensation plans	1,079	6,317			6,317		6,317
Common stock repurchased - share-based compensation plans	(630)	(11,997)			(11,997)		(11,997)
Tax benefit from share-based compensation, net		6,521			6,521		6,521
Share-based compensation expense		13,472			13,472		13,472
Purchase of subsidiary shares from noncontrolling interest		(11)			(11)	(7,539)	(7,550)
Distributions to noncontrolling interests					—	(8,158)	(8,158)
Contribution of subsidiary shares to noncontrolling interest as consideration in business combination		4,673			4,673	24,727	29,400
Repurchase of common stock	(1,645)	(35,316)	(40,053)		(75,369)		(75,369)
Dividends paid (\$0.02 per share)			(2,602)		(2,602)		(2,602)
Balance at November 30, 2015	129,362	\$ 132,401	\$ 917,989	\$ (245,234)	\$ 805,156	\$ 120,943	\$ 926,099

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at May 31, 2014	137,692	\$ 183,023	\$ 815,980	\$ (1,776)	\$ 997,227	\$ 135,572	\$ 1,132,799
Net income			150,147		150,147	19,543	169,690
Other comprehensive loss, net of tax				(100,950)	(100,950)	(12,059)	(113,009)
Stock issued under share-based compensation plans	1,882	17,099			17,099		17,099
Common stock repurchased - share-based compensation plans	(632)	(6,976)			(6,976)		(6,976)
Tax benefit from employee share-based compensation, net		3,599			3,599		3,599
Share-based compensation expense		9,145			9,145		9,145
Distributions to noncontrolling interests					—	(15,485)	(15,485)
Repurchase of common stock	(4,880)	(61,471)	(110,462)		(171,933)		(171,933)
Dividends paid (\$0.02 per share)			(2,693)		(2,693)		(2,693)
Balance at November 30, 2014	<u>134,062</u>	<u>\$ 144,419</u>	<u>\$ 852,972</u>	<u>\$ (102,726)</u>	<u>\$ 894,665</u>	<u>\$ 127,571</u>	<u>\$ 1,022,236</u>

See Notes to Unaudited Consolidated Financial Statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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

Business, consolidation and presentation— We are a leading worldwide provider of payment technology services delivering innovative solutions to our customers. Our technologies, partnerships and employee expertise enable us to provide a broad range of services that allow our customers to accept various payment types. We distribute our payment services and digital commerce services across a variety of channels to merchants and partners in 29 countries throughout North America, Europe, the Asia-Pacific region and Brazil. We operate in three reportable segments: North America, Europe and Asia-Pacific.

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

These unaudited consolidated financial statements include our accounts and those of our majority-owned subsidiaries, and all intercompany balances and transactions have been eliminated in consolidation. These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The consolidated balance sheet as of May 31, 2015 was derived from the audited financial statements included in our Annual Report on Form 10-K for the year ended May 31, 2015 but does not include all disclosures required by GAAP.

In the opinion of our management, all known adjustments necessary for a fair presentation of the results of the interim periods have been made. These adjustments consist of normal recurring accruals and estimates that affect the carrying amount of assets and liabilities. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended May 31, 2015.

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

Stock split— Our board of directors declared a two-for-one stock split effected in the form of a stock dividend of one additional share of common stock for each outstanding share of common stock (the "Stock Split"). The stock dividend was paid on November 2, 2015 to all shareholders of record as of October 21, 2015. Common share and per share data in the consolidated financial statements and in the notes to our consolidated financial statements for prior periods have been adjusted to reflect the Stock Split, except for authorized common shares which were not affected.

New accounting pronouncements— From time-to-time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standards setting bodies that may affect our current and/or future financial statements when adopted.

Recently Adopted Accounting Pronouncements

In November 2015, the FASB issued Accounting Standards Update ("ASU") 2015-17, "Income Taxes (Topic 740): *Balance Sheet Classification of Deferred Taxes*." To simplify the presentation of deferred income taxes, the amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. We adopted this ASU during the three months ended November 30, 2015 and, as a result, have presented prior-period amounts for deferred income taxes in a manner that conforms to the current-period presentation.

In September 2015, the FASB issued ASU 2015-16, "Business Combinations (Topic 805): *Simplifying the Accounting for Measurement-Period Adjustments*." The update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, including the cumulative effect of the change in provisional amount as if the accounting had been completed at the acquisition date. The adjustments

related to prior reporting periods since the acquisition date must be disclosed by income statement line item either on the face of the income statement or in the notes to the financial statements. We adopted this ASU during the three months ended August 31, 2015. Accordingly, we applied the amendments in this update to the measurement period adjustments made during the six months ended November 30, 2015 with no material effect on prior-period or current-period earnings. See "Note 3—Business Intangible Asset Acquisition and Joint Ventures" for more information regarding adjustments to provisional amounts that occurred during the six months ended November 30, 2015.

In April 2015, the FASB issued ASU 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): *Simplifying the Presentation of Debt Issuance Costs*." The update requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. In August 2015, the FASB issued ASU 2015-15, "Interest-Imputation of Interest (Subtopic 835-30): *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements—Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting*," to clarify that an entity may elect to present debt issuance costs related to a line-of-credit arrangement as an asset, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement.

We adopted both ASUs as of June 1, 2015, electing to continue to present debt issuance costs related to our revolving credit facilities as an asset, and as a result, have presented prior-period amounts for debt issuance costs related to our term loans in a manner that conforms to the current-period presentation. The adoption of this standard did not affect our results of operations or cash flows in either the current or prior interim or annual periods. See "Note 6—Long-Term Debt and Credit Facilities" for more information about the presentation of debt issuance costs.

Recently Issued Pronouncements Not Yet Adopted

In April 2015, the FASB issued ASU 2015-05, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*." The amendments in this update provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for a customer's accounting for service contracts. The amendments will be effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted for all entities. We are evaluating the effect of ASU 2015-05 on our consolidated financial statements and internal controls over financial reporting and have not yet adopted the new standard.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP and permits the use of either the retrospective or cumulative effect transition method. The standard requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted for annual reporting periods beginning after December 15, 2016. We are evaluating the impact of ASU 2014-09 on our consolidated financial statements and internal controls over financial reporting.

NOTE 2—SETTLEMENT PROCESSING ASSETS AND OBLIGATIONS

As of November 30, 2015 and May 31, 2015, settlement processing assets and obligations consisted of the following (in thousands):

	November 30, 2015	May 31, 2015
Settlement processing assets:		
Interchange reimbursement	\$ 148	\$ 186,660
Receivable from member sponsors	254,635	294,837
Receivable from networks	1,147,397	1,919,148
Exception items	2,019	4,920
Merchant reserves	(285)	(10,743)
	<u>\$ 1,403,914</u>	<u>\$ 2,394,822</u>
Settlement processing obligations:		
Interchange reimbursement	\$ 238,314	\$ 68,444
Liability to member sponsors	(209,034)	(628)
Liability to merchants	(1,135,070)	(1,931,390)
Exception items	10,334	5,331
Merchant reserves	(159,370)	(169,442)
Reserve for operating losses	(1,316)	(1,286)
Reserve for sales allowances	(316)	(4,929)
	<u>\$ (1,256,458)</u>	<u>\$ (2,033,900)</u>

NOTE 3—BUSINESS AND INTANGIBLE ASSET ACQUISITIONS AND JOINT VENTURES***Fiscal 2016****FIS Gaming Business*

On September 30, 2014, we entered into an asset purchase agreement with Certegy Check Services, Inc., a wholly owned subsidiary of Fidelity National Information Services, Inc. ("FIS"), to acquire substantially all of the assets of its gaming business related to licensed gaming operators (the "FIS Gaming Business"), which consisted primarily of customer contracts. On June 1, 2015, we completed the acquisition, which included approximately 260 gaming client locations, for \$237.5 million funded from borrowings on our revolving credit facility and cash on hand. We acquired the FIS Gaming Business to expand our direct distribution and service offerings in the gaming industry. This transaction was accounted for as a business combination. We recorded the assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. Due to the timing of this transaction, we have not finalized the valuation of the intangible assets acquired; however, certain adjustments to estimated fair value were recorded during the three months ended November 30, 2015 based on new information obtained that existed as of the acquisition date. The adjustments associated with the revised valuation are detailed in the table below. FASB Accounting Standards Codification ("ASC") 805, "Business Combinations," as amended by ASU 2015-16, requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Measurement-period adjustments, which are reflected in the table below, had no material effect on earnings or other comprehensive income for the current or prior periods.

Acquisition costs associated with this business combination were not material. The revenue and earnings associated with the acquired business for the year ending May 31, 2016 are not expected to be material nor were the historical revenue and earnings of the acquired business material for the purpose of presenting pro forma information for the current or prior-year periods.

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

	As Previously Determined	Measurement Period Adjustments	Revised
Customer-related intangible assets	\$ 135,200	\$ 8,200	\$ 143,400
Liabilities	(150)	—	(150)
Total identifiable net assets	135,050	8,200	143,250
Goodwill	102,450	(8,200)	94,250
Total purchase consideration	\$ 237,500	\$ —	\$ 237,500

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

We also entered into a gaming bureau license agreement and an outsourcing agreement with FIS on September 30, 2014. Under the license agreement, we acquired a perpetual software license for a gaming bureau application that we believe enhances our casino clients' credit decision process. The software license was recorded in property and equipment in our consolidated balance sheet when acquired. Under the outsourcing agreement, which has a term of 10 years, we engaged FIS to provide a variety of services for our gaming clients, including: check and ACH verification services, collection services, claims management services, billing services and other gaming bureau services. The outsourcing agreement became effective on June 1, 2015.

Venture with Bank of the Philippine Islands

We provide merchant acquiring services in the Philippines through our subsidiary, Global Payments Asia-Pacific Philippines Incorporated ("GP Philippines"). On August 3, 2015, we made a cash payment of \$3.6 million and contributed a 49% ownership interest in GP Philippines to Bank of the Philippines ("BPI") in return for BPI's contribution of its merchant acquiring business to GP Philippines, in which we have retained a controlling 51% interest.

The acquisition of BPI's merchant acquiring business was accounted for as a business combination. We recorded the assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. The estimated total purchase consideration paid for BPI's merchant acquiring business was \$33.0 million, consisting of \$3.6 million in cash and an estimated acquisition-date fair value of \$29.4 million in shares of GP Philippines. Due to the timing of this transaction, we have not finalized the valuation of shares issued to BPI for the noncontrolling interest or the intangible assets acquired and, therefore, we have recorded provisional estimated amounts.

Central and Eastern European Venture

On July 27, 2015, we announced an agreement with CaixaBank, S.A. ("CaixaBank") and Erste Group Bank AG ("Erste Group") to form a venture to provide merchant acquiring and payment services in three Central and Eastern European markets: the Czech Republic, the Slovak Republic and Romania. As part of the agreement, Global Payments and CaixaBank will form an entity, in which we will have a 51% controlling interest. This newly formed entity will pay €30 million (\$32 million equivalent as of November 30, 2015) in cash to acquire a 51% controlling ownership in the venture with Erste Group, which will contribute its existing merchant acquiring businesses in each of the three countries to the venture and hold a 49% interest. The transaction is expected to close in the second half of fiscal 2016, subject to receipt of regulatory approvals and satisfaction of customary closing conditions.

Fiscal 2015*Realex Payments*

On March 25, 2015, we acquired approximately 95% of the outstanding shares of Pay and Shop Limited for €110.2 million in cash (\$118.9 million equivalent as of March 25, 2015) funded from borrowings on our revolving credit facility. Pay and Shop Limited, which does business as Realex Payments ("Realex"), is a leading European online payment gateway technology provider based in Dublin, Ireland. This transaction furthers our strategy to provide omnichannel solutions that combine gateway services, payment service provisioning and merchant acquiring across Europe. This transaction was accounted for as a business combination. We recorded the assets acquired, liabilities assumed and noncontrolling interest at their estimated fair values as of the acquisition date.

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

Cash	\$	4,082
Customer-related intangible assets		16,079
Acquired technology		39,820
Trade name		3,453
Other intangible assets		399
Other assets		6,213
Liabilities		(3,479)
Deferred income tax liabilities		(7,216)
Total identifiable net assets		59,351
Goodwill		66,809
Noncontrolling interest		(7,280)
Total purchase consideration	\$	118,880

Goodwill arising from the acquisition was included in the Europe segment and was attributable to expected growth opportunities in Europe, potential synergies from combining our existing business with gateway services and payment service provisioning in certain markets and an assembled workforce to support the newly acquired technology. Goodwill associated with this acquisition is not deductible for income tax purposes. The customer-related intangible assets have an estimated amortization period of 16 years. The acquired technology has an estimated amortization period of 10 years. The trade name has an estimated amortization period of 7 years.

On October 5, 2015, we paid €6.7 million (\$7.5 million equivalent as of October 5, 2015) to acquire the remaining shares of Realex after which we own 100% of the outstanding shares.

Ezidebit

On October 10, 2014, we completed the acquisition of 100% of the outstanding stock of Ezi Holdings Pty Ltd ("Ezidebit") for AUD 302.6 million (\$266.0 million equivalent as of the acquisition date). This acquisition was funded by a combination of cash on hand and borrowings on our revolving credit facility. Ezidebit is a leading integrated payments company focused on recurring payments verticals in Australia and New Zealand. Ezidebit markets its services through a network of integrated software vendors and direct channels to numerous vertical markets. We acquired Ezidebit to establish a direct distribution channel in Australia and New Zealand and to further enhance our existing integrated solutions offerings. This transaction was accounted for as a business combination. We recorded the assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. Certain adjustments to estimated fair value were recorded during the six months ended November 30, 2015 based on new information obtained that existed as of the acquisition date. During the measurement period, management determined that deferred income taxes should be reflected for certain nondeductible intangible assets. Measurement-period adjustments, which are reflected in the table below, had no material effect on earnings or other comprehensive income for the current or prior periods.

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

	<u>As Previously Determined</u>	<u>Measurement Period Adjustments</u>	<u>Revised</u>
Cash	\$ 45,826	\$ —	\$ 45,826
Customer-related intangible assets	42,721	—	42,721
Acquired technology	27,954	—	27,954
Trade name	2,901	—	2,901
Other assets	2,337	—	2,337
Deferred income tax assets (liabilities)	1,815	(11,603)	(9,788)
Other liabilities	(49,797)	—	(49,797)
Total identifiable net assets	<u>73,757</u>	<u>(11,603)</u>	<u>62,154</u>
Goodwill	192,225	11,603	203,828
Total purchase consideration	<u>\$ 265,982</u>	<u>\$ —</u>	<u>\$ 265,982</u>

Goodwill arising from the acquisition was included in the Asia-Pacific segment and was attributable to expected future growth opportunities in Australia and New Zealand, growth and expansion of integrated payments in the Asia-Pacific region, economies of scale in our existing Asia-Pacific business and an assembled workforce. Neither the goodwill nor the customer-related intangible assets associated with this acquisition are deductible for income tax purposes. The customer-related intangible assets have an estimated amortization period of 15 years. The acquired technology has an estimated amortization period of 15 years. The trade name has an estimated amortization period of 5 years.

NOTE 4—GOODWILL AND OTHER INTANGIBLE ASSETS

As of November 30, 2015 and May 31, 2015, goodwill and other intangible assets consisted of the following (in thousands):

	November 30, 2015	May 31, 2015
Goodwill	\$ 1,577,455	\$ 1,491,833
Other intangible assets:		
Customer-related intangible assets	\$ 859,745	\$ 718,011
Contract-based intangible assets	129,399	130,874
Acquired technologies	90,378	93,194
Trademarks and trade names	9,948	10,777
	<u>1,089,470</u>	<u>952,856</u>
Less accumulated amortization:		
Customer-related intangible assets	365,507	342,488
Contract-based intangible assets	40,658	37,286
Acquired technologies	12,716	8,509
Trademarks and trade names	4,922	4,437
	<u>423,803</u>	<u>392,720</u>
	<u>\$ 665,667</u>	<u>\$ 560,136</u>

The following table sets forth the changes in the carrying amount of goodwill for the six months ended November 30, 2015 (in thousands):

	North America	Europe	Asia-Pacific	Total
Balance at May 31, 2015	\$ 779,734	\$ 485,921	\$ 226,178	\$ 1,491,833
Goodwill acquired	102,450	—	16,500	118,950
Effect of foreign currency translation	(5,386)	(17,054)	(13,880)	(36,320)
Measurement-period adjustments	(8,200)	(411)	11,603	2,992
Balance at November 30, 2015	<u>\$ 868,598</u>	<u>\$ 468,456</u>	<u>\$ 240,401</u>	<u>\$ 1,577,455</u>

There were no accumulated impairment losses as of November 30, 2015 or May 31, 2015.

NOTE 5—OTHER ASSETS

On November 2, 2015, Visa Inc. (“Visa”) announced a proposed acquisition of Visa Europe Limited (“VE”) that is currently expected to close during our fourth quarter of fiscal 2016. Through certain of our subsidiaries in Europe, we are a member and shareholder of VE. Our member interests in VE are accounted for using the cost method of accounting. The preliminary estimate of the upfront consideration we will receive consists of cash of €30 million (\$31.7 million equivalent at November 30, 2015) and Visa preferred stock which is convertible into Visa common shares with an approximate value of \$21.4 million as of the announcement date. We could also receive contingent earn-out consideration. The amount and composition of the total consideration are not final and could be amended. In addition, approximately €23 million, or \$24.3 million equivalent at November 30, 2015, of the cash consideration could be refundable, and the conversion factor of the preferred shares could be adjusted down based on the outcome of potential litigation in the United Kingdom and elsewhere in Europe such that the number of shares ultimately received could be as low as zero.

NOTE 6—LONG-TERM DEBT AND CREDIT FACILITIES

As of November 30, 2015 and May 31, 2015, long-term debt consisted of the following (in thousands):

	<u>November 30, 2015</u>	<u>May 31, 2015</u>
Term loan:		
\$1,750,000 face amount (less unamortized debt issuance costs of \$4,697) at November 30, 2015 and \$1,234,375 face amount (less unamortized debt issuance costs of \$2,433) at May 31, 2015	\$ 1,745,303	\$ 1,231,942
Revolving credit facility	170,500	508,125
Total long-term debt	<u>1,915,803</u>	<u>1,740,067</u>
Less current portion of long-term debt (\$62,500 face amount less unamortized debt issuance costs of \$716 at May 31, 2015)	—	61,784
Long-term debt, excluding current portion	<u>\$ 1,915,803</u>	<u>\$ 1,678,283</u>

Maturity requirements on long-term debt as of November 30, 2015 by fiscal year are as follows (in thousands):

2016	\$ —
2017	—
2018	131,250
2019	175,000
2020 and thereafter	<u>1,614,250</u>
Total	<u>\$ 1,920,500</u>

On July 31, 2015, we entered into a second amended and restated term loan agreement (the "Term Loan Agreement") and a second amended and restated credit agreement (the "Revolving Credit Facility Agreement" and, together with the Term Loan Agreement, the "Agreements"), each with a syndicate of financial institutions. The Term Loan Agreement and the Revolving Credit Facility Agreement amended and restated our prior term loan agreement and revolving credit facility agreement, each dated February 28, 2014.

The Term Loan Agreement provides for a five-year senior unsecured \$1.75 billion term loan (the "Term Loan"), and the Revolving Credit Facility Agreement provides for a senior unsecured \$1.25 billion revolving credit facility (the "Revolving Credit Facility"). The available borrowings under the Revolving Credit Facility may be increased, at our option, by up to an additional \$500 million, subject to our receipt of increased or new commitments from lenders and the satisfaction of certain conditions.

Pursuant to the Term Loan Agreement, the Term Loan must be repaid in equal quarterly installments of \$43.8 million commencing in November 2017 and ending in May 2020, with the remaining principal balance due upon maturity in July 2020; provided, however, that the Term Loan may be prepaid without penalty. Each of the Agreements provides for an interest rate, at our election, of either London Interbank Offered Rate ("LIBOR") or a base rate, in each case plus a leverage-based margin. As of November 30, 2015, the interest rate on the Term Loan was 1.73%.

As of November 30, 2015, the outstanding balance on the Revolving Credit Facility was \$170.5 million, and the interest rate was 1.66%. The Revolving Credit Facility allows us to issue standby letters of credit of up to \$100 million in the aggregate. Outstanding letters of credit under the Revolving Credit Facility reduce the amount of borrowings available to us. Borrowings available to us under the Revolving Credit Facility are further limited by the covenants described below under "Compliance with Covenants." At November 30, 2015, we had standby letters of credit of \$9.3 million. The total available incremental borrowings under our Revolving Credit Facility at November 30, 2015 was \$424.7 million. We are required to pay a quarterly commitment fee on the unused portion of the Revolving Credit Facility. The Revolving Credit Facility Agreement expires in July 2020.

Upon the closing of the Term Loan and the Revolving Credit Facility, which occurred on July 31, 2015, we used the proceeds of approximately \$2.0 billion to repay the outstanding balances on our previously existing term loan and revolving credit facility together with accrued interest and fees on each.

We incurred fees and expenses associated with these new arrangements of approximately \$4.9 million. The portion of the debt issuance costs related to the Revolving Credit Facility are included in prepaid expenses and other current assets and other noncurrent assets in our consolidated balance sheets at November 30, 2015. The portion of the debt issuance costs related to the Term Loan are reported as a reduction to the carrying amount of the debt. Debt issuance costs are amortized as an adjustment to interest expense over the terms of the Agreements.

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

Lines of Credit

We have lines of credit with banks in the United States and Canada as well as several countries in Europe and in the Asia-Pacific region where we do business. The lines of credit, which are restricted for use in funding settlement, generally have variable interest rates and are subject to annual review. The credit facilities are generally denominated in local currency but may, in some cases, facilitate borrowings in multiple currencies. For certain of our lines of credit, the line of credit balance is reduced by the amount of cash we have on deposit in specific accounts with the lender when determining the available credit. Accordingly, the amount of the outstanding line of credit may exceed the stated credit limit, while the net position is less than the credit limit. As of November 30, 2015 and May 31, 2015, a total of \$115.6 million and \$193.2 million, respectively, of cash on deposit was used to determine the available credit.

As of November 30, 2015 and May 31, 2015, respectively, we had \$685.2 million and \$592.6 million outstanding under these lines of credit with additional capacity of \$574.7 million as of November 30, 2015 to fund settlement. The weighted-average interest rate on these borrowings was 1.70% and 1.50% at November 30, 2015 and May 31, 2015, respectively. We are required to pay commitment fees on unused portions of the lines of credit.

Compliance with Covenants

The Agreements include financial covenants requiring (i) a leverage ratio no greater than 3.50 to 1.00, or up to 3.75 to 1.00 if we were to complete an acquisition, subject to certain conditions, and (ii) a fixed charge coverage ratio no less than 2.50 to 1.00. The Agreements and lines of credit also include various other covenants that are customary in such borrowings. We complied with all applicable covenants as of and for the six months ended November 30, 2015.

Interest Rate Swap Agreements

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

Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense. Since we have designated the interest rate swap agreements as cash flow hedges, unrealized gains or losses resulting from adjusting the swaps to fair value are recorded as components of other comprehensive income, except for any ineffective portion of the change in fair value, which would be immediately recorded in interest expense. During the three and six months ended November 30, 2015, there was no ineffectiveness. The fair values of the interest rate swaps were determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. These derivative instruments were classified within Level 2 of the valuation hierarchy.

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

	Consolidated Balance Sheet Location	November 30, 2015	May 31, 2015
Interest rate swap (\$250 million notional)	Other assets	\$ 196	\$ —
Interest rate swap (\$500 million notional)	Accounts payable and accrued liabilities	\$ 6,152	\$ 6,157

The table below presents the effects of our interest rate swaps on the consolidated statements of income and other comprehensive income for the three and six months ended November 30, 2015 and 2014 (in thousands):

	Three Months Ended		Six Months Ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Derivatives in cash flow hedging relationships:				
Amount of loss recognized in other comprehensive income	\$ 3,968	\$ 4,419	\$ 4,000	\$ 4,419
Amount of loss recognized in interest expense	\$ 2,467	\$ 531	\$ 4,201	\$ 531

At November 30, 2015, the amount in accumulated other comprehensive income related to our interest rate swaps that is expected to be reclassified into interest expense during the next 12 months was approximately \$6.8 million.

Interest Expense

Interest expense was \$13.4 million and \$10.4 million for the three months ended November 30, 2015 and 2014, respectively. Interest expense was \$26.8 million and \$18.9 million for the six months ended November 30, 2015 and 2014, respectively. Interest expense is comprised primarily of interest on our long-term debt and lines of credit. Interest expense also includes settlements on our interest rate swaps, amortization of deferred debt issuance costs and commitment fees on the unused portions of our Revolving Credit Facility and lines of credit.

NOTE 7—INCOME TAX

Our effective income tax rates were 24.7% and 25.8% for the three months ended November 30, 2015 and November 30, 2014, respectively. Our effective income tax rates were 25.4% and 26.1% for the six months ended November 30, 2015 and November 30, 2014, respectively. Our effective income tax rates differ from the U.S. statutory rate primarily due to income generated in international jurisdictions with lower income tax rates.

We conduct business globally and file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities around the world, including, without limitation, the United States, the United Kingdom and Canada. We are no longer subject to state income tax examinations for years ended on or before May 31, 2008 and are no longer subject to U.S. federal income tax examinations for fiscal years prior to 2012 and U.K. federal income tax examinations for years ended on or before May 31, 2013, and Canada federal income tax examinations for years ended on or before May 31, 2012.

NOTE 8—SHAREHOLDERS' EQUITY

On April 10, 2015, we entered into an accelerated share repurchase program (the "ASR") with a financial institution to repurchase an aggregate of \$100 million of our common stock. In exchange for an up-front payment of \$100 million, the financial institution committed to deliver a number of shares during the ASR's purchase period, which ended on June 16, 2015. On April 14, 2015, 1,630,988 shares were initially delivered to us. At May 31, 2015, we accounted for the variable component of remaining shares to be delivered under the ASR as a forward contract indexed to our common stock which met all of the applicable criteria for equity classification. On June 16, 2015, an additional 324,742 shares were delivered to us. The total number of shares delivered under the ASR was 1,955,730 shares at an average price of \$51.13 per share.

In addition to the ASR, we repurchased and retired 625,573 and 1,320,563 shares of our common stock at a cost of \$37.5 million and \$75.4 million, or an average cost of \$59.87 and \$57.07 per share, including commissions, during the three and six months ended November 30, 2015, respectively. During the three and six months ended November 30, 2014, we repurchased and retired 1,313,848 and 4,879,012 shares of our common stock at a cost of \$47.4 million and \$171.9 million, or an average cost of \$36.11 and \$35.23 per share, including commissions. As of November 30, 2015, we had a remaining authorized amount of \$327.5 million for share repurchases.

NOTE 9—SHARE-BASED AWARDS AND OPTIONS

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

	Three Months Ended		Six Months Ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Share-based compensation expense	\$ 7,005	\$ 5,079	\$ 13,472	\$ 9,145
Income tax benefit	\$ 2,279	\$ 1,720	\$ 4,637	\$ 2,824

Share-Based Awards

The following table summarizes the changes in unvested share-based awards for the six months ended November 30, 2015 (shares in thousands):

	Shares	Weighted-Average Grant-Date Fair Value
Unvested at May 31, 2015	1,848	\$ 29
Granted	450	57
Vested	(620)	27
Forfeited	(37)	32
Unvested at November 30, 2015	1,641	\$ 37

The total fair value of share-based awards vested during the six months ended November 30, 2015 and November 30, 2014 was \$17.6 million and \$14.6 million, respectively.

For these share-based awards, we recognized compensation expense of \$6.4 million and \$4.7 million during the three months ended November 30, 2015 and November 30, 2014, respectively. We recognized compensation expense of \$12.6 million and \$8.5 million during the six months ended November 30, 2015 and November 30, 2014, respectively. As of November 30, 2015, there was \$52.0 million of unrecognized compensation expense related to unvested share-based awards that we expect to recognize over a weighted-average period of 2.30 years.

Employee Stock Purchase Plan

We have an employee stock purchase plan under which the sale of 4.8 million shares of our common stock has been authorized. Employees may designate up to the lesser of \$25,000 or 20% of their annual compensation for the purchase of our common stock. The price for shares purchased under the plan is 85% of the market value on the last day of each calendar quarter. As of November 30, 2015, 2.3 million shares had been issued under this plan, with 2.5 million shares reserved for future issuance. We recognized compensation expense for the plan of \$0.2 million and \$0.1 million in the three months ended November 30, 2015 and November 30, 2014, respectively. We recognized compensation expense for the plan of \$0.3 million and \$0.3 million in the six months ended November 30, 2015 and November 30, 2014, respectively.

The weighted-average grant-date fair value of each designated share purchased under this plan during the six months ended November 30, 2015 and November 30, 2014 was approximately \$7 and \$4, respectively, which represents the fair value of the 15% discount.

Stock Options

Stock options are granted with an exercise price equal to 100% of fair market value on the date of grant and have a term of ten years. Stock options granted before fiscal 2015 vest in equal installments on each of the first four anniversaries of the grant date. Stock options granted during fiscal 2015 and thereafter vest in equal installments on each of the first three anniversaries of the grant date. During the six months ended November 30, 2015 and November 30, 2014, we granted 0.1 million and 0.4 million stock options, respectively. Our stock option plans provide for accelerated vesting under certain conditions.

The following is a summary of our stock option activity as of and for the six months ended November 30, 2015:

	Options (in thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at May 31, 2015	894	\$ 26	5.2	\$ 23.9
Granted	145	56		
Forfeited	(6)	16		
Exercised	(128)	23		
Outstanding at November 30, 2015	905	\$ 31	5.7	\$ 37.3
Options vested and exercisable at November 30, 2015	586	\$ 23	4.0	\$ 28.6

We recognized compensation expense for stock options of \$0.4 million and \$0.2 million during the three months ended November 30, 2015 and November 30, 2014, respectively. We recognized compensation expense for stock options of \$0.6 million and \$0.3 million during the six months ended November 30, 2015 and November 30, 2014, respectively. The aggregate intrinsic value of stock options exercised during the six months ended November 30, 2015 and November 30, 2014 was \$4.8 million and \$10.4 million, respectively. As of November 30, 2015, we had \$3.3 million of unrecognized compensation expense related to unvested stock options that we expect to recognize over a weighted-average period of 2.3 years.

The weighted-average grant-date fair value of each stock option granted during the six months ended November 30, 2015 and November 30, 2014 was \$16 and \$9, respectively. Fair value was estimated on the date of grant using the Black-Scholes valuation model with the following weighted-average assumptions:

	Six Months Ended	
	November 30, 2015	November 30, 2014
Risk-free interest rate	1.62%	1.57%
Expected volatility	28.65%	23.65%
Dividend yield	0.10%	0.13%
Expected life (years)	5	5

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

NOTE 10—EARNINGS PER SHARE

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

Diluted earnings per share is computed by dividing net income attributable to Global Payments by the weighted-average number of shares outstanding during the period, including the effect of share-based awards that would have a dilutive effect on earnings per share. All stock options with an exercise price lower than the average market share price of our common stock for the period are assumed to have a dilutive effect on earnings per share. For the six months ended November 30, 2015, the diluted share base excluded 0.1 million shares related to stock options that would have an antidilutive effect on the computation of diluted earnings per share. There were no such antidilutive stock options for the three months ended November 30, 2015 and November 30, 2014 and the six months ended November 30, 2014.

The following table sets forth the computation of diluted weighted-average shares outstanding for the three and six months ended November 30, 2015 and November 30, 2014 (in thousands):

	Three Months Ended		Six Months Ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Basic weighted-average shares outstanding	129,505	134,754	129,919	135,528
Plus: Dilutive effect of stock options and other share-based awards	848	720	833	830
Diluted weighted-average shares outstanding	130,353	135,474	130,752	136,358

NOTE 11—ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in the accumulated balances for each component of other comprehensive loss were as follows for the three months ended November 30, 2015 and November 30, 2014 (in thousands):

	<u>Foreign Currency Translation</u>	<u>Unrealized Gains (Losses) on Hedging Activities</u>	<u>Defined Benefit Pension Plans</u>	<u>Accumulated Other Comprehensive Loss</u>
Balance at August 31, 2014	\$ (15,992)	\$ —	\$ (3,359)	\$ (19,351)
Other comprehensive loss, net of income tax	(80,930)	(2,445)	—	(83,375)
Balance at November 30, 2014	<u>\$ (96,922)</u>	<u>\$ (2,445)</u>	<u>\$ (3,359)</u>	<u>\$ (102,726)</u>
Balance at August 31, 2015	\$ (206,124)	\$ (2,794)	\$ (3,809)	\$ (212,727)
Other comprehensive loss, net of income tax	(31,568)	(939)	—	(32,507)
Balance at November 30, 2015	<u>\$ (237,692)</u>	<u>\$ (3,733)</u>	<u>\$ (3,809)</u>	<u>\$ (245,234)</u>

Other comprehensive loss attributable to noncontrolling interest, which relates only to foreign currency translation, was \$6.3 million and \$6.9 million for the three months ended November 30, 2015 and November 30, 2014, respectively.

The changes in the accumulated balances for each component of other comprehensive loss were as follows for the six months ended November 30, 2015 and November 30, 2014 (in thousands):

	<u>Foreign Currency Translation</u>	<u>Unrealized Gains (Losses) on Hedging Activities</u>	<u>Defined Benefit Pension Plans</u>	<u>Accumulated Other Comprehensive Loss</u>
Balance at May 31, 2014	\$ 1,583	\$ —	\$ (3,359)	\$ (1,776)
Other comprehensive loss, net of income tax	(98,505)	(2,445)	—	(100,950)
Balance at November 30, 2014	<u>\$ (96,922)</u>	<u>\$ (2,445)</u>	<u>\$ (3,359)</u>	<u>\$ (102,726)</u>
Balance at May 31, 2015	\$ (178,309)	\$ (3,874)	\$ (3,809)	\$ (185,992)
Other comprehensive income (loss), net of income tax	(59,383)	141	—	(59,242)
Balance at November 30, 2015	<u>\$ (237,692)</u>	<u>\$ (3,733)</u>	<u>\$ (3,809)</u>	<u>\$ (245,234)</u>

Other comprehensive loss attributable to noncontrolling interest, which relates only to foreign currency translation, was \$4.4 million and \$12.1 million for the six months ended November 30, 2015 and November 30, 2014, respectively.

NOTE 12—SEGMENT INFORMATION
General Information

We are a leading worldwide provider of payment technology services delivering innovative solutions to our customers. Our partnerships, technologies and employee expertise enable us to provide a broad range of services that allow our customers to accept various payment types. We distribute our services across a variety of channels to merchants and partners in 29 countries throughout North America, Europe, the Asia-Pacific region and an equity method investment in Brazil. Commencing with fiscal 2016, we began reporting based on realigned segments (North America, Europe and Asia-Pacific) due to international investment and a realigned management structure. As a result, we have presented prior year segment data in a manner that conforms to our current year presentation.

Information About Profit and Assets

We evaluate performance and allocate resources based on the operating income of each segment. The operating income of each segment includes the revenues of the segment less those expenses that are directly related to those revenues. Operating overhead, shared costs and certain compensation costs are included in Corporate in the following table. Interest and other income, interest and other expense, the financial results of equity method investments and provision for income taxes are not allocated to the individual segments. We do not evaluate performance or allocate resources using segment asset data. The accounting policies of the reportable segments are the same as those described in our Annual Report on Form 10-K for the year ended May 31, 2015 and our summary of significant accounting policies in "Note 1-Basis of Presentation and Summary of Significant Accounting Policies."

Information on segments and reconciliations to consolidated revenues and consolidated operating income are as follows for the three and six months ended November 30, 2015 and 2014 (in thousands):

	Three Months Ended		Six Months Ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Revenues:				
North America	\$ 511,335	\$ 488,776	\$ 1,042,192	\$ 992,782
Europe	158,016	159,974	326,373	322,762
Asia-Pacific	52,999	48,541	102,581	86,642
Consolidated revenues	<u>\$ 722,350</u>	<u>\$ 697,291</u>	<u>\$ 1,471,146</u>	<u>\$ 1,402,186</u>
Operating income (loss):				
North America	\$ 79,121	\$ 74,246	\$ 162,635	\$ 152,183
Europe ⁽¹⁾	62,012	64,563	134,745	131,608
Asia-Pacific	11,857	11,880	24,089	18,437
Corporate	(29,825)	(26,705)	(60,532)	(53,846)
Consolidated operating income	<u>\$ 123,165</u>	<u>\$ 123,984</u>	<u>\$ 260,937</u>	<u>\$ 248,382</u>
Depreciation and amortization:				
North America	\$ 24,222	\$ 20,441	\$ 47,965	\$ 40,918
Europe	9,921	10,072	20,265	21,108
Asia-Pacific	3,358	2,494	6,415	3,948
Corporate	1,248	1,598	2,861	3,198
Consolidated depreciation and amortization	<u>\$ 38,749</u>	<u>\$ 34,605</u>	<u>\$ 77,506</u>	<u>\$ 69,172</u>

⁽¹⁾ During the six months ended November 30, 2014, operating income for the Europe segment included a \$2.9 million gain on the sale of a component of our Russia business that leased automated teller machines to our sponsor bank in Russia. The gain is included in selling, general and administrative expenses in the consolidated statement of income for the six months ended November 30, 2014.

NOTE 13—SUBSEQUENT EVENT

On December 15, 2015, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Heartland Payment Systems, Inc., a Delaware corporation ("Heartland"), pursuant to which we will acquire Heartland in a cash-and-stock transaction. Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, as a result of the transaction, each outstanding share of Heartland's common stock will be converted into the right to receive \$53.28 in cash and 0.6687 shares of our common stock, which at December 15, 2015 represented a transaction value of \$4.3 billion, or \$100.00 per share of Heartland's common stock.

Concurrently with the signing of the Merger Agreement, we entered into a debt commitment letter for secured financing of up to \$4.78 billion, the proceeds of which will be used, among other things, to (i) amend, backstop, refinance or replace certain of

our existing credit facilities, (ii) repay certain portions of Heartland's existing indebtedness and (iii) to finance, in part, the acquisition costs. We expect the merger to close in our fiscal 2016 fourth quarter, subject to regulatory approval and customary closing conditions, as well as approval by Heartland's shareholders.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in Item 1 of Part 1 of this Quarterly Report and the Management's Discussion and Analysis of Financial Condition and Results of Operations and consolidated financial statements contained in our Annual Report on Form 10-K for the year ended May 31, 2015. This discussion and analysis contains forward-looking statements about our plans and expectations of what may happen in the future, including, without limitation, our proposed acquisition of Heartland Payment Systems, Inc. ("Heartland"). Forward-looking statements are based on a number of assumptions and estimates that are inherently subject to significant risks and uncertainties, and our actual results could differ materially from the results anticipated by our forward-looking statements. See "Forward-Looking Statements" below for additional information.

During the three months ended November 30, 2015, our board of directors declared a two-for-one stock split in the form of a stock dividend of one additional share of common stock for each outstanding share of common stock (the "Stock Split"). The stock dividend was paid on November 2, 2015. As a result, all share and per share information presented herein has been retrospectively adjusted for the Stock Split.

Executive Overview

We are a leading worldwide provider of payment technology services delivering innovative solutions to our customers. Our technologies, partnerships and employee expertise enable us to provide a broad range of services that allow our customers to accept various payment types. We distribute our payment services and digital commerce services across a variety of channels to merchants and partners in 29 countries throughout North America, Europe, the Asia-Pacific region and Brazil.

On December 15, 2015, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Heartland pursuant to which we will acquire Heartland in a cash-and-stock transaction. Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, as a result of the transaction, each outstanding share of Heartland's common stock will be converted into the right to receive \$53.28 in cash and 0.6687 shares of our common stock, which at December 15, 2015 represented a transaction value of \$4.3 billion, or \$100.00 per share of Heartland's common stock. Concurrently with the signing of the Merger Agreement, we entered into a debt commitment letter for secured financing of up to \$4.78 billion, the proceeds of which will be used, among other things, to (i) amend, backstop, refinance or replace certain of our existing credit facilities, (ii) repay certain portions of Heartland's existing indebtedness and (iii) to finance, in part, the acquisition costs. We expect the merger to close in our fiscal 2016 fourth quarter, subject to regulatory approval and customary closing conditions, as well as approval by Heartland's shareholders.

On November 2, 2015, Visa Inc. ("Visa") announced a proposed acquisition of Visa Europe Limited ("VE") that is currently expected to close during our fourth quarter of fiscal 2016. Through certain of our subsidiaries in Europe, we are a member and shareholder of VE. The preliminary estimate of the upfront consideration we will receive consists of cash of €30 million (\$31.7 million equivalent at November 30, 2015) and Visa preferred stock, which is convertible into Visa common shares with an approximate value of \$21.4 million as of the announcement date. We could also receive contingent earn-out consideration. The amount and composition of the total consideration are not final and could be amended. In addition, certain cash consideration could be refundable and the conversion factor of the preferred shares could be adjusted down as low as zero based on the outcome of potential litigation. See "Note 5-Other Assets" in the notes to the accompanying unaudited consolidated financial statements for further discussion.

Highlights related to our financial condition and results of operations for the three and six months ended November 30, 2015 are provided below:

- Consolidated revenues increased by 3.6% to \$722.4 million in the three months ended November 30, 2015 compared to the prior year period and consolidated revenues increased by 4.9% to \$1.5 billion in the six months ended November 30, 2015 compared to the prior year period despite the unfavorable effect of currency fluctuations of \$36.0 million and \$82.7 million, respectively;
- Consolidated operating income was \$123.2 million for the three months ended November 30, 2015 compared to \$124.0 million for the prior year period, and our operating margin was 17.1% compared to 17.8% for the prior year period. Consolidated operating income was \$260.9 million for the six months ended November 30, 2015 compared to \$248.4 million

for the prior year period, and our operating margin was 17.7% in both periods. The contribution of the revenue growth in local currency was partially offset by the unfavorable effect of currency fluctuation of \$13.3 million and \$31.8 million for the three and six months ended November 30, 2015, respectively;

- Net income attributable to Global Payments increased by \$4.0 million, or 5.3%, to \$78.8 million for the three months ended November 30, 2015 from \$74.8 million in the prior year period, and diluted earnings per share increased \$0.05, or 9.1%, to \$0.60 from \$0.55 in the prior year period. Net income attributable to Global Payments increased by \$15.3 million, or 10.2%, to \$165.4 million for the six months ended November 30, 2015 from \$150.1 million in the prior year period, and diluted earnings per share increased \$0.17, or 15.5%, to \$1.27 from \$1.10 in the prior year period;
- We completed a refinancing of our long-term debt that expanded our debt capacity to \$3 billion in the aggregate and lowered our borrowing rates; and
- We effected the two-for-one Stock Split.

Acquisitions

FIS Gaming Business

On September 30, 2014, we entered into an asset purchase agreement with Certegy Check Services, Inc., a wholly-owned subsidiary of Fidelity National Information Services, Inc. ("FIS"), to acquire substantially all of the assets of its gaming business related to licensed gaming operators (the "FIS Gaming Business"). On June 1, 2015, we completed the acquisition, which included approximately 260 gaming client locations, for \$237.5 million, funded from borrowings on our revolving credit facility and cash on hand.

Venture with Bank of the Philippine Islands

We provide merchant acquiring services in the Philippines through our subsidiary Global Payments Asia-Pacific Philippines Incorporated ("GP Philippines"). On August 3, 2015, we made a cash payment of \$3.6 million and contributed a 49% ownership interest in GP Philippines to Bank of the Philippines ("BPI") in return for its merchant acquiring business, which is now part of GP Philippines, in which we have retained a controlling 51% interest.

Central and Eastern European Venture

On July 27, 2015, we announced an agreement with CaixaBank, S.A. ("CaixaBank") and Erste Group Bank AG ("Erste Group") to form a venture to provide merchant acquiring and payment services in three Central and Eastern European markets: the Czech Republic, the Slovak Republic and Romania. As part of the agreement, Global Payments and CaixaBank will form an entity, in which Global Payments will have a 51% controlling interest. This newly formed entity, to be included in our Europe segment, will pay €30 million (\$32 million equivalent as of November 30, 2015) in cash to acquire a 51% controlling ownership in the venture with Erste Group, which will contribute its existing merchant acquiring businesses in each of the three countries to the venture and hold a 49% interest. The transaction is expected to close in the second half of fiscal 2016, subject to receipt of regulatory approvals and satisfaction of customary closing conditions.

See "Note 3—Business and Intangible Asset Acquisitions and Joint Ventures" in the notes to the accompanying unaudited consolidated financial statements for further discussion of these acquisitions.

Results of Operations

Commencing with fiscal 2016, we began reporting based on realigned segments (North America, Europe and Asia-Pacific) due to international investment and a realigned management structure. As a result, we have presented prior year segment data in a manner that conforms to our current year presentation.

The following table sets forth key selected financial data for the three months ended November 30, 2015 and November 30, 2014, this data as a percentage of total revenues, and the changes between the three months ended November 30, 2015 and November 30, 2014 in dollars and as a percentage of the prior year amount.

	Three Months Ended November 30, 2015	% of Revenue ⁽¹⁾	Three Months Ended November 30, 2014	% of Revenue ⁽¹⁾	Change	% Change
(dollar amounts in thousands)						
Revenues:						
North America	\$ 511,335	70.8%	\$ 488,776	70.1%	\$ 22,559	4.6 %
Europe	158,016	21.9%	159,974	22.9%	(1,958)	(1.2)%
Asia-Pacific	52,999	7.3%	48,541	7.0%	4,458	9.2 %
Total revenues	<u>\$ 722,350</u>	<u>100.0%</u>	<u>\$ 697,291</u>	<u>100.0%</u>	<u>\$ 25,059</u>	<u>3.6 %</u>
Consolidated operating expenses:						
Cost of service	\$ 270,565	37.5%	\$ 257,796	37.0%	\$ 12,769	5.0 %
Selling, general and administrative	328,620	45.5%	315,511	45.2%	13,109	4.2 %
Operating expenses	<u>\$ 599,185</u>	<u>82.9%</u>	<u>\$ 573,307</u>	<u>82.2%</u>	<u>\$ 25,878</u>	<u>4.5 %</u>
Operating income (loss):						
North America	\$ 79,121		\$ 74,246		\$ 4,875	6.6 %
Europe	62,012		64,563		(2,551)	(4.0)%
Asia-Pacific	11,857		11,880		(23)	(0.2)%
Corporate	(29,825)		(26,705)		(3,120)	11.7 %
Operating income	<u>\$ 123,165</u>	<u>17.1%</u>	<u>\$ 123,984</u>	<u>17.8%</u>	<u>\$ (819)</u>	<u>(0.7)%</u>
Operating margin:						
North America	15.5%		15.2%		0.3 %	
Europe	39.2%		40.4%		(1.2)%	
Asia-Pacific	22.4%		24.5%		(2.1)%	

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

The following table sets forth key selected financial data for the six months ended November 30, 2015 and November 30, 2014, this data as a percentage of total revenues, and the changes between the six months ended November 30, 2015 and November 30, 2014 in dollars and as a percentage of the prior year amount.

	Six Months Ended November 30, 2015	% of Revenue ⁽¹⁾	Six Months Ended November 30, 2014	% of Revenue ⁽¹⁾	Change	% Change
(dollar amounts in thousands)						
Revenues:						
North America	\$ 1,042,192	70.8%	\$ 992,782	70.8%	\$ 49,410	5.0%
Europe	326,373	22.2%	322,762	23.0%	3,611	1.1%
Asia-Pacific	102,581	7.0%	86,642	6.2%	15,939	18.4%
Total revenues	<u>\$ 1,471,146</u>	<u>100.0%</u>	<u>\$ 1,402,186</u>	<u>100.0%</u>	<u>\$ 68,960</u>	<u>4.9%</u>
Consolidated operating expenses:						
Cost of service	\$ 543,231	36.9%	\$ 517,635	36.9%	\$ 25,596	4.9%
Selling, general and administrative	666,978	45.3%	636,169	45.4%	30,809	4.8%
Operating expenses	<u>\$ 1,210,209</u>	<u>82.3%</u>	<u>\$ 1,153,804</u>	<u>82.3%</u>	<u>\$ 56,405</u>	<u>4.9%</u>
Operating income (loss):						
North America	\$ 162,635		\$ 152,183		\$ 10,452	6.9%
Europe	134,745		131,608		3,137	2.4%
Asia-Pacific	24,089		18,437		5,652	30.7%
Corporate	(60,532)		(53,846)		(6,686)	12.4%
Operating income	<u>\$ 260,937</u>	<u>17.7%</u>	<u>\$ 248,382</u>	<u>17.7%</u>	<u>\$ 12,555</u>	<u>5.1%</u>
Operating margin:						
North America	15.6%		15.3%		0.3%	
Europe	41.3%		40.8%		0.5%	
Asia-Pacific	23.5%		21.3%		2.2%	

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

Revenues

For the three months ended November 30, 2015, revenues increased by 3.6% compared to the prior year to \$722.4 million despite the unfavorable effect of currency fluctuations of \$36.0 million. For the six months ended November 30, 2015, revenues increased by 4.9% compared to the prior year to \$1.5 billion, despite the unfavorable effect of currency fluctuations of \$82.7 million.

North America Segment. For the three months ended November 30, 2015, revenues from our North America segment increased by \$22.6 million, or 4.6%, compared to the prior year to \$511.3 million. The increase was primarily due to growth in our U.S. direct distribution channels of \$20.9 million, an increase in revenue from wholesale lines of business of \$7.3 million and revenue growth in Canada in local currency. The growth in our U.S. direct distribution channels included additional revenue from the acquisition of the FIS Gaming Business and organic revenue growth from integrated solutions as well as revenues from new offerings, such as OptBlue for American Express Card® acceptance. For the three months ended November 30, 2015, Canada revenue decreased by \$7.8 million from the prior year due to the unfavorable effect of currency fluctuations of \$13.6 million.

For the six months ended November 30, 2015, revenues from our North America segment increased by \$49.4 million, or 5.0%, compared to the prior year to \$1.0 billion. The increase was primarily due to growth in our U.S. direct distribution channels of \$50.9 million, an increase in revenue from wholesale lines of business of \$16.3 million and revenue growth in Canada in local currency. The growth in our U.S. direct distribution channels included additional revenue from the acquisition of the FIS Gaming Business

and organic revenue growth from integrated solutions as well as revenues from new offerings, such as OptBlue for American Express Card® acceptance. For the six months ended November 30, 2015, Canada revenue decreased by \$19.1 million from the prior year due to the unfavorable effect of currency fluctuations in Canada of \$27.7 million.

Europe Segment. For the three months ended November 30, 2015, Europe revenues decreased \$2.0 million, or 1.2%, compared to the prior year to \$158.0 million. The decrease reflects growth in local currencies, generally due to an increase in the number of card transactions and volume growth in the United Kingdom and Spain, offset by the unfavorable effect of currency fluctuations of \$17.8 million.

For the six months ended November 30, 2015, Europe revenues increased by \$3.6 million, or 1.1%, compared to the prior year to \$326.4 million. The increase reflects growth in local currencies in the United Kingdom and Spain, partially offset by the unfavorable effect of currency fluctuations of \$46.5 million.

Asia-Pacific Segment. For the three months ended November 30, 2015, Asia-Pacific revenues increased by \$4.5 million, or 9.2%, compared to the prior year to \$53.0 million. The increase was primarily due to the acquisition of Ezidebit, partially offset by the unfavorable effect of currency fluctuations of \$4.6 million.

For the six months ended November 30, 2015, Asia-Pacific revenue increased \$15.9 million, or 18.4%, compared to the prior year to \$102.6 million. The increase was primarily due to the acquisition of Ezidebit, partially offset by the unfavorable effect of currency fluctuations of \$8.5 million.

Operating Expenses

Cost of Service. Cost of service increased by 5.0% to \$270.6 million for the three months ended November 30, 2015 and by 4.9% to \$543.2 million for the six months ended November 30, 2015 compared to the prior year periods. As a percentage of revenue, cost of service increased to 37.5% for the three months ended November 30, 2015 from 37.0% for the three months ended November 30, 2014 and remained unchanged at 36.9% for the six months ended November 30, 2015 compared to the prior-year period. The increase in cost of service was driven primarily by an increase in the variable costs associated with our revenue growth.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by 4.2% to \$328.6 million for the three months ended November 30, 2015 and by 4.8% to \$667.0 million for the six months ended November 30, 2015 compared to the prior-year periods. As a percentage of revenues, selling, general and administrative expenses increased slightly to 45.5% for the three months ended November 30, 2015 and decreased to 45.3% for the six months ended November 30, 2015. The increase in selling, general and administrative expenses was primarily due to additional costs to support the growth of our business.

Operating Income and Operating Margin for Segments

North America Segment. Operating income in our North America segment increased by 6.6% to \$79.1 million for the three months ended November 30, 2015 and by 6.9% to \$162.6 million for the six months ended November 30, 2015 compared to the prior-year periods despite the unfavorable effect of currency fluctuations of \$7.1 million and \$14.2 million for the three and six months ended November 30, 2015, respectively. The increase in operating income and operating margin was primarily due to revenue growth in our U.S. direct distribution channels.

Europe Segment. Operating income in our Europe segment decreased by 4.0% to \$62.0 million for the three months ended November 30, 2015 and operating margin decreased by 1.2% compared to the prior year due to the unfavorable effect of currency fluctuations of \$5.1 million.

Operating income in our Europe segment increased by 2.4% to \$134.7 million for the six months ended November 30, 2015 compared to the prior year due to the effects of the revenue growth, in spite of the unfavorable effect of currency fluctuations of \$15.5 million.

Asia-Pacific Segment. Operating income in our Asia-Pacific segment decreased by 0.2% to \$11.9 million for the three months ended November 30, 2015 and our operating margin in the region decreased by 2.1% compared to the prior year due to the unfavorable effect of currency fluctuations of \$1.0 million.

Operating income in our Asia-Pacific segment increased by 30.7% to \$24.1 million for the six months ended November 30, 2015 compared to the prior year despite the unfavorable effect of currency fluctuations of \$2.1 million. The operating margin increased by 2.2% to 23.5% for the six months ended November 30, 2015. The increase in operating income and improvement in operating margin for the Asia-Pacific segment during the six months ended November 30, 2015 were largely due to our acquisition of Ezidebit, which has a higher operating margin than our legacy business in the region.

Corporate. Corporate expenses increased by 11.7% to \$29.8 million for the three months ended November 30, 2015 compared to \$26.7 million for the prior-year period, and by 12.4% to \$60.5 million for the six months ended November 30, 2015 compared to \$53.8 million. The increases in the three and six-month periods were primarily due to an increase in share-based compensation expense of \$1.9 million and \$4.3 million, respectively.

Other Income/Expense, Net

Interest and other income was relatively unchanged for the three and six months ended November 30, 2015. Interest and other expense increased \$3.8 million and \$6.0 million for the three and six months ended November 30, 2015 due to an increase in interest expense resulting from an increase in average balances outstanding under our debt facilities.

Provision for Income Taxes

Our effective income tax rates were 24.7% and 25.8% for the three months ended November 30, 2015 and November 30, 2014, respectively, and 25.4% and 26.1% for the six months ended November 30, 2015 and November 30, 2014, respectively.

Liquidity and Capital Resources

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

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

On December 15, 2015, we entered into a Merger Agreement to acquire Heartland in a cash-and-stock transaction. The proposed merger is described in the "Executive Overview" section. Concurrently with the signing of the Merger Agreement, we entered into a debt commitment letter for secured financing of up to \$4.78 billion, the proceeds of which will be used, among other things, to (i) amend, backstop, refinance or replace certain of our existing credit facilities, (ii) repay certain portions of Heartland's existing indebtedness and (iii) to finance, in part, the acquisition costs. The anticipated borrowing arrangement would significantly increase our outstanding debt and interest expense.

At November 30, 2015, we had cash and cash equivalents totaling \$988.5 million. Of this amount, we consider \$216.1 million to be available cash. Available cash excludes settlement related and merchant reserve cash balances. Settlement related cash balances represent funds that we hold when the incoming amount from the card networks precedes the funding obligation to the merchant. Settlement related cash balances are not restricted; however, these funds are generally paid out in satisfaction of settlement processing obligations the following day. Merchant reserve cash balances represent funds collected from our merchants that serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant agreement ("Merchant Reserves"). At November 30, 2015, our cash and cash equivalents included \$159.7 million related to Merchant Reserves. While this cash is not

restricted in its use, we believe that designating this cash to collateralize Merchant Reserves strengthens our fiduciary standing with our member sponsors and is in accordance with the guidelines set by the card networks.

Our available cash balance includes \$170.1 million of cash held by foreign subsidiaries whose earnings are considered permanently reinvested for U.S. tax purposes. These cash balances reflect our capital investments in these subsidiaries and the accumulation of cash flows generated by their operations, net of cash flows used to service debt locally and fund acquisitions outside of the United States. We believe that we are able to maintain a sufficient level of liquidity for our domestic operations and commitments without repatriation of the earnings of these foreign subsidiaries. If we were to repatriate some or all of the cash held by such foreign subsidiaries, we do not believe that the associated income tax liabilities would have a significant effect on our liquidity.

Operating activities provided net cash of \$454.1 million and \$226.9 million for the six months ended November 30, 2015 and 2014, respectively. The increase in cash flow from operating activities was primarily due to an increase in cash from earnings and, during the six months ended November 30, 2015, a decrease in net settlement processing assets of \$222.2 million. Fluctuations in settlement processing assets and obligations are largely due to timing of month-end.

Net cash used in investing activities was \$278.2 million during the six months ended November 30, 2015 and \$246.2 million in the prior year. During the six months ended November 30, 2015, we invested net cash of \$241.1 million to acquire the FIS Gaming Business and the merchant acquiring business of BPI. We made capital expenditures of \$36.2 million and \$33.3 million during the six months ended November 30, 2015 and 2014, respectively. During fiscal 2016, we expect capital expenditures to approximate \$105 million.

During the six months ended November 30, 2015, we also entered into an agreement to acquire merchant processing businesses in Central and Eastern Europe. We expect the agreement to close in the second half of fiscal 2016, subject to receipt of regulatory approvals and satisfaction of customary closing conditions. See "Note 3 - Business and Intangible Asset Acquisitions and Joint Ventures" in the notes to the accompanying unaudited consolidated financial statements for further discussion, including expected funding requirements.

Net cash provided by financing activities was \$185.7 million and \$105.0 million during the six months ended November 30, 2015 and 2014, respectively. On July 31, 2015, we refinanced our term loan and revolving credit facility as further discussed below under "Long-term Debt and Credit Facilities - Contractual Obligations." We used proceeds from the refinancing of approximately \$2.0 billion to repay the outstanding balances on our previously existing term loan and revolving credit facility together with accrued interest and fees on each. During the six months ended November 30, 2015, net borrowings under long-term debt, including the refinancing, were \$178.0 million compared to \$207.3 million in the prior year. A portion of our borrowings during the six months ended November 30, 2015 were made to fund the acquisition of the FIS Gaming Business.

In addition, we used cash of \$71.7 million and \$179.7 million during the six months ended November 30, 2015 and 2014, respectively, to repurchase shares of our common stock.

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

Long-Term Debt and Credit Facilities

As a result of a debt refinancing we completed on July 31, 2015, we have long-term debt comprised of a five-year senior unsecured \$1.75 billion term loan (the "Term Loan") and a senior unsecured \$1.25 billion revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Agreement, the "Agreements"). The available borrowings under the Revolving Credit Facility may be increased, at our option, by up to an additional \$500 million, subject to our receipt of increased or new commitments from lenders and the satisfaction of certain conditions.

The Term Loan must be repaid in equal quarterly installments of \$43.8 million commencing in November 2017 and ending in May 2020, with the remaining principal balance due upon maturity in July 2020; provided, however, that the Term Loan may be prepaid without penalty. The Term Loan and the Revolving Credit Facility bear an interest rate, at our election, of either London

Interbank Offered Rate ("LIBOR") or a base rate, in each case plus a leverage-based margin. As of November 30, 2015, the interest rate on the Term Loan was 1.73%.

As of November 30, 2015, the outstanding balance on the Revolving Credit Facility was \$171 million, and the interest rate was 1.66%. The Revolving Credit Facility allows us to issue standby letters of credit of up to \$100 million in the aggregate. Outstanding letters of credit under the Revolving Credit Facility reduce the amount of borrowings available to us. Borrowings available to us under the Revolving Credit Facility are further limited by the covenants described below under "Compliance with Covenants." At November 30, 2015, we had standby letters of credit of \$9.3 million. The total available incremental borrowings under our Revolving Credit Facility at November 30, 2015 was \$424.7 million. We are required to pay a quarterly commitment fee on the unused portion of the Revolving Credit Facility. The Agreements expire in July 2020.

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

Lines of Credit

We have lines of credit with banks in the United States and Canada as well as several countries in Europe and in the Asia-Pacific region in which we do business. The lines of credit, which are restricted for use in funding settlement, generally have variable interest rates and are subject to annual review. The credit facilities are generally denominated in local currency but may, in some cases, facilitate borrowings in multiple currencies. For certain of our lines of credit, the line of credit balance is reduced by the amount of cash we have on deposit in specific accounts with the lender when determining the available credit. Accordingly, the amount of the outstanding line of credit may exceed the stated credit limit, while the net position is less than the credit limit. As of November 30, 2015 and May 31, 2015, a total of \$115.6 million and \$193.2 million, respectively, of cash on deposit was used to determine the available credit.

As of November 30, 2015 and May 31, 2015, respectively, we had \$685.2 million and \$592.6 million outstanding under these lines of credit with additional capacity as of November 30, 2015 of \$574.7 million to fund settlement. The weighted-average interest rate on these borrowings was 1.70% and 1.50% at November 30, 2015 and May 31, 2015, respectively. We are required to pay commitment fees on unused portions of the lines of credit.

Compliance with Covenants

The Agreements include financial covenants requiring (i) a leverage ratio no greater than 3.50 to 1.00, or up to 3.75 to 1.00 if we were to complete an acquisition, subject to certain conditions, and (ii) a fixed charge coverage ratio no less than 2.50 to 1.00. The Agreements and lines of credit also include various other covenants that are customary in such borrowings. We complied with all applicable covenants as of and for the six months ended November 30, 2015.

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

Commitments and Contractual Obligations

The following table summarizes our contractual obligations and commitments as of November 30, 2015 (in thousands):

	Payments Due by Future Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	5+ Years
Long-term debt	\$ 1,920,500	\$ —	\$ 218,750	\$ 1,701,750	\$ —
Interest on long-term debt ⁽¹⁾	151,743	40,570	67,117	44,056	—
Lines of credit	685,178	685,178	—	—	—
Operating lease obligations ⁽²⁾	62,054	13,490	23,066	16,818	8,680
Purchase obligations ⁽³⁾	268,105	88,452	93,730	32,036	53,887
	<u>\$ 3,087,580</u>	<u>\$ 827,690</u>	<u>\$ 402,663</u>	<u>\$ 1,794,660</u>	<u>\$ 62,567</u>

⁽¹⁾ Interest on long-term debt is based on rates effective and amounts borrowed as of November 30, 2015. The estimated effect of interest rate swaps is included in interest on long-term debt. Since the contractual rates for our long-term debt and settlements on our interest rate swaps are variable, actual cash payments may differ from the estimates provided. The table above does not include any committed funding associated with our proposed acquisition of Heartland.

⁽²⁾ Includes future minimum lease payments for noncancelable operating leases at November 30, 2015.

⁽³⁾ Includes estimate of future payments for contractual obligations related to service arrangements with vendors for fixed or minimum amounts.

The table above excludes other obligations that we may have, such as employee benefit obligations and other noncurrent liabilities reflected in our consolidated balance sheet, because the timing of the related payments is not determinable or because there is no contractual obligation associated with the underlying obligations.

Off-Balance Sheet Arrangements

We have not entered into any transactions with unconsolidated entities whereby we have financial guarantees, subordinated retained interest, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market, or credit risk support other than the guarantee services described in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended May 31, 2015.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which often require the judgment of management in the selection and application of certain accounting principles and methods. We discuss our critical accounting policies in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended May 31, 2015. During the three and six months ended November 30, 2015, we did not adopt any new critical accounting policies, did not change any critical accounting policies and did not change the application of any critical accounting policies from the year ended May 31, 2015.

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

From time-to-time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standards setting bodies that may affect our current and/or future financial statements. See "Note 1—Basis of Presentation and Summary of

Significant Accounting Policies" in the notes to the accompanying unaudited consolidated financial statements for new accounting guidance.

Forward-Looking Statements

Investors are cautioned that some of the statements we use in this report contain forward-looking statements and are made pursuant to the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties and depend upon future events or conditions. Actual events or results might differ materially from those expressed or forecasted in these forward-looking statements. Accordingly, we cannot guarantee you that our plans and expectations will be achieved. Such statements may include, but are not limited to, statements about the benefits of the proposed acquisition by us of Heartland, including future financial and operating results, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans and expectations as of any subsequent date. We undertake no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

Important factors, among others, associated with the proposed acquisition of Heartland that could cause actual events or results to differ materially from those anticipated by our forward-looking statements or historical performance include the ability to meet closing conditions at all or on the expected terms and schedule, including without limitation the approval of Heartland's stockholders and other regulatory approvals required for the merger; the possibility of a delay in closing the acquisition or failure to consummate the transaction as a result of litigation or otherwise; business disruption during the pendency of the acquisition or thereafter making it more difficult to maintain business and operational relationships, including the possibility that our announcement of the acquisition could disrupt our relationships with our sponsors, merchants, employees or other partners; difficulties and delays in integrating the Heartland business or fully realizing cost savings and other benefits of the acquisition at all or within the expected time period; the ability to accurately predict future market conditions; and changes in laws, regulations or network rules or interpretations thereof impacting us or Heartland.

Additional important factors, among others, not directly associated with the proposed acquisition of Heartland but that may otherwise cause actual events or results to differ materially from those anticipated by our forward-looking statements or historical performance include our potential failure to safeguard our data; increased competition from nontraditional competitors; our ability to update our products and services in a timely manner; potential systems interruptions or failures; software defects or undetected errors; our ability to maintain Visa and MasterCard registration and financial institution sponsorship; our reliance on financial institutions to provide clearing services in connection with our settlement activities; our potential failure to comply with card network requirements; increased merchant, referral partner or ISO attrition; our ability to increase our share of existing markets and expand into new markets; unanticipated increases in chargeback liability; increases in credit card network fees; changes in laws, regulations or network rules or interpretations thereof; foreign currency exchange and interest rate risks; political, economic and regulatory changes in the foreign countries in which we operate; future performance, integration and conversion of acquired operations; loss of key personnel; and other risk factors presented in Item 1A-Risk Factors of our Annual Report on Form 10-K for the year ended May 31, 2015 or in Heartland's Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 3—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to market risk related to changes in interest rates on our long-term debt and cash investments. Our long-term debt bears interest, at our election, at either LIBOR or a base rate, in each case plus a leverage-based margin. We invest our excess cash in securities that we believe are highly liquid and marketable in the short term and earn a floating rate of interest. These investments are not held for trading or other speculative purposes. Under our current policies, we may selectively use derivative instruments, such as interest rate swaps or forward rate agreements, to manage all or a portion of our exposure to interest rate changes. We have interest rate swaps that reduce a portion of our exposure to market interest rate risk on our LIBOR-based debt as discussed in Note 6 to the accompanying unaudited consolidated financial statements. Using the November 30, 2015 balances outstanding under variable-rate debt arrangements, with consideration given to the aforementioned interest rate swaps, a hypothetical increase of 100 basis points in applicable interest rates as of November 30, 2015 would increase our annual interest expense by approximately \$7.7 million.

On December 15, 2015, we entered into a Merger Agreement with Heartland pursuant to which we will acquire Heartland in a cash-and-stock transaction. Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, as a result of the transaction, each outstanding share of Heartland's common stock will be converted into the right to receive \$53.28 in cash and 0.6687 shares of our common stock, which at December 15, 2015 represented a transaction value of \$4.3 billion, or \$100.00 per share of Heartland's common stock. Concurrently with the signing of the Merger Agreement, we entered into a debt commitment letter for secured financing of up to \$4.78 billion, the proceeds of which will be used, among other things, to (i) amend, backstop, refinance or replace certain of our existing credit facilities, (ii) repay certain portions of Heartland's existing indebtedness and (iii) to finance, in part, the acquisition costs. The anticipated borrowing arrangement will significantly increase our outstanding debt and interest expense.

Foreign Currency Exchange Rate Risk

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

ITEM 4—CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of November 30, 2015, management carried out, under the supervision and with the participation of our principal executive officer and principal financial officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of November 30, 2015, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended November 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1—LEGAL PROCEEDINGS

None.

ITEM 1A - RISK FACTORS

On December 15, 2015, we and certain of our wholly owned subsidiaries entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Heartland Payment Systems, Inc., a Delaware corporation (“Heartland”), pursuant to which we agreed to acquire Heartland. There are a number of risks and uncertainties relating to the Heartland acquisition. Because of these risks, we have supplemented the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended May 31, 2015, to add the following risk factors:

We may not be able to successfully or timely complete the pending acquisition of Heartland, which could affect our future business and operations.

Risks and uncertainties related to the completion of our pending acquisition of Heartland include, among others, the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement. Specifically, completion of the transaction is subject to the satisfaction of certain conditions set forth in the Merger Agreement, including adoption of the Merger Agreement by the holders of at least a majority of the outstanding shares of Heartland’s common stock, the absence of any law or order of any governmental entity which prohibits the completion of the acquisition, the expiration or termination of the waiting period applicable to the completion of the acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the effectiveness under the Securities Act of 1933, as amended, of the Registration Statement on Form S-4 to be filed by us in connection with the completion of the transaction and, subject to certain materiality exceptions, the accuracy of the representations and warranties made by the parties and compliance by the parties with their respective obligations under the Merger Agreement. If any condition to the closing of the acquisition is not satisfied or, if permissible, waived, the acquisition may not be completed. In addition, satisfying the conditions to the closing of the acquisition may take longer than we expect. There can be no assurance that any of the conditions to closing will be satisfied or waived or that other events will not intervene to delay or result in the failure to complete the acquisition.

Failure to complete the acquisition could negatively affect our future business and financial results. We could also be subject to litigation related to any failure to complete the acquisition.

If we complete our pending acquisition of Heartland, we may not realize the anticipated benefits of the transaction or we may be subject to additional costs, which could adversely affect our results of operations.

The success of the pending acquisition of Heartland will depend, in part, on our ability to realize the anticipated synergies. The achievement of the anticipated benefits of the transaction is subject to a number of uncertainties. If the Heartland transaction is completed, we can provide no assurance that (i) the anticipated benefits of the transaction, including synergies, will be fully realized in the time frame anticipated or at all; (ii) the costs related to the integration of Heartland’s business and operations into ours and the financing of the transaction will not be greater than expected; (iii) litigation relating to the transaction will not have been filed; and (iv) the transaction will not cause disruption to Heartland’s business and operations and relationships with financial institution sponsors, customers, merchants, employees and other partners. Further, our management’s efforts to complete the Heartland acquisition and related integration could divert its attention away from the day-to-day operations of our business. If one or more of these risks are realized, it could negatively affect our operating results and cash flows.

We will take on additional indebtedness to finance the acquisition, which could adversely affect us, including by decreasing our business flexibility.

In connection with the consummation of the proposed acquisition of Heartland, we intend to increase our indebtedness. We have secured financing commitments of up to \$4.78 billion to repay our existing indebtedness, fund the cash consideration for the acquisition, repay certain of Heartland’s indebtedness and pay related fees and expenses, subject in each case to the conditions set forth in the debt commitment letters. These conditions may not be satisfied, and the commitments either may not be funded when required or may be funded at an increased cost to us. Our increased level of debt and the covenants to which we will agree in connection with the financing could, among other things, (i) require us to dedicate a larger portion of our cash flow from operations to servicing and repayment of the debt, (ii) reduce funds available for strategic initiatives and opportunities, working capital and other general corporate needs and (iii) limit our ability to incur certain kinds or amounts of additional indebtedness, which could restrict our flexibility to react to changes in our business our industry and economic conditions.

Issuance of shares of our common stock in connection with the proposed acquisition of Heartland will reduce our existing shareholders' ownership and voting interest in our company and may adversely affect our stock price.

As partial consideration for the proposed acquisition of Heartland, we expect to issue approximately 26 million shares of common stock to Heartland's stockholders. The issuance of these new shares of our common stock will reduce our existing shareholders' ownership and voting interest in our company and, as a result, our existing shareholders will be able to exert less influence over our company. The issuance of these new shares of our common stock may also result in fluctuations in the market price of our common stock, including a stock price decrease.

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

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

The shares repurchased in the second quarter of fiscal 2016, the approximate average price paid per share, including commissions, and the approximate dollar value remaining for share purchases (in each case as adjusted for the Stock Split) are as follows:

<u>Plan category</u>	<u>Total Number of Shares Purchased ⁽¹⁾</u>	<u>Approximate Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ⁽³⁾</u>
September 2015	391,608	\$ 55.97	391,608	
October 2015	88,892	\$ 62.32	88,892	
November 2015	145,073	\$ 68.87	145,073	
Total	625,573		625,573	\$ 327,500,000

⁽¹⁾ Our board of directors has authorized us to repurchase shares of our common stock through any combination of Rule 10b5-1 open-market repurchase plans, accelerated share repurchase plans, discretionary open-market purchases or privately negotiated transactions. All shares shown in the table were repurchased pursuant to Rule 10b5-1 open-market repurchase plans.

⁽²⁾ The average price paid for share for the quarter was \$59.87.

⁽³⁾ The approximate dollar value of shares that may yet be purchased under our share repurchase program, as of November 30, 2015, was comprised of (i) \$27.5 million remaining available under the board's \$102.3 million authorization announced on January 8, 2015 and (ii) \$300.0 million remaining available under the board's authorization announced on July 28, 2015. The authorizations by the board of directors do not expire, but could be revoked at any time. In addition, we are not required by any of the board's authorizations or otherwise to complete any repurchases by any specific time or at all.

ITEM 6—EXHIBITS

List of Exhibits

- 10.1+ Second Amended and Restated Non-Employee Director Compensation Plan, incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed October 7, 2015.
- 10.2*+ Employment Agreement by and between the Company and Michelle V. Bonam-Ball, dated as of November 2, 2015.
- 31.1* Certification of the Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Certification of the Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101* The following financial information from the Quarterly Report on Form 10-Q for the quarter ended November 30, 2015, formatted in XBRL (eXtensible Business Reporting Language) and filed electronically herewith: (i) the Unaudited Consolidated Statements of Income; (ii) the Unaudited Consolidated Statements of Comprehensive Income (Loss); (iii) the Consolidated Balance Sheets; (iv) the Unaudited Consolidated Statements of Cash Flows; (v) the Unaudited Consolidated Statements of Changes in Equity; and (vi) the Notes to Unaudited Consolidated Financial Statements.

* Filed herewith.

+ Represents a management contract or compensatory plan or arrangement.

SIGNATURES

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

Global Payments Inc.

(Registrant)

Date: January 11, 2016

/s/ Cameron M. Bready

Cameron M. Bready

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

EMPLOYMENT AGREEMENT

BETWEEN

MICHELLE V. BONAM-BALL

AND

GLOBAL PAYMENTS INC.

Dated as of November 2, 2015

EMPLOYMENT AGREEMENT

CONTENTS

§ 1.	Effective Date	1
§ 2.	Employment	1
§ 3.	Employment Period	1
§ 4.	Extent of Service	2
§ 5.	Compensation and Benefits	2
	(a) Base Salary	2
	(b) Incentive and Savings Plans	2
	(c) Welfare Benefit Plans	3
	(d) Expenses	3
	(e) Additional Benefits	3
§ 6.	Change in Control	4
§ 7.	Termination of Employment	5
	(a) Death, Retirement or Disability	5
	(b) Termination by the Company Prior to a Change in Control	5
	(c) Resignation by Executive Prior to a Change in Control	6
	(d) Termination by the Company After a Change in Control	6
	(e) Resignation by Executive After a Change in Control	7
	(f) Notice of Termination	8
	(g) Date of Termination, “Separation from Service” and Applicable Pay Date	8
§ 8.	Obligations of the Company upon Termination	9
	(a) Prior to a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause or Disability	9

(b) After or in Connection with a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause or Disability	11
(c) In Anticipation of a Change in Control: Termination by the Company Other Than for Cause or Disability or Resignation by Executive for Good Reason	13
(d) Death, Disability or Retirement	14
(e) Cause or Voluntary Termination without Good Reason	14
§ 9. Non-exclusivity of Rights	15
§ 10. Costs of Enforcement	15
§ 11. Representations and Warranties	15
§ 12. Restrictions on Conduct of Executive	15
(a) General	15
(b) Definitions	15
(c) Restrictive Covenants	17
(d) Enforcement of Restrictive Covenants	18
§ 13. Arbitration	19
§ 14. Rabbi Trust	19
§ 15. Assignment and Successors	20
§ 16. Miscellaneous	20
(a) Waiver	20
(b) Severability	20
(c) Other Agents	20
(d) Entire Agreement	20
(e) Governing Law	20
(f) Notices	21
(g) Indemnification	21
(h) Amendments and Modifications	21

(i) § 409A	21
(j) References	22
(k) Accounting Discrepancies	22

EMPLOYMENT AGREEMENT

This EMPLOYMENT Agreement (this “Agreement”) is made and entered into this 2nd day of November, 2015 by and between Global Payments Inc., a Georgia corporation (the “Company”), and Michelle V. Bonam-Ball (“Executive”).

BACKGROUND

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

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

§ 1. Effective Date. This Agreement is effective as of November 2, 2015 (the “Effective Date”).

§ 2. Employment. Executive is hereby employed as the Executive Vice President and Chief Human Resources Officer of the Company. In such capacity, Executive shall have the duties and responsibilities commensurate with such position as shall be assigned to her by the Chief Executive Officer of the Company (the “Chief Executive Officer”).

§ 3. Employment Period. Subject to § 7, Executive’s initial Employment Period pursuant to this Agreement shall be the period which starts on the Effective Date and then continues without interruption for the (3) consecutive year period which ends on November 1, 2018; provided, Executive’s Employment Period shall automatically be extended for one additional year on November 2, 2017 and on each subsequent anniversary of such date unless either the Company or Executive provides notice (in accordance with § 16(f)) before such anniversary date that there will be no such extension. Executive’s initial Employment Period and any subsequent extension of the initial Employment Period shall be referred to collectively as Executive’s “Employment Period”. A failure to extend Executive’s Employment Period shall not be treated for any reason whatsoever as a termination of Executive’s employment under § 7 unless the Company provides notice that there will be no such extension following a Change in Control and Executive’s Employment Period would as a result of such notice end before the second anniversary of the date of such Change in Control, in which case Executive shall have the right to resign effective at any time during the 90-day period which starts on the date of such notice, and the date her resignation is effective shall be treated as a termination for Good Reason pursuant to § 7(e) of this Agreement and Executive shall receive all benefits called for under § 8(b) of this Agreement.

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

§ 5. Compensation and Benefits.

(a) Base Salary. During the Employment Period, the Company will pay to Executive a base salary in the amount of U.S. \$350,000 per year ("Base Salary"), less normal withholdings, payable in equal bi-weekly or other installments as provided under the Company's standard payroll practices in effect for senior executives from time to time. Executive's Base Salary will be reviewed at least annually and, subject to approval of the Committee, the Company may increase Executive's Base Salary from time to time. The periodic review of Executive's salary by the Committee will consider, among other things, Executive's own performance and the Company's performance.

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

(i) Annual Bonus. Executive will have an annual bonus opportunity for each fiscal year of the Company based on the achievement of financial and performance objectives set by the Committee ("Bonus Opportunity"). The annual Bonus Opportunity and specific performance and financial objectives will be set forth in Executive's individual performance and incentive plan for each fiscal year. Executive's annual Bonus Opportunity at target levels for any year shall not be less than 50% of her then current Base Salary for such year. Executive's annual bonus for the Company's FY16 will be prorated based on the Effective Date. Executive must be an active employee on the date the annual bonuses are paid on a Company wide basis in order to be eligible to receive any bonus payment (except as otherwise expressly provided in § 8) unless Executive's employment terminates following a failure to extend her Employment Period in accordance with § 3, her employment terminates at or after the end of the applicable fiscal year and she satisfies all or substantially all of the performance requirements for a bonus for such fiscal year, in

which event she shall be eligible for a bonus as determined by the Committee, and such bonus, if any, shall be paid no later than 2½ months after the end of such fiscal year.

(ii) Equity Awards. Executive will be eligible to participate in the Company's 2011 Incentive Equity Plan (the "2011 Plan") and any successor to such plan in accordance with the terms and conditions of the 2011 Plan and any successor to such plan. Further, within thirty (30) days of the Effective Date, the Company shall make a restricted stock grant to Executive under the 2011 Plan for shares of Company Common Stock equal to \$250,000 based upon the NYSE closing price of the Company Common Stock as of the Effective Date. This grant shall be subject to the standard terms and conditions for such grants under the 2011 Plan and will vest in equal installments on the first, second and third anniversaries of the grant date if she is still employed by the Company on such date. Thereafter, the Company may, from time to time, upon approval by the Committee, grant to Executive options to purchase shares of Company's no par value common stock ("Company Common Stock"), restricted Company Common Stock, restricted stock units, performance shares, and/or performance units and/or other Company Common Stock related grants as a long-term incentive for performance.

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

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

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

(f) Allowance for Moving and Related Expenses. The Company shall pay to Executive a lump sum payment in the amount of \$150,000 (the "Relocation Allowance") for Executive to use as she sees fit to cover her moving and other expenses related to her relocation to Atlanta, Georgia. The Relocation Allowance shall be paid to Executive within thirty (30) days of the Effective Date of this Agreement. If Executive's employment terminates for any reason prior to November 2, 2017, other than her resignation for Good Reason, termination by the Company without Cause, or her death or Disability, Executive shall repay the Relocation Allowance to Company within thirty (30) days of her termination date

(g) Sign-On Bonus. Executive will receive a one-time sign on bonus in the amount of \$140,000, less normal withholdings, payable no later than December 2, 2015. If Executive's employment terminates for any reason prior to November 2, 2017, other than her resignation for Good Reason, termination

by the Company without Cause, or her death or Disability, Executive shall repay this bonus to Company within thirty (30) days of her termination date.

§ 6. Change in Control.

(1) For the purposes of this Agreement, a “Change in Control” shall mean:

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

(b) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding shares of the Company’s common stock (the “Outstanding Company Common Stock”) and Outstanding Company Voting Securities immediately prior to such Business Combination (individually a “Company Owner”) beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as each Company Owner’s ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (ii) no Person (excluding any Company Owner, the Company or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of the combined voting power of the then outstanding voting securities of such corporation; or

(c) A majority of the individuals who, as of the Effective Date, constitute the Board of Directors of the Company (the “Incumbent Directors”) are replaced within a twelve (12) month period by directors whose appointment or election was not approved by a majority of the Incumbent Directors and who were elected as a result of an election contest with respect to the election or removal of directors (“Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of any “person” (such term for purposes of this definition being as defined in § 3(a)(9) of the Exchange Act, and as used in § 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Incumbent Directors (“Proxy Contest”); provided that any person becoming a director after the Effective Date and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board shall thereafter be an Incumbent Director.

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

§ 7. Termination of Employment.

(a) Death, Retirement or Disability. Executive’s employment and the Employment Period shall terminate automatically upon Executive’s death or Retirement. For purposes of this Agreement, “Retirement” shall mean normal retirement under the Company’s then-current retirement plan, or if there is no such retirement plan, “Retirement” shall mean voluntary resignation after age 65 with at least ten years of service. If the Committee determines in good faith that the Disability of Executive has occurred (pursuant to the definition of Disability set forth in this § 7(a)), the Company may give to Executive written notice of its intention to terminate Executive’s employment. In such event, Executive’s employment with the Company shall terminate effective on the 30th day after receipt of such written notice by Executive (the “Disability Effective Date”), provided that, within the thirty (30) days after such receipt, Executive shall not have returned to full-time performance of Executive’s duties. For purposes of this Agreement, “Disability” shall mean the inability of Executive, as determined by the Committee, to substantially perform the essential functions of her regular duties and responsibilities with or without reasonable accommodation, due to a medically determinable physical or mental illness or other disability which has lasted (or can reasonably be expected to last) for a substantially continuous period of at least six consecutive months.

(b) Termination by the Company Prior to a Change in Control. Prior to a Change in Control and on or after the second anniversary of the date of a Change in Control, the Company may terminate Executive’s employment with or without Cause and, in respect of such termination of employment occurring prior to a Change in Control or on or after the second anniversary of the date of a Change in Control, the following definition of “Cause” shall apply:

“Cause” shall mean a determination by the Committee that:

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

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

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

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

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

(c) Resignation by Executive Prior to a Change in Control. Prior to a Change in Control and on or after the second anniversary of the date of a Change in Control, Executive may resign for “Good Reason” or no reason and, in respect of any such resignation occurring prior to a Change in Control or on or after the second anniversary of the date of a Change in Control, the following definition of “Good Reason” shall apply:

“Good Reason” shall mean:

(i) without the written consent of Executive, the assignment to Executive to a position materially different from the Executive Vice President and Chief Human Resources Officer of a publicly traded corporation having a class of securities registered pursuant to the Exchange Act; or

(ii) without the written consent of Executive, a reduction by the Company: (a) in Executive’s Base Salary as in effect on the Effective Date or as the same may be increased from time to time (unless a similar reduction is made in the salary of similarly-situated senior executives); (b) in Executive’s Bonus Opportunity at target level below the minimum set forth in § 5(b) (i) (unless a similar reduction is made in the bonus opportunity of similarly-situated senior executives); or (c) in the benefits pursuant to the Welfare Plans (unless a similar reduction is made in the benefits of similarly-situated senior executives); or

(iii) any failure by the Company to comply with and satisfy § 15(c); or

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

Notwithstanding the foregoing, no event or act or omission shall constitute “Good Reason” under this § 7(c) unless (i) Executive in accordance with § 16(f) provides notice of such event or act or omission to the Committee no later than thirty (30) days after Executive has knowledge of such event or act or omission, (ii) the Committee fails to remedy such event or act or omission within thirty (30) days of the receipt of such notice (the “Cure Period”) and (iii) Executive resigns effective no later than ninety (90) days after the end of the Cure Period.

(d) Termination by the Company After a Change in Control. On or after a Change in Control but before the second anniversary of the date of such Change in Control, the Company may terminate Executive’s employment with or without Cause and, in respect of such termination of employment occurring on or after a Change in Control the following definition of “Cause” shall apply:

“Cause” shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive’s duties and responsibilities under this Agreement (other than any such failure resulting from

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

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

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

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

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

(e) Resignation by Executive After a Change in Control. On or after a Change in Control and before the second anniversary of the date of such Change in Control, Executive may resign for Good Reason or no reason and, in respect of any such resignation, the following definition of "Good Reason" shall apply:

"Good Reason" shall mean:

(i) the reason set forth in § 7(c)(i); or

(ii) without the written consent of Executive, the assignment to Executive of duties inconsistent with Executive's position, authority, duties or responsibilities as contemplated by § 2, or any action by the Company that results in a diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity) which, in either case, is not rescinded within ten (10) days after the Committee receives written notice from Executive that she believes that the assignment or action constitutes Good Reason and that she intends to resign if it is not rescinded; or

(iii) without the written consent of Executive, and if Executive was reporting directly and exclusively to the Chief Executive Officer as of the date immediately prior to the Change in Control, the Company changes its reporting structure such that Executive no longer reports directly and exclusively to the Chief Executive Officer; or

(iv) a reduction by the Company without the written consent of Executive: (a) in Executive's Base Salary as in effect on the Effective Date or as the same may be increased from time to time; (b) in Executive's Bonus Opportunity at target level as the same may be increased from time to time; (c) in Executive's long-term incentive opportunities, as determined by a third-party compensation firm chosen by the Company using generally accepted methodologies, which may include annualizing prior long-term incentive grants over more than one year and ignoring prior special retention or sign-on grants; or (d) in the benefits pursuant to the Welfare Plans (unless a similar reduction is made in the benefits of similarly-situated senior executives), and which reduction set forth in (a), (b), (c) or (d) of this § 7(e)(iv) is not rescinded within ten (10) days after the Company receives written notice from Executive that she believes that the reduction constitutes Good Reason and that she intends to resign if it is not rescinded; or

(v) the reason set forth in § 7(c)(iii); or

(vi) the reason set forth in § 7(c)(iv).

(f) Notice of Termination. Any termination by the Company or resignation by Executive shall be communicated by Notice of Termination to the other party hereto given in accordance with § 16(f). For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) states the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specifies the applicable Date of Termination. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

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

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

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

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

§ 8. Obligations of the Company upon Termination.

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

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

(ii) (A) if the Applicable Pay Date is the Delayed Pay Date, the Company will pay Executive on the Delayed Pay Date a lump sum equal to the amount of the Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Base Salary, as in effect immediately prior to such reduction in Base Salary) Executive would have earned if Executive had been continuously employed by Company from the Date of Termination until the Delayed Pay Date or (B) if the Applicable Pay Date is the Immediate Pay Date, the Company will continue to pay Executive an amount equal to her monthly Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Base Salary, as in effect immediately prior to such reduction in Base Salary) until payments begin under § 8(a)(iii) without any duplication of payments between this § 8(a)(ii) and § 8(a)(iii); provided, however, that the Company shall have no obligation to make any such payment or payments if Executive has violated any of the Restrictive Covenants (as defined in § 12 of this Agreement) and failed to remedy such violation to the satisfaction of the Board within ten (10) days of notice of such violation; and

(iii) commencing on the seven (7) month anniversary of the date Executive has a Separation from Service, the Company will continue to pay Executive an amount equal to her monthly Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(ii) upon a reduction in Executive's Base Salary, as in effect immediately prior to such reduction in Base Salary) for a period of twelve (12) consecutive months, payable in equal monthly or more frequent installments in accordance with the Company's then standard payroll practices; provided, however that the Company's obligation to make or continue such payments shall cease if Executive is or becomes employed with a Competitor (as defined in this § 8(a) below) during the eighteen (18) month period following the Date of Termination or if Executive violates any of the Restrictive Covenants (as defined in § 12) and fails to remedy such violation to the satisfaction of the Board within ten (10) days of notice of such violation; and

(iv) Executive will have the right to elect continuation of health care coverage under the Company's group health plan in accordance with "COBRA," and the Company shall pay (and report as taxable income to Executive) all premiums for such COBRA coverage for Executive and her covered dependents for the twelve (12) month period immediately following the Date of Termination, *provided*,

however, that the obligation of the Company to pay the cost for such COBRA coverage shall terminate upon Executive's obtaining other employment if health care coverage is provided by the new employer; and

(v) the Company will pay Executive a pro-rated annual bonus for the fiscal-year in which the Date of Termination occurs equal to (i) the amount Executive would have earned, if any, under § 5(b)(i) for the year of termination based on actual financial performance for such fiscal year, times (ii) a fraction, the numerator of which is the number of full months in the fiscal year preceding the Date of Termination and the denominator of which is 12; provided that such bonus shall be paid only if the pre-established performance targets are in fact certified by the Committee to have been met, and such bonus shall be paid in a single lump sum cash payment no later than 2½ months after the end of the fiscal year in which the bonus is earned; and

(vi) all grants of restricted Company Common Stock or units which represent shares of Company Common Stock ("Restricted Stock") held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination; and

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

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

(ix) as for any outstanding grant of performance-based restricted stock units which represent a right to receive Company Common Stock contingent on the satisfaction of the related performance requirements and for which the Date of Termination falls during a Performance Cycle (as defined in the applicable award agreement), the Committee shall certify the results and shall deliver to Executive 50% of the number of whole number of the shares of Company Common Stock, if any, that vested based on the actual satisfaction of such performance requirements no later than 2½ months after the last day of the period in which such Performance Cycle ends; and,

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

For purposes of § 8(a)(iii) only, "Competitor" means any of the following companies and all their parents, subsidiaries, or affiliates who engage in Competitive Services (as defined in § 12(b)) and all of the successors in interest to any of the foregoing: TSYS Acquiring Solutions, Chase Paymentech Solutions, First Data Corporation, Total System Services, Inc., Vantiv, Wells Fargo Merchant Services, Heartland Payment Systems, First National Merchant Solutions, RBS Lynk, TransFirst Holdings, iPayment, BA Merchant Services, NPC, Elavon Merchant Services and Moneris Solutions.

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

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

(ii) the Company (or its successor) will pay Executive two (2) times the amount of Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(e)(iv) as in effect immediately prior to such reduction in Base Salary), provided however, that the Company (or its successor) shall have no obligation to make any payment under this § 8(b)(ii) if Executive has violated any of the Restrictive Covenants (as defined in § 12) and failed to remedy such violation to the satisfaction of the Board within ten (10) days of notice of such violation. If the Change in Control is a § 409A Change in Control, the two (2) times Base Salary amount payable under this § 8(b)(ii) will be paid in a single lump sum on the Applicable Pay Date. However, if the Change in Control is not a § 409A Change in Control, the two (2) times Base Salary amount payable under this § 8(b)(ii) will be paid in three (3) parts--

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

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

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

(iii) as additional severance (and not in lieu of any bonus for the fiscal year in which the Date of Termination occurs), the Company (or its successor) will pay Executive a lump sum equal to two (2) times the amount of Executive's target Bonus Opportunity (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(e)(iv) as in effect immediately prior to such reduction in Bonus Opportunity) on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service which is related to such termination of employment; provided however, that the Company shall have no obligation to make any payment under this § 8(b)(iii) if Executive has violated any of the Restrictive Covenants (as defined in § 12) and failed to remedy such violation to the satisfaction of the Board within ten (10) days of notice of such violation; and

(iv) Executive will have the right to elect continuation of health care coverage under the Company's group health plan in accordance with "COBRA," and the Company shall pay (and report as taxable income to Executive) all premiums for such COBRA coverage for Executive and her covered dependents for the eighteen (18) month period immediately following the Date of Termination, *provided, however*, that the obligation of the Company to pay the cost for such COBRA coverage shall terminate upon Executive's obtaining other employment if such health care coverage is provided by the new employer; and

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

(1) if the Date of Termination occurs before the end of the fiscal year in which the Change in Control occurred, the pro-rated bonus will equal (a) 100% of Executive's then current target Bonus Opportunity, times (ii) a fraction, the numerator of which is the number of full months in the fiscal year preceding the Date of Termination and the denominator of which is 12, and such pro-rated bonus shall be paid no later than 2½ months after the end of the Company's fiscal year which includes Executive's Date of Termination; or

(2) if the Date of Termination occurs during a fiscal year that began after the Change in Control occurred, the pro-rated bonus (based on the number of full months in the fiscal year preceding the Date of Termination as described in § 8(b)(v)(1)) will be based on actual performance results as certified by the Committee at the end of the fiscal year and will be paid to Executive no later than 2½ months after the end of the Company's fiscal year which includes Executive's Date of Termination; and

(vi) all grants of Restricted Stock held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination; and

(vii) all of Executive's Options held by Executive as of the Date of Termination will become immediately vested and exercisable as of the Date of Termination; and

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

(ix) as for any outstanding grant of performance-based restricted stock units for which the Date of Termination falls during a Performance Cycle (as defined in the applicable award agreement), the Company will transfer to Executive fully vested shares of Company Common Stock, the number and timing of which shall depend upon when the Date of Termination occurs, as follows:

(1) if the Date of Termination occurs before the end of the Performance Cycle in which the Change in Control occurred, Executive will be entitled at the Date of Termination to receive shares of fully vested Company Common Stock equal to the number of shares that would have been awarded assuming the performance goals had been reached at target levels, which shares will be delivered to Executive no later than 2½ months after the end of the Performance Cycle which includes the Date of Termination; or

(2) if the Date of Termination occurs after the end of the Performance Cycle in which the Change in Control occurred, but prior to the transfer of Restricted Stock to Executive with respect to such Performance Cycle, Executive will be entitled at the Date of Termination to receive shares of fully vested Company Common Stock equal to the higher of (A) the number of shares that would have been awarded assuming the performance goals had been reached at target levels, or (B) the number of shares that would have been awarded based on actual performance against the performance goal as certified by the Committee, which shares will be delivered to Executive no later than 2½ months after the end of the Performance Cycle which included the Date of Termination; or

(3) if the Date of Termination occurs during a Performance Cycle that began after the Change in Control occurred, Executive will be entitled to receive shares of fully vested

Company Common Stock equal to the number of shares that would have been awarded based on the actual results as certified by the Committee at the end of the Performance Cycle, which shares shall be delivered to Executive no later than 2 ½ months after the end of such Performance Cycle; and

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

(c) In Anticipation of a Change in Control: Termination by the Company Other Than for Cause or Disability or Resignation by Executive for Good Reason. If Executive's employment is terminated by the Company other than for Cause (as defined in § 7(d)) or Disability (as defined in § 7(a)) or Executive resigns for Good Reason (as defined in § 7(e)) after the issuance of press release or a filing is made with the Securities and Exchange Commission regarding a transaction which could lead to a Change in Control and there is a Change in Control as a result of the consummation of such transaction no later than nine (9) months and one (1) day after the date of Executive's Separation from Service which is related to such termination of employment, then

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

(B) Executive will in addition receive the benefits described in § 8(b), if greater, as if her employment had been terminated without Cause (as defined in § 7(d)) or she had resigned for Good Reason (as defined in § 7(e)) at the consummation of such Change in Control, provided Executive immediately following the Change in Control shall have timely executed and not revoked the Release described in § 8(b), and, further provided

(1) there will under no circumstances be any duplication whatsoever of any payments or benefits between this § 8(c)(B) and § 8(c)(A),

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

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

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

(5) if the Change in Control occurs before the date that shares of Company Common Stock relating to any outstanding grant of performance-based restricted stock units under § 8(a)(ix) are scheduled to be delivered, Executive will be entitled to either the greater of the number of shares of Company Common Stock to be delivered under § 8(a)(ix) or the number to be delivered under § 8(b)(ix), which will be delivered in the form and at the time such shares of Company Common Stock are otherwise scheduled to be delivered under § 8(a)(v),

(6) any amount payable under this § 8(c) that is deferred compensation under § 409A of the Code and that cannot be paid by the latest date on which such amount could be paid without triggering taxation under § 409A of the Code shall be forfeited, and

(7) the Company's obligation to make any payments under this § 8(c) shall cease if Executive violates any of the Restrictive Covenants (as defined in § 12) and fails to remedy such violation within ten (10) business days of notice detailing such violation to the reasonable satisfaction of the Board.

(d) Death, Disability or Retirement. Upon the Date of Termination due to Executive's death, Disability (as defined in § 7(a)), or Retirement (as defined in § 7(a)), (i) all grants of Restricted Stock held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination; (ii) all Options held by Executive as of the Date of Termination will become immediately vested and exercisable as of the Date of Termination, (iii) in the case of termination on account of Retirement, the number of performance-based restricted stock units earned shall be determined at the end of the Performance Cycle (as defined in the applicable award agreement) based on the actual performance as of the end of the Performance Cycle as certified by the Committee and, upon such certification (and in no event later than 2 ½ months after the end of the Performance Cycle), the Company shall deliver to Executive or Executive's beneficiary, as applicable, shares of fully vested Company Common Stock in an amount equal to the number of shares that would have been awarded based on the actual results; and (iv) in the case of termination on account of death or Disability only, all performance-based restricted stock units held by Executive as of the Date of Termination will vest at the target level and the Company shall deliver to Executive or Executive's beneficiary, as applicable, within sixty (60) days after the Date of Termination, fully vested Company Common Stock equal to the number of shares that would have been awarded assuming the performance goals had been reached at target levels. All of Executive's vested but unexercised Options as of the Date of Termination (including those with accelerated vesting pursuant to the foregoing sentence) shall remain exercisable through the earliest of (A) the original expiration date of the Option, (B) the 90th day following the Date of Termination or such longer period as specified in the plan document governing the applicable award, or (C) the date that is the 10th anniversary of the original date of grant of the Option. For the period of months required by COBRA after the Date of Termination due to Executive's death, Disability (as defined in § 7(a)), or Retirement (as defined in § 7(a)), Executive or her dependents shall have the right to elect continuation of healthcare coverage under the Company's group plan (if allowed by the plan) in accordance with "COBRA" provided Executive or her dependents shall pay the entire cost of such coverage. Except as set forth in this § 8(d) and regardless of whether or not a Change in Control shall have occurred, if Executive's employment is terminated by reason of Executive's death, Disability or Retirement, this Agreement shall terminate without further obligations to Executive or her estate or legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits as provided in § 8(a)(x). Accrued Obligations shall be paid to Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) days after the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as used in this § 8(d) shall include, without limitation, and Executive or her estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death, disability or retirement benefits, if any, as are applicable to Executive on the Date of Termination.

(e) Cause or Voluntary Termination without Good Reason. Regardless of whether or not a Change in Control shall have occurred, if Executive's employment shall be terminated for Cause, or if Executive voluntarily resigns without Good Reason, the Company's obligations under this Agreement to Executive shall terminate, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to Executive in a lump sum in cash within thirty (30)

days after the Date of Termination. For the period required by COBRA after the Date of Termination for Cause or for the voluntary termination by Executive, Executive shall have the right to elect continuation of healthcare coverage under the Company's group plan in accordance with "COBRA" provided Executive shall pay the entire cost of such coverage.

§ 9. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company and for which Executive may qualify, nor, subject to § 16(d), shall anything herein limit or otherwise affect such rights as Executive may have under any contract or agreement with the Company. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

§ 10. Costs of Enforcement. In no event shall Executive be obligated to seek other employment by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment. In any action taken in good faith relating to the enforcement of this Agreement or any provision herein, including any arbitration provision in § 13, Executive shall be entitled to be paid any and all costs and expenses incurred by her in enforcing or establishing her rights thereunder, including, without limitation, reasonable attorneys' fees, and whether or not incurred in trial, bankruptcy or appellate proceedings, but only if Executive is successful on at least one material issue raised in the enforcement proceeding. Any costs or expenses that otherwise meet the requirements for reimbursement under this § 10 shall be reimbursed within 120 days of submission by Executive for a request for reimbursement, but in no event later than the last day of Executive's taxable year following the taxable year in which Executive becomes entitled to such reimbursement by reason of being successful on at least one material issue (provided a request for reimbursement has been made).

§ 11. Representations and Warranties. Executive hereby represents and warrants to the Company that Executive is not a party to, or otherwise subject to, any covenant not to compete with any person or entity, and Executive's execution of this Agreement and performance of her obligations hereunder will not violate the terms or conditions of any contract or obligation, written or oral, between Executive and any other person or entity.

§ 12. Restrictions on Conduct of Executive.

(a) General. Executive and the Company understand and agree that the purpose of the provisions of this § 12 is to protect legitimate business interests of the Company, as more fully described below, and is not intended to eliminate Executive's post-employment competition with the Company per se, nor is it intended to impair or infringe upon Executive's right to work, earn a living, or acquire and possess property from the fruits of her labor. Executive hereby acknowledges that the post-employment restrictions set forth in this § 12 are reasonable and that they do not, and will not, unduly impair her ability to earn a living after the termination of this Agreement. Therefore, subject to the limitations of reasonableness imposed by law, Executive shall be subject to the restrictions set forth in this § 12. For the purposes of this § 12, "Company" shall be deemed to include Company and all its parents, affiliates, subsidiaries and successors.

(b) Definitions. The following terms used in this § 12 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

“Competitive Position” means any employment with a Competitor in which Executive has duties for such Competitor that relate to Competitive Services and that are the same or similar to those services actually performed by Executive for the Company.

“Competitive Services” means services competitive with the business activities engaged in by the Company as of the Determination Date, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing, merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

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

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

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

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

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

“Protected Customers” means any Person to whom the Company has sold or provided its products or services, or actively solicited to sell or provide its products or services, during the twelve (12) months prior to the Determination Date.

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

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

“Restricted Territory” means the area in which the Company conducts business, which includes the entire United States.

“Restrictive Covenants” means the restrictive covenants contained in § 12(c) hereof.

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

(c) Restrictive Covenants.

(i) Restriction on Disclosure and Use of Confidential Information and Trade Secrets. Executive understands and agrees that the Confidential Information and Trade Secrets constitute valuable assets of the Company and its affiliated entities, and may not be converted to Executive’s own use. Accordingly, Executive hereby agrees that Executive shall not, directly or indirectly, at any time during the Employment Period or at any time following the end of the Employment Period for any reason reveal, divulge, or disclose to any Person not expressly authorized to receive such information by the Company any Confidential Information or Trade Secrets that have not at the time ceased to be Confidential Information or Trade Secrets, and Executive shall not, directly or indirectly, at any time during the Employment Period or at any time following the end of the Employment Period for any reason use or make use of any Confidential Information or Trade Secrets that have not at the time ceased to be Confidential Information or Trade Secrets other than on behalf of, and for the benefit of, the Company. The parties acknowledge and agree that this Agreement is not intended to, and does not reduce or limit either the Company’s rights or Executive’s obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices.

Anything herein to the contrary notwithstanding, Executive shall not be restricted from disclosing or using Confidential Information that is required to be disclosed by law, court order or other legal process; provided, however, that in the event disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive.

(ii) Non-solicitation of Protected Employees. Executive understands and agrees that the relationship between the Company and each of its Protected Employees constitutes a valuable asset of the Company and may not be converted to Executive’s own use. Accordingly, Executive hereby agrees that during the Restricted Period Executive shall not directly or indirectly on Executive’s own behalf or as a Principal or Representative of any Person or otherwise solicit or induce any Protected Employee with whom Executive worked or otherwise had material contact through her employment with the Company to terminate her employment relationship with the Company or to enter into employment with any other Person.

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

(iv) Non-competition with the Company. Executive acknowledges: (A) that Executive's services under this Agreement require special expertise and talent in the provision of Competitive Services and that Executive will have substantial contacts with customers, suppliers, advertisers and vendors of the Company throughout the geographic area in which the Company conducts business; (B) that pursuant to this Agreement, Executive will be placed in a position of trust and responsibility and she will have access to a substantial amount of Confidential Information and Trade Secrets relating to all aspects of the Company's business and that the Company is placing her in such position and giving her access to such information in reliance upon her agreement not to compete with the Company during the Restricted Period; (C) that due to her management duties, Executive will be the repository of a substantial portion of the goodwill of the Company, will be involved with all aspects of the Company's business throughout the geographic area in which the Company does business, and would have an unfair advantage in competing with the Company; (D) that due to Executive's special experience and talent, the loss of Executive's services to the Company under this Agreement cannot reasonably or adequately be compensated solely by damages in an action at law; (E) that Executive is capable of competing with the Company; and (F) that Executive is capable of obtaining gainful, lucrative and desirable employment that does not violate the restrictions contained in this Agreement. In consideration of the compensation and benefits being paid and to be paid by the Company to Executive hereunder, Executive hereby agrees that, during the Restricted Period, Executive will not, without prior written consent of the Company, directly or indirectly seek or obtain a Competitive Position, or otherwise engage, on Executive's own behalf or on behalf of another, in Competitive Services, in the Restricted Territory; provided, however, that (1) the provisions of this Agreement shall not be deemed to prohibit the ownership by Executive of any securities of the Company or its affiliated entities or not more than five percent (5%) of any class of securities of any corporation having a class of securities registered pursuant to the Exchange Act; (2) for purposes of this § 12(c)(iv) only, the Restricted Period shall be reduced to eighteen (18) months if Executive's employment is terminated by Company or Executive pursuant to § 8(a) (Prior to a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause or Disability); and (3) this § 12(c)(iv) shall lapse and terminate at the end of the Employment Period if the Company gives notice to Executive pursuant to § 3 that this Agreement will not be extended.

(d) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. In the event Executive breaches, or threatens to commit a breach of, any of the provisions of the Restrictive Covenants, the Company shall have the following rights and remedies, which shall be independent of any others and severally enforceable, and

shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity:

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

(B) the right and remedy to require Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive as the result of any transactions constituting a breach of the Restrictive Covenants.

(ii) Severability of Covenants. Executive acknowledges and agrees that the Restrictive Covenants are reasonable and valid in time and scope and in all other respects. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Executive in agreeing to the provisions of this Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws. This § 12 shall survive the expiration or termination of this Agreement, provided, however, that the non-competition covenants set forth in § 12(c) (iv) shall not survive and shall terminate at the end of the Employment Period if the Company gives notice to the Executive pursuant to § 3 that this Agreement will not be extended.

§ 13. Arbitration. Any claim or dispute arising under this Agreement (other than under § 12) shall be subject to arbitration, and prior to commencing any court action, the parties agree that they shall arbitrate all such controversies. The arbitration shall be conducted in Atlanta, Georgia, in accordance with the Employment Dispute Rules of the American Arbitration Association and the Federal Arbitration Act, 9 U.S.C. §1, *et. seq.* The arbitrator(s) shall be authorized to award both liquidated and actual damages, in addition to injunctive relief, but no punitive damages. The arbitrator(s) shall also award attorney's fees and costs, without regard to any restriction on the amount of such award under Georgia or other applicable law. Such an award shall be binding and conclusive upon the parties hereto, subject to 9 U.S.C. §10. Each party shall have the right to have the award made the judgment of a court of competent jurisdiction.

Initials of parties as to this § 13:

Company: /s/ DG

Executive: /s/ MB

§ 14. Rabbi Trust. In order to ensure the payment of the severance benefit provided for in § 8(b)(ii) and (iii) of this Agreement, immediately following the commencement of any action by a third party with the aim of effecting a Change in Control, or the publicly-announced threat by a third party to commence any such action, the Company shall fully fund through the Global Payments Inc. Benefit Security Trust, or similar "rabbi trust" the amount of the severance payment that would have been paid to Executive under § 8(b)(ii) and (iii) if the Date of Termination had occurred on the date of commencement, or publicly-announced threat of commencement, of such action by the third party; *provided, however*, that the trust shall not be funded if the funding thereof would result in taxable income to Executive by reason of § 409A(b) of

the Code; *and provided, further*, in no event shall any trust assets at any time be located or transferred outside of the United States, within the meaning of § 409A(b) of the Code. Amounts shall be paid to Executive from such trust as provided under this Agreement and the trust. The right of Executive to receive payments under this Agreement shall be an unsecured claim against the general assets of the Company and Executive shall have no rights in or against any specific assets of the Company. For greater certainty, the foregoing trust shall be a revocable trust in the event the potential Change in Control which precipitated the funding of such trust is not consummated. Finally, nothing in this § 14 shall relieve the Company of any liabilities under this Agreement to the extent such liabilities are not satisfied by a trust described in this § 14.

§ 15. Assignment and Successors.

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

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

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

§ 16. Miscellaneous.

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

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

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

(d) Entire Agreement. This Agreement contains the entire agreement between the Company and Executive with respect to the subject matter hereof and, from and after the Effective Date, this Agreement shall supersede any other agreement (oral or written) between the Company and Executive with respect to the subject matter hereof, including, without limitation, any Change in Control, Non-Competition and Non-Solicitation Agreement previously signed by Executive.

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

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

To Company: Global Payments Inc.
 10 Glenlake Parkway NE - North Tower
 Atlanta, Georgia 30328-3473
 Office of the Corporate Secretary

To Executive: Michelle V. Bonam-Ball
 At her current address or last known address

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

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

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

(i) § 409A .

(i) The Company and Executive intend no payments to be made and no benefits to be provided under this Agreement will be subject to taxation under § 409A of the Code and that the terms of this Agreement will be interpreted in good faith in a manner which is intended to minimize the risk that Executive will be subject to tax under § 409A of the Code with respect to any such payments or benefits, and the Company and Executive agree to cooperate fully and in good faith with one another to seek to minimize such risk.

(ii) Items eligible for expense reimbursement under the terms of this Agreement shall be reimbursed in a manner intended to qualify for an exemption under § 409A of the Code, which shall include implementing the following limitations with respect to reimbursements: (1) the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in another calendar year, (2) no such reimbursement may be exchanged or liquidated for another payment or benefit, (3) any reimbursements of such expenses shall be made as soon as practicable under the circumstances but in any event no later than the end of the calendar year following the calendar in which the related expenses were incurred, and (4) the Company's obligation to make reimbursements or to provide in-kind benefits that constitute deferred compensation under § 409A of the Code shall not extend beyond Executive's lifetime or, if later, the end of the twenty (20) year period which starts on the Effective Date.

(iii) The Company and Executive intend that each installment of payments and benefits provided under this Agreement shall be treated as a separate identified payment for purposes of § 409A of the Code and that neither the Company nor Executive shall have the right to accelerate or defer

the delivery of any such payments or benefits if a determination is made in good faith that any such acceleration or deferral would present a risk that Executive would be subject to any tax under § 409A of the Code; provided, however, if the Applicable Pay Date is the Delayed Pay Date and Executive dies before such Delayed Pay Date, then any payments or benefits due on the Delayed Pay Date will be made before the end of the thirty (30) day period which starts on Executive's date of death or on the Delayed Pay Date, whichever comes first.

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

(j) References. All references to sections (§) in this Agreement shall be to sections (§) of this Agreement except as expressly set forth in this Agreement.

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

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

GLOBAL PAYMENTS INC.

By: /s/ David L. Green

Name: David L. Green

Title: EVP, General Counsel and Corporate Secretary

EXECUTIVE:

/s/ Michelle V. Bonam-Ball

Michelle V. Bonam-Ball

EXHIBIT A
Form of Release

This Release is granted effective as of the ____ day of _____, 20__, by _____ (“Executive”) in favor of Global Payments Inc. (the “Company”). This is the Release referred to that certain Employment Agreement effective as of _____ by and between the Company and Executive (the “Employment Agreement”). Executive gives this Release in consideration of the Company’s promises and covenants as recited in the Employment Agreement, with respect to which this Release is an integral part.

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

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

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

4. Non-Disparagement. Executive agrees that she or she will not in any way disparage Company, its affiliated and related companies, or their current and former employees, officers, directors, agents and representatives, or make or solicit any comments, statements, or the like to the media or to others that may be considered to be derogatory or detrimental to the good name or business reputation of any of the aforementioned parties or entities. This paragraph shall not limit the rights of Executive to provide testimony pursuant to a valid subpoena or in a judicial or administrative proceeding in which Executive is required to testify or otherwise as required by law or legal process.

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

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

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

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

Date: _____

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

I, Jeffrey S. Sloan, certify that:

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

By: /s/ Jeffrey S. Sloan

Date: January 11, 2016

Jeffrey S. Sloan
Chief Executive Officer

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

I, Cameron M. Bready, certify that:

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

By: /s/ Cameron M. Bready _____

Date: January 11, 2016

Cameron M. Bready
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Global Payments Inc. on Form 10-Q for the period ended November 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jeffrey S. Sloan, Chief Executive Officer of Global Payments Inc. (the "Company"), and Cameron M. Bready, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey S. Sloan

Jeffrey S. Sloan
Chief Executive Officer
Global Payments Inc.

January 11, 2016

/s/ Cameron M. Bready

Cameron M. Bready
Chief Financial Officer
Global Payments Inc.

January 11, 2016

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.