

**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 March 31, 2019

OR

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

For the transition period from to

Commission file number: 001-16111

globalpayments

GLOBAL PAYMENTS INC.

(Exact name of registrant as specified in charter)

Georgia

(State or other jurisdiction of
incorporation or organization)

58-2567903

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

3550 Lenox Road, Atlanta, Georgia

30326

(Address of principal executive offices)

(Zip Code)

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes No

The number of shares of the issuer's common stock, no par value, outstanding as of April 30, 2019 was 157,182,370.

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended March 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
PART I - FINANCIAL INFORMATION	
ITEM 1.	Unaudited Consolidated Statements of Income for the three months ended March 31, 2019 and 2018
	Unaudited Consolidated Statements of Comprehensive Income for the three months ended March 31, 2019 and 2018
	Consolidated Balance Sheets at March 31, 2019 (unaudited) and December 31, 2018
	Unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2019 and 2018
	Unaudited Consolidated Statements of Changes in Equity for the three months ended March 31, 2019 and 2018
	Notes to Unaudited Consolidated Financial Statements
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk
ITEM 4.	Controls and Procedures
PART II - OTHER INFORMATION	
ITEM 1.	Legal Proceedings
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds
ITEM 6.	Exhibits
	Signatures

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	
	March 31, 2019	March 31, 2018
Revenues	\$ 883,039	\$ 794,977
Operating expenses:		
Cost of service	305,230	252,386
Selling, general and administrative	378,317	386,421
	<u>683,547</u>	<u>638,807</u>
Operating income	199,492	156,170
Interest and other income	2,934	11,694
Interest and other expense	(59,081)	(45,605)
	<u>(56,147)</u>	<u>(33,911)</u>
Income before income taxes	143,345	122,259
Provision for income taxes	(24,140)	(24,673)
Net income	119,205	97,586
Net income attributable to noncontrolling interests, net of income tax	(6,864)	(6,187)
Net income attributable to Global Payments	<u>\$ 112,341</u>	<u>\$ 91,399</u>
Earnings per share attributable to Global Payments:		
Basic earnings per share	<u>\$ 0.71</u>	<u>\$ 0.57</u>
Diluted earnings per share	<u>\$ 0.71</u>	<u>\$ 0.57</u>

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended	
	March 31, 2019	March 31, 2018
Net income	\$ 119,205	\$ 97,586
Other comprehensive income (loss):		
Foreign currency translation adjustments	5,196	13,324
Income tax benefit related to foreign currency translation adjustments	34	399
Net unrealized (losses) gains on hedging activities	(14,509)	7,682
Reclassification of net unrealized gains on hedging activities to interest expense	(1,830)	(169)
Income tax benefit (provision) related to hedging activities	3,985	(1,865)
Other, net of tax	111	(52)
Other comprehensive income (loss)	(7,013)	19,319
Comprehensive income	112,192	116,905
Comprehensive income attributable to noncontrolling interests	(2,284)	(17,480)
Comprehensive income attributable to Global Payments	\$ 109,908	\$ 99,425

See Notes to Unaudited Consolidated Financial Statements.

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

	March 31, 2019	December 31, 2018
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,277,633	\$ 1,210,878
Accounts receivable, net of allowances for doubtful accounts of \$4,247 and \$3,164, respectively	381,608	348,400
Settlement processing assets	2,775,371	1,600,222
Prepaid expenses and other current assets	235,139	216,708
Total current assets	4,669,751	3,376,208
Goodwill	6,345,998	6,341,355
Other intangible assets, net	2,405,333	2,488,618
Property and equipment, net	674,199	653,542
Deferred income taxes	7,288	8,128
Other noncurrent assets	647,052	362,923
Total assets	\$ 14,749,621	\$ 13,230,774
LIABILITIES AND EQUITY		
Current liabilities:		
Settlement lines of credit	\$ 641,906	\$ 700,486
Current portion of long-term debt	133,019	115,075
Accounts payable and accrued liabilities	1,161,421	1,176,703
Settlement processing obligations	2,579,876	1,276,356
Total current liabilities	4,516,222	3,268,620
Long-term debt	5,170,377	5,015,168
Deferred income taxes	569,169	585,025
Other noncurrent liabilities	351,392	175,618
Total liabilities	10,607,160	9,044,431
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; 157,130,438 issued and outstanding at March 31, 2019 and 157,961,982 issued and outstanding at December 31, 2018	—	—
Paid-in capital	2,151,623	2,235,167
Retained earnings	2,111,798	2,066,415
Accumulated other comprehensive loss	(312,608)	(310,175)
Total Global Payments shareholders' equity	3,950,813	3,991,407
Noncontrolling interests	191,648	194,936
Total equity	4,142,461	4,186,343
Total liabilities and equity	\$ 14,749,621	\$ 13,230,774

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended	
	March 31, 2019	March 31, 2018
Cash flows from operating activities:		
Net income	\$ 119,205	\$ 97,586
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	41,155	33,918
Amortization of acquired intangibles	107,475	87,825
Amortization of capitalized contract costs	15,847	10,213
Share-based compensation expense	11,418	14,898
Provision for operating losses and bad debts	12,709	9,237
Deferred income taxes	(5,774)	910
Other, net	9,043	(1,937)
Changes in operating assets and liabilities, net of the effects of business combinations:		
Accounts receivable	(36,493)	13,050
Settlement processing assets and obligations, net	118,347	82,235
Prepaid expenses and other assets	(76,740)	(56,906)
Accounts payable and other liabilities	(86,463)	(6,488)
Net cash provided by operating activities	229,729	284,541
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(74,830)	—
Capital expenditures	(55,123)	(43,775)
Other, net	13,672	(1,586)
Net cash used in investing activities	(116,281)	(45,361)
Cash flows from financing activities:		
Net repayments of settlement lines of credit	(55,350)	(192,517)
Proceeds from long-term debt	344,000	309,000
Repayments of long-term debt	(173,060)	(687,820)
Payment of debt issuance costs	—	(586)
Repurchase of common stock	(155,997)	—
Proceeds from stock issued under share-based compensation plans	7,848	2,613
Common stock repurchased - share-based compensation plans	(9,507)	(1,058)
Distributions to noncontrolling interests	(5,572)	—
Dividends paid	(1,571)	(1,593)
Net cash used in financing activities	(49,209)	(571,961)
Effect of exchange rate changes on cash	2,516	2,749
Increase (decrease) in cash and cash equivalents	66,755	(330,032)
Cash and cash equivalents, beginning of the period	1,210,878	1,335,855
Cash and cash equivalents, end of the period	\$ 1,277,633	\$ 1,005,823

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 December 31, 2018	157,962	\$ 2,235,167	\$ 2,066,415	\$ (310,175)	\$ 3,991,407	\$ 194,936	\$ 4,186,343
Net income			112,341		112,341	6,864	119,205
Other comprehensive loss				(2,433)	(2,433)	(4,580)	(7,013)
Stock issued under share-based compensation plans	542	7,848			7,848		7,848
Common stock repurchased - share-based compensation plans	(79)	(10,200)			(10,200)		(10,200)
Share-based compensation expense		11,418			11,418		11,418
Distributions to noncontrolling interest					—	(5,572)	(5,572)
Repurchase of common stock	(1,295)	(92,610)	(65,387)		(157,997)		(157,997)
Dividends paid (\$0.01 per share)			(1,571)		(1,571)		(1,571)
Balance at March 31, 2019	<u>157,130</u>	<u>\$ 2,151,623</u>	<u>\$ 2,111,798</u>	<u>\$ (312,608)</u>	<u>\$ 3,950,813</u>	<u>\$ 191,648</u>	<u>\$ 4,142,461</u>
	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Global Payments Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2017	159,180	\$ 2,379,774	\$ 1,597,897	\$ (183,144)	\$ 3,794,527	\$ 170,704	\$ 3,965,231
Cumulative effect of adoption of new accounting standard			50,970	(1,843)	49,127		49,127
Net income			91,399		91,399	6,187	97,586
Other comprehensive income				8,026	8,026	11,293	19,319
Stock issued under share-based compensation plans	418	2,613			2,613		2,613
Common stock repurchased - share-based compensation plans	(56)	(6,411)			(6,411)		(6,411)
Share-based compensation expense		14,898			14,898		14,898
Repurchase of common stock	(9)	(852)	(128)		(980)		(980)
Dividends paid (\$0.01 per share)			(1,593)		(1,593)		(1,593)
Balance at March 31, 2018	<u>159,533</u>	<u>\$ 2,390,022</u>	<u>\$ 1,738,545</u>	<u>\$ (176,961)</u>	<u>\$ 3,951,606</u>	<u>\$ 188,184</u>	<u>\$ 4,139,790</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 and software solutions delivering innovative services to our customers globally. Our technologies, services and employee expertise enable us to provide a broad range of solutions that allow our customers to accept various payment types and operate their businesses more efficiently. We distribute our services across a variety of channels in 32 countries throughout North America, Europe, the Asia-Pacific region and Brazil and operate in three reportable segments: North America, Europe and Asia-Pacific.

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

These unaudited consolidated financial statements include our accounts and those of our majority-owned subsidiaries, and all intercompany balances and transactions have been eliminated in consolidation. These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated balance sheet as of December 31, 2018 was derived from the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 but does not include all disclosures required by GAAP for annual financial statements.

In the opinion of our management, all known adjustments necessary for a fair presentation of the results of the interim periods have been made. These adjustments consist of normal recurring accruals and estimates that affect the carrying amount of assets and liabilities. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018.

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

Recently Adopted Accounting Pronouncements— In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, "Leases." ASU 2016-02 requires recognition of assets and liabilities for the rights and obligations created by leases and new disclosures about leases. We adopted ASU 2016-02, as well as other related clarifications and interpretive guidance issued by the FASB, on January 1, 2019 using the optional modified retrospective transition method. Under this transition method, we did not recast the prior period financial statements presented. We elected the transition package of three practical expedients, which among other things, allowed for the carryforward of historical lease classifications. We made accounting policy elections not to recognize assets or liabilities for leases with a term of less than twelve months and to account for all components in a lease arrangement as a single combined lease component.

The adoption of ASU 2016-02 resulted in the measurement and recognition of lease liabilities in the amount of \$274.0 million and right-of-use assets in the amount of \$236.0 million as of January 1, 2019. Lease liabilities were measured as the present value of remaining lease payments, and the corresponding right-of-use assets were measured at an amount equal to the lease liabilities adjusted by the amounts of certain assets and liabilities, such as deferred lease obligations and prepaid rent, that we previously recognized on the balance sheet prior to the initial application of ASU 2016-02. To calculate the present value of remaining lease payments, we elected to use an incremental borrowing rate based on the remaining lease term at transition.

Recently Issued Pronouncements Not Yet Adopted— In August 2018, the FASB issued ASU 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract* (A Consensus of the FASB Emerging Issues Task Force)." ASU 2018-15 provides additional guidance on the accounting for costs of implementation activities performed in a cloud computing arrangement (i.e., hosting arrangement) that is a service contract. The new guidance amends the definition of a hosting arrangement and requires a customer in a hosting arrangement that is a service contract to capitalize certain implementation costs as if the arrangement was an

internal-use software project. We have historically capitalized implementation costs for internal-use software projects and will continue to do so pursuant to the clarifications provided in the new guidance. We expect to amortize deferred implementation costs to expense on a straight-line basis over the term of the hosting arrangement. The amendments in this update also provide additional presentation and disclosure requirements, including requirements to disclose the nature of an entity's hosting arrangements that are service contracts as well as quantitative information about capitalized implementation costs and related amortization expense. The guidance will become effective for us on January 1, 2020. Early adoption is permitted for periods beginning on or after January 1, 2019. Entities have the option to apply the guidance prospectively to all implementation costs incurred after the date of adoption or retrospectively. We are comparing the guidance in ASU 2018-15 to our current accounting practices for costs of implementation activities performed in cloud computing arrangements. We have not yet quantified the effect, if any, of ASU 2018-15 on our consolidated balance sheet or our statements of income and cash flows.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*." The amendments in this update change how companies measure and recognize credit impairment for many financial instruments measured at amortized cost. The new model for current expected credit losses ("CECL") will require us to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial instruments that are in the scope of the update, including accounts receivable and settlement processing assets, each of which are short-term in nature. Under current GAAP, credit losses on these financial instruments are not recognized until their occurrence is deemed to be probable. The guidance will become effective for us on January 1, 2020. Early adoption is permitted for periods beginning on or after January 1, 2019. In general, the new guidance will require modified retrospective application to all outstanding financial assets that are in the scope of the update, with a cumulative-effect adjustment, if any, recorded to retained earnings as of the date of adoption. We are evaluating the effect of ASU 2016-13 on our consolidated financial statements, including comparing how we currently measure and recognize our allowance for doubtful accounts on accounts receivable and our reserve for operating losses and sales allowances to how we would make such measurements applying the new CECL model. We have not yet quantified the effect, if any, of ASU 2016-13 on our consolidated balance sheet or our statement of income.

NOTE 2—ACQUISITIONS

The transactions described below were accounted for as business combinations, which requires that we record the assets acquired and liabilities assumed at fair value as of the acquisition date.

SICOM

On October 17, 2018, we acquired SICOM Systems, Inc. ("SICOM") for total purchase consideration of \$410.2 million, which we funded with cash on hand and by drawing on our Revolving Credit Facility (described in "Note 7—Long-Term Debt and Lines of Credit"). SICOM is a provider of end-to-end enterprise, cloud-based software solutions and other technologies to quick service restaurants and food service management companies. SICOM's technologies are complementary to our existing Xenial solutions, and we believe this acquisition will expand our software-driven payments strategy by enabling us to increase our capabilities and expand on our existing presence in the restaurant vertical market.

The provisional estimated acquisition-date fair values of major classes of assets acquired and liabilities assumed as of March 31, 2019, including a reconciliation to the total purchase consideration, were as follows (in thousands):

Cash and cash equivalents	\$	7,540
Property and equipment		5,838
Identified intangible assets		188,294
Other assets		22,275
Deferred income taxes		(48,560)
Other liabilities		(31,350)
Total identifiable net assets		144,037
Goodwill		266,164
Total purchase consideration	\$	410,201

During the three months ended March 31, 2019, we made an adjustment to reflect an increase in the total purchase consideration of \$1.0 million. As of March 31, 2019, we considered these balances to be provisional because we were still in the process of gathering and reviewing information to support the valuations of the assets acquired and liabilities assumed.

Goodwill arising from the acquisition of \$266.2 million, included in the North America segment, was attributable to expected growth opportunities, an assembled workforce and potential synergies from combining our existing businesses. We expect that approximately \$40 million of the goodwill from this acquisition will be deductible for income tax purposes.

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

	Estimated Fair Values	Weighted-Average Estimated Amortization Periods
	(in thousands)	(years)
Customer-related intangible assets	\$ 104,900	14
Acquired technologies	65,312	6
Trademarks and trade names	11,202	3
Contract-based intangible assets	6,880	5
Total estimated acquired intangible assets	<u>\$ 188,294</u>	10

AdvancedMD

On September 4, 2018, we acquired AdvancedMD, Inc. ("AdvancedMD") for total purchase consideration of \$706.9 million, which we funded with cash on hand and by drawing on our Revolving Credit Facility. AdvancedMD is a provider of cloud-based enterprise software solutions to small-to-medium sized ambulatory care physician practices. We believe this acquisition will expand our software-driven payments strategy by enabling us to enter the healthcare vertical market, a large and fragmented market with strong payment fundamentals and attractive growth opportunities.

The provisional estimated acquisition-date fair values of major classes of assets acquired and liabilities assumed as of March 31, 2019, including a reconciliation to the total purchase consideration, were as follows (in thousands):

Cash and cash equivalents	\$ 7,657
Property and equipment	5,672
Identified intangible assets	419,500
Other assets	11,785
Deferred income taxes	(93,372)
Other liabilities	(15,647)
Total identifiable net assets	<u>335,595</u>
Goodwill	371,290
Total purchase consideration	<u>\$ 706,885</u>

During the three months ended March 31, 2019, we made measurement period adjustments, including a \$5.6 million decrease in deferred income tax liabilities, which resulted in a corresponding decrease in goodwill. As of March 31, 2019, we considered these balances to be provisional because we were still in the process of gathering and reviewing information to support the valuation of the assets acquired and liabilities assumed.

Goodwill arising from the acquisition of \$371.3 million, included in the North America segment, was attributable to expected growth opportunities, an assembled workforce and potential synergies from combining our existing businesses. We expect that substantially all of the goodwill from this acquisition will not be deductible for income tax purposes.

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

	Estimated Fair Values	Weighted-Average Estimated Amortization Periods
	(in thousands)	(years)
Customer-related intangible assets	\$ 303,100	11
Acquired technologies	83,700	5
Trademarks and trade names	32,700	15
Total estimated acquired intangible assets	<u>\$ 419,500</u>	10

Valuation of Identified Intangible Assets

For the acquisitions discussed above, the estimated fair values of customer-related intangible assets were determined using the income approach, which was based on projected cash flows discounted to their present value using discount rates that consider the timing and risk of the forecasted cash flows. The discount rates used represented the average estimated value of a market participant's cost of capital and debt, derived using customary market metrics. Acquired technologies were valued using the replacement cost method, which required us to estimate the costs to construct an asset of equivalent utility at prices available at the time of the valuation analysis, with adjustments in value for physical deterioration and functional and economic obsolescence. Trademarks and trade names were valued using the "relief-from-royalty" approach. This method assumes that trademarks and trade names have value to the extent that their owner is relieved of the obligation to pay royalties for the benefits received from them. This method required us to estimate the future revenues for the related brands, the appropriate royalty rate and the weighted-average cost of capital. The discount rates used represented the average estimated value of a market participant's cost of capital and debt, derived using customary market metrics.

NOTE 3—REVENUES

The following tables present a disaggregation of our revenue from contracts with customers by distribution channel for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31, 2019			
	North America	Europe	Asia-Pacific	Total
	(in thousands)			
Direct:				
Relationship-led	\$ 271,411	\$ 97,041	\$ 33,420	\$ 401,872
Technology-enabled	341,241	45,828	28,327	415,396
	612,652	142,869	61,747	817,268
Wholesale	65,771	—	—	65,771
	<u>\$ 678,423</u>	<u>\$ 142,869</u>	<u>\$ 61,747</u>	<u>\$ 883,039</u>

	Three Months Ended March 31, 2018			
	North America	Europe	Asia-Pacific	Total
	(in thousands)			
Direct:				
Relationship-led	\$ 226,420	\$ 92,214	\$ 35,242	\$ 353,876
Technology-enabled	283,358	51,063	22,429	356,850
	509,778	143,277	57,671	710,726
Wholesale	84,251	—	—	84,251
	\$ 594,029	\$ 143,277	\$ 57,671	\$ 794,977

ASC 606 requires that we determine for each customer arrangement whether revenue should be recognized at a point in time or over time. For the three months ended March 31, 2019 and 2018, substantially all of our revenues were recognized over time.

Supplemental balance sheet information related to contracts from customers as of March 31, 2019 and 2018 was as follows:

	Balance Sheet Location	March 31, 2019		December 31, 2018	
		(in thousands)			
Assets:					
Capitalized costs to obtain customer contracts, net	Other noncurrent assets	\$ 201,896	\$	\$ 194,616	\$
Capitalized costs to fulfill customer contracts, net	Other noncurrent assets	\$ 16,282	\$	\$ 12,954	\$
Liabilities:					
Contract liabilities, net (current)	Accounts payable and accrued liabilities	\$ 140,808	\$	\$ 146,947	\$
Contract liabilities, net (noncurrent)	Other noncurrent liabilities	\$ 9,045	\$	\$ 8,595	\$

Revenue recognized for the three months ended March 31, 2019 and 2018 from contract liability balances at the beginning of the period was \$58.5 million and \$40.6 million, respectively.

NOTE 4—SETTLEMENT PROCESSING ASSETS AND OBLIGATIONS

As of March 31, 2019 and December 31, 2018, settlement processing assets and obligations consisted of the following:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
	(in thousands)	
Settlement processing assets:		
Interchange reimbursement	\$ 268,329	\$ 154,978
Receivable from members	106,690	228,107
Receivable from networks	2,406,807	1,221,060
Exception items	9,885	7,636
Merchant reserves	(16,340)	(11,559)
	<u>\$ 2,775,371</u>	<u>\$ 1,600,222</u>
Settlement processing obligations:		
Interchange reimbursement	\$ 85,322	\$ 193,235
Liability to members	(21,004)	(182,450)
Liability to merchants	(2,504,918)	(1,144,249)
Exception items	3,274	7,146
Merchant reserves	(136,686)	(145,826)
Reserve for operating losses and sales allowances	(5,864)	(4,212)
	<u>\$ (2,579,876)</u>	<u>\$ (1,276,356)</u>

NOTE 5—GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2019 and December 31, 2018, goodwill and other intangible assets consisted of the following:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
	(in thousands)	
Goodwill	<u>\$ 6,345,998</u>	<u>\$ 6,341,355</u>
Other intangible assets:		
Customer-related intangible assets	\$ 2,493,426	\$ 2,486,217
Acquired technologies	914,127	896,701
Trademarks and trade names	293,177	289,588
Contract-based intangible assets	174,297	178,391
	<u>3,875,027</u>	<u>3,850,897</u>
Less accumulated amortization:		
Customer-related intangible assets	916,457	860,715
Acquired technologies	390,868	351,170
Trademarks and trade names	92,436	83,234
Contract-based intangible assets	69,933	67,160
	<u>1,469,694</u>	<u>1,362,279</u>
	<u>\$ 2,405,333</u>	<u>\$ 2,488,618</u>

The following table sets forth the changes in the carrying amount of goodwill for the three months ended March 31, 2019:

	North America	Europe	Asia-Pacific	Total
(in thousands)				
Balance at December 31, 2018	\$ 5,530,087	\$ 484,761	\$ 326,507	\$ 6,341,355
Effect of foreign currency translation	3,786	(1,035)	1,948	4,699
Measurement-period adjustments	(4,092)	—	4,036	(56)
Balance at March 31, 2019	<u>\$ 5,529,781</u>	<u>\$ 483,726</u>	<u>\$ 332,491</u>	<u>\$ 6,345,998</u>

There were no accumulated impairment losses for goodwill as of March 31, 2019 or December 31, 2018.

NOTE 6—LEASES

Our leases consist primarily of operating real estate leases for office space in the markets in which we conduct business. Many of our operating leases include escalating rental payments and incentives, as well as termination and renewal options. Certain of our lease agreements provide that we pay the cost of property taxes, insurance and maintenance. As described in "Note 1—Basis of Presentation and Summary of Significant Accounting Policies," we adopted ASU 2016-02 on January 1, 2019. Unless otherwise indicated, the following information in this footnote applies only to periods after December 31, 2018.

We evaluate each of our lease and service arrangements at inception to determine if the arrangement is, or contains, a lease and the appropriate classification of each identified lease. A lease exists if we obtain substantially all of the economic benefits of and have the right to control the use of an asset for a period of time. Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease agreement. We recognize right-of-use assets and leases liabilities at the lease commencement date based on the present values of fixed lease payments over the term of the lease. Lease costs are recognized as expense on a straight-line basis over the lease term. We consider a termination or renewal option in the determination of the lease term when it is reasonably certain that we will exercise that option. The weighted-average remaining lease term at March 31, 2019 was 10.2 years. Because our leases generally do not provide a readily determinable implicit interest rate, we use an incremental borrowing rate to measure the lease liability and associated right-of-use asset at the lease commencement date. The incremental borrowing rate used is a fully collateralized rate that considers our credit rating, market conditions and the term of the lease at the lease commencement date. The weighted-average discount rate used in the measurement of our lease liabilities as of March 31, 2019 was 5.2%.

The effects of adopting ASU 2016-02 on our balance sheet is set forth in the table below. Adoption did not have a material effect on any line items in our consolidated statement of income or on our cash flows from operating activities, investing activities or financing activities included in our consolidated statement of cash flows. As of March 31, 2019 and January 1, 2019, right-of-use assets and lease liabilities consisted of the following (in thousands):

	Balance Sheet Location	March 31, 2019	January 1, 2019
Assets:			
Operating lease right-of-use assets ⁽¹⁾	Other noncurrent assets	\$ 225,300	\$ 235,979
Liabilities:			
Operating lease liabilities (current)	Accounts payable and accrued liabilities	\$ 36,394	\$ 37,339
Operating lease liabilities (noncurrent)	Other noncurrent liabilities	230,260	236,697
Total operating lease liabilities		<u>\$ 266,654</u>	<u>\$ 274,036</u>

⁽¹⁾ Approximately 90% of our operating lease right-of-use assets are located in the United States.

As of March 31, 2019, maturities of lease liabilities were as follows (in thousands):

Year ending December 31,	
2019	\$ 38,514
2020	43,533
2021	34,784
2022	31,883
2023	27,914
2024	26,323
2025 and thereafter	145,594
Total lease payments ⁽¹⁾	348,545
Imputed interest	(81,891)
Total operating lease liabilities	<u>\$ 266,654</u>

⁽¹⁾ Total lease payments do not include approximately \$81 million for operating leases that had not yet commenced at March 31, 2019. We expect the lease commencement date for these leases to occur later in 2019 and in 2020.

Operating lease costs in our consolidated statement of income for the three months ended March 31, 2019 were \$15.7 million, including \$14.5 million in selling, general and administrative expenses and \$1.2 million in cost of services. Total lease costs include variable lease costs of approximately \$2.4 million, which are primarily comprised of the cost of property taxes, insurance and maintenance. Lease costs for leases with a term of less than twelve months were which are not material for the three months ended March 31, 2019.

Cash paid for amounts included in the measurement of operating lease liabilities for the three months ended March 31, 2019 was \$12.5 million, which is included as a component of cash provided by operating activities in the consolidated statement of cash flows. Operating lease liabilities arising from obtaining new or modified right-of-use assets were \$1.5 million for the three months ended March 31, 2019.

Future minimum payments at December 31, 2018 for noncancelable operating leases were as follows (in thousands):

Year ending December 31:	
2019	\$ 50,095
2020	47,700
2021	40,035
2022	37,055
2023	33,298
2024 and thereafter	225,225
Total future minimum payments ⁽¹⁾	<u>\$ 433,408</u>

⁽¹⁾ Future minimum lease payments include approximately \$70 million for operating leases that had not commenced at December 31, 2018.

NOTE 7—LONG-TERM DEBT AND LINES OF CREDIT

As of March 31, 2019 and December 31, 2018, long-term debt consisted of the following:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
	(in thousands)	
Credit Facility:		
Term loans (face amounts of \$4,441,578 and \$4,463,643 at March 31, 2019 and December 31, 2018, respectively, less unamortized debt issuance costs of \$35,182 and \$37,400 at March 31, 2019 and December 31, 2018, respectively)	\$ 4,406,396	\$ 4,426,243
Revolving Credit Facility	897,000	704,000
Total long-term debt	<u>5,303,396</u>	<u>5,130,243</u>
Less current portion of Credit Facility (face amounts of \$142,044 and \$124,176 at March 31, 2019 and December 31, 2018, respectively, less unamortized debt issuance costs of \$9,086 and \$9,101 at March 31, 2019 and December 31, 2018, respectively, and the current portion of capital lease obligations of \$62)	133,019	115,075
Long-term debt, excluding current portion	<u>\$ 5,170,377</u>	<u>\$ 5,015,168</u>

Maturity requirements on long-term debt as of March 31, 2019 by year are as follows (in thousands):

<u>Year ending December 31,</u>	
2019	\$ 102,111
2020	159,979
2021	195,848
2022	267,587
2023	4,138,053
2024 and thereafter	475,000
Total	<u>\$ 5,338,578</u>

Credit Facility

We are party to a credit facility agreement with Bank of America, N.A., as administrative agent, and a syndicate of financial institutions as lenders and other agents (as amended from time to time, the "Credit Facility"). As of March 31, 2019, the Credit Facility provided for secured financing comprised of (i) a \$1.5 billion revolving credit facility ("Revolving Credit Facility"); (ii) a \$1.5 billion term loan ("Term A Loan"), (iii) a \$1.37 billion term loan ("Term A-2 Loan"), (iv) a \$1.14 billion term loan ("Term B-2 Loan"); and (v) a \$500 million term loan ("Term B-4 Loan"). Substantially all of the assets of our domestic subsidiaries are pledged as collateral under the Credit Facility. The total available commitments under the Revolving Credit Facility at March 31, 2019 were \$590.5 million.

The Credit Facility provides for an interest rate, at our election, of either London Interbank Offered Rate or a base rate, in each case plus a margin. As of March 31, 2019, the interest rates on the Term A Loan, the Term A-2 Loan, the Term B-2 Loan and the Term B-4 Loan were 4.00%, 4.00%, 4.25% and 4.25%, respectively. As of March 31, 2019, the interest rate on the Revolving Credit Facility was 3.91%. In addition, we are required to pay a quarterly commitment fee with respect to the unused portion of the Revolving Credit Facility at an applicable rate per annum ranging from 0.20% to 0.30% depending on our leverage ratio.

The Term A Loan and the Term A-2 Loan mature, and the Revolving Credit Facility expires, on January 20, 2023. The Term B-2 Loan matures on April 22, 2023. The Term B-4 Loan matures on October 18, 2025. The Term A Loan and Term A-2 Loan principal amounts must each be repaid in quarterly installments in the amount of 0.625% of principal through June 2019, increasing to 1.25% of principal through June 2021, increasing to 1.875% of principal through June 2022 and increasing to 2.50% of principal through December 2022, with the remaining principal balance due upon maturity in January 2023. The Term B-2 Loan principal must be repaid in quarterly installments in the amount of 0.25% of principal through March 2023, with the remaining principal

balance due upon maturity in April 2023. The Term B-4 Loan principal must be repaid in quarterly installments in the amount of 0.25% of principal through September 2025, with the remaining principal balance due upon maturity in October 2025.

We may issue standby letters of credit of up to \$100 million in the aggregate under the Revolving Credit Facility. Outstanding letters of credit under the Revolving Credit Facility reduce the amount of borrowings available to us. Borrowings available to us under the Revolving Credit Facility are further limited by the covenants described below under "Compliance with Covenants."

The portion of deferred debt issuance costs related to the Revolving Credit Facility is included in other noncurrent assets, and the portion of deferred debt issuance costs related to the term loans is reported as a reduction to the carrying amount of the term loans. Debt issuance costs are amortized as an adjustment to interest expense over the terms of the respective facilities.

Settlement Lines of Credit

In various markets where we do business, we have specialized lines of credit, which are restricted for use in funding settlement. The settlement lines of credit generally have variable interest rates, are subject to annual review and are denominated in local currency but may, in some cases, facilitate borrowings in multiple currencies. For certain of our lines of credit, the available credit is increased by the amount of cash we have on deposit in specific accounts with the lender. Accordingly, the amount of the outstanding line of credit may exceed the stated credit limit. As of March 31, 2019 and December 31, 2018, a total of \$69.0 million and \$70.6 million, respectively, of cash on deposit was used to determine the available credit.

As of March 31, 2019 and December 31, 2018, respectively, we had \$641.9 million and \$700.5 million outstanding under these lines of credit with additional capacity of \$725.2 million as of March 31, 2019 to fund settlement. The weighted-average interest rate on these borrowings was 2.57% and 2.97% at March 31, 2019 and December 31, 2018, respectively. During the three months ended March 31, 2019, the maximum and average outstanding balances under these lines of credit were \$685.4 million and \$390.0 million, respectively.

Compliance with Covenants

The Credit Facility Agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on our leverage and interest coverage ratios, as defined in the agreement. As of March 31, 2019, financial covenants under the Credit Facility Agreement required a leverage ratio no greater than: (i) 5.00 to 1.00 as of the end of any fiscal quarter ending during the period from April 1, 2018 through June 30, 2019; (ii) 4.75 to 1.00 as of the end of any fiscal quarter ending during the period from July 1, 2019 through June 30, 2020; and (iii) 4.50 to 1.00 as of the end of any fiscal quarter ending thereafter. The interest coverage ratio is required to be no less than 3.25 to 1.00.

The Credit Facility Agreement includes covenants, subject in each case to exceptions and qualifications that may restrict certain payments, including in certain circumstances, the repurchasing of our common stock and paying cash dividends in excess of our current rate of \$0.01 per share per quarter. We were in compliance with all applicable covenants as of March 31, 2019.

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. Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense. Since we have designated the interest rate swap agreements as portfolio cash flow hedges, unrealized gains or losses resulting from adjusting the swaps to fair value are recorded as components of other comprehensive income. 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 in the consolidated balance sheets:

Derivative Financial Instruments	Balance Sheet Location	Weighted-Average Fixed Rate of Interest at March 31, 2019	Range of Maturity Dates at March 31, 2019	Fair Values	
				March 31, 2019	December 31, 2018
(in thousands)					
Interest rate swaps (Notional of \$250 million at March 31, 2019 and \$750 million at December 31, 2018)	Prepaid expenses and other current assets	1.58%	December 31, 2019	\$ 1,602	\$ 3,200
Interest rate swaps (Notional of \$550 million at March 31, 2019 and December 31, 2018)	Other noncurrent assets	1.65%	July 31, 2020 - March 31, 2021	\$ 5,248	\$ 8,256
Interest rate swaps (Notional of \$1,250 million at March 31, 2019 and \$950 million at December 31, 2018)	Accounts payable and accrued liabilities	2.73%	December 31, 2022	\$ 26,333	\$ 14,601

The table below presents the effects of our interest rate swaps on the consolidated statements of income and comprehensive income for the three months ended March 31, 2019 and 2018:

	Three Months Ended	
	March 31, 2019	March 31, 2018
(in thousands)		
Amount of net unrealized (losses) gains recognized in other comprehensive income (loss)	\$ (14,509)	\$ 7,682
Amount of net unrealized gains reclassified out of other comprehensive income (loss) to interest expense	\$ (1,830)	\$ (169)

As of March 31, 2019, the amount of net unrealized gains in accumulated other comprehensive loss related to our interest rate swaps that is expected to be reclassified into interest expense during the next 12 months was approximately \$1.3 million.

Interest Expense

Interest expense was approximately \$55.4 million and \$45.5 million for the three months ended March 31, 2019 and 2018, respectively.

NOTE 8—INCOME TAX

Our effective income tax rate was 16.8% for the three months ended March 31, 2019 and 20.2% for the three months ended March 31, 2018. Our effective income tax rate for the three months ended March 31, 2019 differs from the U.S. statutory rate primarily due to the excess tax benefits of share-based awards that are recognized upon vesting or settlement.

We conduct business globally and file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities around the world, including, without limitation, the United States and the United Kingdom. We are no longer subject to state income tax examinations for years ended on or before May 31, 2010, U.S. federal income tax examinations for years ended on or before May 31, 2013 and U.K. federal income tax examinations for years ended on or before May 31, 2014.

NOTE 9—SHAREHOLDERS' EQUITY

We make repurchases of our common stock mainly through open market repurchase plans and, at times, through accelerated share repurchase programs. As of March 31, 2019, we were authorized to repurchase up to \$638.0 million of our common stock. During the three months ended March 31, 2019, through open market repurchase plans, we repurchased and retired 1,295,282 shares of our common stock at an aggregate cost of \$158.0 million, or an average cost of \$121.98 per share, including commissions. During the three months ended March 31, 2018, through open market repurchase plans, we repurchased and retired 8,926 shares of our common stock at a cost of \$1.0 million, or an average cost of \$109.79 per share, including commissions.

On April 25, 2019, our board of directors declared a dividend of \$0.01 per share payable on June 28, 2019 to common shareholders of record as of June 14, 2019.

NOTE 10—SHARE-BASED AWARDS AND OPTIONS

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

	Three Months Ended	
	March 31, 2019	March 31, 2018
	(in thousands)	
Share-based compensation expense	\$ 11,418	\$ 14,898
Income tax benefit	\$ 2,509	\$ 3,285

Share-Based Awards

The following table summarizes the changes in unvested restricted stock and performance awards for the three months ended March 31, 2019:

	Shares	Weighted-Average Grant-Date Fair Value
	(in thousands)	
Unvested at December 31, 2018	1,084	\$108.51
Granted	458	133.13
Vested	(226)	92.19
Forfeited	(28)	99.65
Unvested at March 31, 2019	<u>1,288</u>	<u>\$120.33</u>

The total fair value of restricted stock and performance awards vested during the three months ended March 31, 2019 and March 31, 2018 was \$20.8 million and \$13.0 million, respectively.

For restricted stock and performance awards, we recognized compensation expense of \$10.1 million and \$13.8 million during the three months ended March 31, 2019 and March 31, 2018, respectively. As of March 31, 2019, there was \$110.4 million of unrecognized compensation expense related to unvested restricted stock and performance awards that we expect to recognize over a weighted-average period of 2.4 years. Our restricted stock and performance award plans provide for accelerated vesting under certain conditions.

Stock Options

The following table summarizes changes in stock option activity for the three months ended March 31, 2019:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(years)	(in millions)
Outstanding at December 31, 2018	598	\$59.16	6.2	\$27.3
Granted	109	128.22		
Forfeited	—	—		
Exercised	(170)	35.91		
Outstanding at March 31, 2019	<u>537</u>	<u>\$80.59</u>	<u>7.1</u>	<u>\$30.0</u>
Options vested and exercisable at March 31, 2019	<u>319</u>	<u>\$58.70</u>	<u>5.7</u>	<u>\$24.8</u>

We recognized compensation expense for stock options of \$0.7 million during each of the three months ended March 31, 2019 and 2018. The aggregate intrinsic value of stock options exercised during the three months ended March 31, 2019 and March 31, 2018 was \$15.9 million and \$2.1 million, respectively. As of March 31, 2019, we had \$6.9 million of unrecognized compensation expense related to unvested stock options that we expect to recognize over a weighted-average period of 2.4 years.

The weighted-average grant-date fair value of each stock option granted during the three months ended March 31, 2019 and March 31, 2018 was \$39.60 and \$35.09, respectively. Fair value was estimated on the date of grant using the Black-Scholes valuation model with the following weighted-average assumptions:

	Three Months Ended	
	March 31, 2019	March 31, 2018
Risk-free interest rate	2.49%	2.60%
Expected volatility	30%	29%
Dividend yield	0.04%	0.04%
Expected term (years)	5	5

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

NOTE 11—EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing 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 EPS 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 EPS. All stock options with an exercise price lower than the average market share price of our common stock for the period are assumed to have a dilutive effect on EPS.

The following table sets forth the computation of diluted weighted-average number of shares outstanding for the three months ended March 31, 2019 and 2018:

	Three Months Ended	
	March 31, 2019	March 31, 2018
	(in thousands)	
Basic weighted-average number of shares outstanding	157,519	159,321
Plus: Dilutive effect of stock options and other share-based awards	499	714
Diluted weighted-average number of shares outstanding	<u>158,018</u>	<u>160,035</u>

NOTE 12—ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in the accumulated balances for each component of other comprehensive income (loss) were as follows for the three months ended March 31, 2019 and 2018:

	Foreign Currency Translation	Unrealized Gains on Hedging Activities	Other	Accumulated Other Comprehensive Loss
	(in thousands)			
Balance at December 31, 2018	\$ (304,274)	\$ (2,374)	\$ (3,527)	\$ (310,175)
Other comprehensive income (loss)	9,807	(12,351)	111	(2,433)
Balance at March 31, 2019	<u>\$ (294,467)</u>	<u>\$ (14,725)</u>	<u>\$ (3,416)</u>	<u>\$ (312,608)</u>
Balance at December 31, 2017	\$ (185,856)	\$ 6,999	\$ (4,287)	\$ (183,144)
Cumulative effect of adoption of new accounting standard	(1,843)	—	—	(1,843)
Other comprehensive income (loss)	2,430	5,648	(52)	8,026
Balance at March 31, 2018	<u>\$ (185,269)</u>	<u>\$ 12,647</u>	<u>\$ (4,339)</u>	<u>\$ (176,961)</u>

Other comprehensive income (loss) attributable to noncontrolling interests, which relates only to foreign currency translation, was a loss of \$4.6 million and income of \$11.3 million for the three months ended March 31, 2019 and March 31, 2018, respectively.

NOTE 13—SEGMENT INFORMATION

We operate in three reportable segments: North America, Europe and Asia-Pacific. We evaluate performance and allocate resources based on the operating income of each operating segment. The operating income of each operating segment includes the revenues of the segment less expenses that are directly related to those revenues. Operating overhead, shared costs and certain compensation costs are included in Corporate in the following table. Interest and other income, interest and other expense and provision for income taxes are not allocated to the individual segments. We do not evaluate the performance of or allocate resources to our operating segments using asset data. The accounting policies of the reportable operating segments are the same as those described in our Annual Report on Form 10-K for the year ended December 31, 2018 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 was as follows for the three months ended March 31, 2019 and 2018:

	Three Months Ended	
	March 31, 2019	March 31, 2018
(in thousands)		
Revenues⁽¹⁾:		
North America	\$ 678,423	\$ 594,029
Europe	142,869	143,277
Asia-Pacific	61,747	57,671
Consolidated revenues	<u>\$ 883,039</u>	<u>\$ 794,977</u>
Operating income (loss)⁽¹⁾:		
North America	\$ 156,146	\$ 125,404
Europe	71,961	70,548
Asia-Pacific	27,274	23,774
Corporate ⁽²⁾	(55,889)	(63,556)
Consolidated operating income	<u>\$ 199,492</u>	<u>\$ 156,170</u>
Depreciation and amortization⁽¹⁾:		
North America	\$ 128,237	\$ 102,525
Europe	12,994	12,745
Asia-Pacific	5,040	4,632
Corporate	2,359	1,841
Consolidated depreciation and amortization	<u>\$ 148,630</u>	<u>\$ 121,743</u>

⁽¹⁾ Revenues, operating income and depreciation and amortization reflect the effect of acquired businesses from the respective dates of acquisition. For further discussion, see "Note 2—Acquisitions."

⁽²⁾ During the three months ended March 31, 2019 and March 31, 2018, operating loss for Corporate included acquisition and integration expenses of \$5.3 million and \$18.3 million, respectively.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report and the Management's Discussion and Analysis of Financial Condition and Results of Operations and consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2018. This discussion and analysis contains forward-looking statements about our plans and expectations of what may happen in the future. Forward-looking statements are based on a number of assumptions and estimates that are inherently subject to significant risks and uncertainties, and our actual results could differ materially from the results anticipated by our forward-looking statements. See "Forward-Looking Statements" below for additional information.

Executive Overview

We are a leading worldwide provider of payment technology services and software solutions delivering innovative solutions to our customers globally. Our technologies, services and employee expertise enable us to provide a broad range of services that allow our customers to accept various payment types and operate their businesses more efficiently. We distribute our services across

a variety of channels in 32 countries throughout North America, Europe, the Asia-Pacific region and Brazil and operate in three reportable segments: North America, Europe and Asia-Pacific.

On October 17, 2018, we acquired SICOM Systems, Inc. ("SICOM") for total purchase consideration of \$410.2 million, which we funded with cash on hand and by drawing on our Revolving Credit Facility (described in "Note 7—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements). SICOM is a provider of end-to-end enterprise, cloud-based software solutions and other technologies to quick service restaurants and food service management companies.

On September 4, 2018, we acquired AdvancedMD, Inc. ("AdvancedMD") for total purchase consideration of \$706.9 million, which we funded with cash on hand and by drawing on our Revolving Credit Facility. AdvancedMD is a provider of cloud-based enterprise software solutions to small-to-medium sized ambulatory care physician practices.

Highlights related to our financial condition and results of operations for the three months ended March 31, 2019 are:

- Consolidated revenues were \$883.0 million for the three months ended March 31, 2019, compared to \$795.0 million for the prior-year period, primarily due to additional revenues from businesses acquired in 2018.
- Consolidated operating income was \$199.5 million for the three months ended March 31, 2019, compared to \$156.2 million for the prior-year period. Our operating margin for the three months ended March 31, 2019 was 22.6%, compared to 19.6% for the prior-year period.
- Net income attributable to Global Payments was \$112.3 million for the three months ended March 31, 2019, compared to \$91.4 million for the prior-year period.
- Diluted earnings per share was \$0.71 for the three months ended March 31, 2019, compared to \$0.57 for the prior-year period.

Emerging Trends

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

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

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

Results of Operations

The following table sets forth key selected financial data for the three months ended March 31, 2019 and 2018, this data as a percentage of total revenues and the changes between the periods in dollars and as a percentage of the prior-year amount.

	Three Months Ended March 31, 2019	% of Revenues ⁽¹⁾	Three Months Ended March 31, 2018	% of Revenues ⁽¹⁾	Change	% Change
(dollar amounts in thousands)						
Revenues:						
North America	\$ 678,423	76.8%	\$ 594,029	74.7%	\$ 84,394	14.2 %
Europe	142,869	16.2%	143,277	18.0%	(408)	(0.3)%
Asia-Pacific	61,747	7.0%	57,671	7.3%	4,076	7.1 %
Total revenues	<u>\$ 883,039</u>	<u>100.0%</u>	<u>\$ 794,977</u>	<u>100.0%</u>	<u>\$ 88,062</u>	<u>11.1 %</u>
Consolidated operating expenses:						
Cost of service	\$ 305,230	34.6%	\$ 252,386	31.7%	\$ 52,844	20.9 %
Selling, general and administrative	378,317	42.8%	386,421	48.6%	(8,104)	(2.1)%
Operating expenses	<u>\$ 683,547</u>	<u>77.4%</u>	<u>\$ 638,807</u>	<u>80.4%</u>	<u>\$ 44,740</u>	<u>7.0 %</u>
Operating income:						
North America	\$ 156,146		\$ 125,404		\$ 30,742	24.5 %
Europe	71,961		70,548		1,413	2.0 %
Asia-Pacific	27,274		23,774		3,500	14.7 %
Corporate ⁽²⁾	(55,889)		(63,556)		7,667	(12.1)%
Operating income	<u>\$ 199,492</u>	<u>22.6%</u>	<u>\$ 156,170</u>	<u>19.6%</u>	<u>\$ 43,322</u>	<u>27.7 %</u>
Operating margin:						
North America		23.0%		21.1%		1.9%
Europe		50.4%		49.2%		1.2%
Asia-Pacific		44.2%		41.2%		3.0%

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

⁽²⁾ Operating loss for Corporate included acquisition and integration expenses of \$5.3 million and \$18.3 million during the three months ended March 31, 2019 and 2018, respectively. These expenses are included primarily in selling, general and administrative expenses in the unaudited consolidated statements of income.

Revenues

Consolidated revenues increased by 11.1% to \$883.0 million for the three months ended March 31, 2019, compared to \$795.0 million for the prior-year period, despite the unfavorable effect of fluctuations in foreign currency exchange rates, primarily due to revenue growth in our North America segment. For the three months ended March 31, 2019, currency exchange rate fluctuations reduced our consolidated revenues by \$21.8 million compared to the prior year, calculated by converting revenues for the current period in local currencies using exchange rates for the prior-year period.

North America Segment. Revenues from our North America segment increased by 14.2% to \$678.4 million for the three months ended March 31, 2019, compared to \$594.0 million for the prior-year period, primarily due to additional revenues from the acquisitions of AdvancedMD and SICOM in 2018.

Europe Segment. Revenues from our Europe segment were relatively flat at \$143 million for the three months ended March 31, 2019, compared to the prior-year period, despite the unfavorable effect of fluctuations in foreign currency exchange rates of \$14.4 million.

Asia-Pacific Segment. Revenues from our Asia-Pacific segment increased by 7.1% to \$61.7 million for the three months ended March 31, 2019, compared to \$57.7 million for the prior-year period primarily due to organic growth, partially offset by the unfavorable effect of fluctuations in foreign currency exchange rates of \$3.7 million.

Operating Expenses

Cost of Service. Cost of service increased by 20.9% to \$305.2 million for the three months ended March 31, 2019, compared to \$252.4 million for the prior-year period. Cost of service as a percentage of revenues was 34.6% for the three months ended March 31, 2019, compared to 31.7% for the prior-year period. These increases were primarily due to an increase in amortization of acquired intangibles of \$19.7 million and to additional costs to support the growth of our business.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by 2.1% to \$378.3 million for the three months ended March 31, 2019, compared to \$386.4 million for the prior year period. Selling, general and administrative expenses as a percentage of revenues was 42.8% for the three months ended March 31, 2019, compared to 48.6% for the prior-year period. These decreases were due primarily to a decrease in acquisition and integration expenses of \$13.0 million, partially offset by additional costs to support the growth of our business.

Operating Income and Operating Margin

North America Segment. Operating income in our North America segment increased by 24.5% to \$156.1 million for the three months ended March 31, 2019, compared to \$125.4 million for the prior-year period, primarily due to revenue growth. Operating margin increased to 23.0% for the three months ended March 31, 2019, compared to 21.1% for the prior-year period.

Europe Segment. Operating income in our Europe segment increased by 2.0% to \$72.0 million for the three months ended March 31, 2019, compared to \$70.5 million for the prior-year period. Operating margin increased to 50.4% for the three months ended March 31, 2019, compared to 49.2% for the prior-year period.

Asia-Pacific Segment. Operating income in our Asia-Pacific segment increased by 14.7% to \$27.3 million for the three months ended March 31, 2019, compared to \$23.8 million for the prior-year period, primarily due to revenue growth. Operating margin increased to 44.2% for the three months ended March 31, 2019, compared to 41.2% for the prior-year period, primarily due to a decrease in certain operating expenses.

Corporate. Corporate expenses decreased by 12.1% to \$55.9 million for the three months ended March 31, 2019, compared to \$63.6 million for the prior-year period, primarily due to a decrease in acquisition and integration expenses of \$13.0 million, partially offset by additional costs to support the growth of our business.

Other Income/Expense, Net

Interest and other income decreased by \$8.8 million for the three months ended March 31, 2019, compared to the prior-year period. Interest and other income for the three months ended March 31, 2018 included a gain of \$9.6 million recognized on the reorganization of a debit network association of which we were a member through one of our Canadian subsidiaries.

Interest and other expense increased by \$13.5 million for the three months ended March 31, 2019, compared to the prior-year period. Interest expense for the three months ended March 31, 2019 primarily reflects the increase in our outstanding long-term debt.

Provision for Income Taxes

Our effective tax rate for the three months ended March 31, 2019 was 16.8%, compared to 20.2% for the prior-year period. Our effective income tax rate for the three months ended March 31, 2019 was lower than the prior year primarily due to an increase in the excess tax benefits of share-based awards that are recognized upon vesting or settlement.

Liquidity and Capital Resources

In the ordinary course of our business, a significant portion of our liquidity comes from operating cash flows. Cash flow from operating activities is used to make planned capital investments in our business, to pursue acquisitions that meet our corporate objectives, to pay dividends, to pay principal and interest on our outstanding debt and to repurchase shares of our common stock. Accumulated cash balances are invested in high-quality, marketable short-term instruments.

Our capital plan objectives are to support our operational needs and strategic plan for long-term growth while maintaining a low cost of capital. We use our financing, such as term loans and our Revolving Credit Facility, for general corporate purposes and to fund acquisitions. In addition, specialized lines of credit are also used in certain of our markets to fund merchant settlement prior to receipt of funds from the card network. We regularly evaluate our liquidity and capital position relative to cash requirements, and we may elect to raise additional funds in the future, through the issuance of debt or equity or by other means.

At March 31, 2019, we had cash and cash equivalents totaling \$1,277.6 million. Of this amount, we consider \$489.6 million to be available for general purposes, of which approximately \$25 million is undistributed foreign earnings considered to be indefinitely reinvested outside the United States. The available cash of \$489.6 million does not include the following: (i) settlement-related cash balances, (ii) funds held as collateral for merchant losses ("Merchant Reserves") and (iii) funds held for customers. Settlement-related cash balances represent funds that we hold when the incoming amount from the card networks precedes the funding obligation to the merchant. Settlement-related cash balances are not restricted; however, these funds are generally paid out in satisfaction of settlement processing obligations the following day. Merchant Reserves serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant agreement. While this cash is not restricted in its use, we believe that designating this cash to collateralize Merchant Reserves strengthens our fiduciary standing with our member sponsors and is in accordance with the guidelines set by the card networks. Funds held for customers and the corresponding liability that we record in customer deposits include amounts collected prior to remittance on our customers' behalf.

Operating activities provided net cash of \$229.7 million and \$284.5 million for the three months ended March 31, 2019 and 2018, respectively, which reflect net income adjusted for non-cash items, including depreciation and amortization expenses, and changes in operating assets and liabilities. Fluctuations in operating assets and liabilities are affected primarily by timing of month-end and transaction volume, especially changes in settlement processing assets and liabilities, and by the effects of businesses we acquire that have different working capital requirements. Changes in settlement processing assets and liabilities increased operating cash flows by \$118.3 million and \$82.2 million during the three months ended March 31, 2019 and 2018, respectively. The decrease in cash flows from operating activities from the prior-year period was primarily due to the timing of supplier payments and customer receipts.

We used net cash in investing activities of \$116.3 million and \$45.4 million during the three months ended March 31, 2019 and 2018, respectively. Cash used for investing activities primarily represents cash used to fund acquisitions and capital expenditures. During the three months ended March 31, 2019, we used cash of \$74.8 million to complete acquisitions. We made capital expenditures of \$55.1 million and \$43.8 million to purchase property and equipment during the three months ended March 31, 2019 and 2018, respectively. These investments include software and hardware to support the development of new technologies, continued consolidation and enhancement of our operating platforms and infrastructure to support our growing business. During the year ending December 31, 2019, we expect aggregate capital expenditures for property and equipment to approximate \$230 million.

Financing activities include borrowings and repayments made under our Credit Facility (described in "Note 7—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements) as well as borrowings and repayments made under specialized lines of credit to fund daily settlement activities. Our borrowing arrangements are further described below under "Long-Term Debt and Lines of Credit." Financing activities also include cash flows associated with common stock

repurchase programs and share-based compensation programs as well as cash distributions made to noncontrolling interests and our shareholders. Cash flows from financing activities used net cash of \$49.2 million and \$572.0 million during the three months ended March 31, 2019 and 2018, respectively, primarily as a result of net repayments under our Credit Facility and settlement lines of credit, as well as funds used to repurchase shares of our common stock in 2019.

Repayments of long-term debt were \$173.1 million and \$687.8 million for the three months ended March 31, 2019 and 2018, respectively. Repayments of long-term debt consist of repayments that we make with available cash, from time-to-time, under our Revolving Credit Facility as well as scheduled principal repayments made under our term loans.

Activity under our settlement lines of credit is affected primarily by timing of month-end and transaction volume. During the three months ended March 31, 2019 and 2018, we had net repayments of settlement lines of credit of \$55.4 million and \$192.5 million, respectively.

We make repurchases of our common stock mainly through open market repurchase plans and, at times, through accelerated share repurchase programs. During the three months ended March 31, 2019, we used \$156.0 million to repurchase shares of our common stock. As of March 31, 2019, we had \$638.0 million of share repurchase authority remaining under a share repurchase program authorized by the board of directors, announced on February 5, 2019.

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

Long-Term Debt and Lines of Credit

We are party to a credit facility agreement with Bank of America, N.A., as administrative agent, and a syndicate of financial institutions as lenders and other agents (as amended from time to time, the "Credit Facility"). As of March 31, 2019, the Credit Facility provided for secured financing comprised of (i) a \$1.5 billion revolving credit facility ("Revolving Credit Facility"); (ii) a \$1.5 billion term loan ("Term A Loan"), (iii) a \$1.37 billion term loan ("Term A-2 Loan"), (iv) a \$1.14 billion term loan facility (Term B-2 Loan"); and (v) a \$500 million term loan ("Term B-4 Loan"). Substantially all of the assets of our domestic subsidiaries are pledged as collateral under the Credit Facility. As of March 31, 2019, the aggregate outstanding balance on the term loans was \$4.4 billion, and the outstanding balance on the Revolving Credit Facility was \$897.0 million. The total available commitments under the Revolving Credit Facility at March 31, 2019 were \$590.5 million.

The Credit Facility provides for an interest rate, at our election, of either the London Interbank Offered Rate or a base rate, in each case plus a margin. As of March 31, 2019, the interest rates on the Term A Loan, the Term A-2 Loan, the Term B-2 Loan and the Term B-4 Loan were 4.00%, 4.00% and 4.25% and 4.25%, respectively. As of March 31, 2019, the interest rate on the Revolving Credit Facility was 3.91%. In addition, we are required to pay a quarterly commitment fee with respect to the unused portion of the Revolving Credit Facility at an applicable rate per annum ranging from 0.20% to 0.30%, depending on our leverage ratio.

The Term A Loan and the Term A-2 Loan mature, and the Revolving Credit Facility expires, on January 20, 2023. The Term B-2 Loan matures on April 22, 2023. The Term B-4 Loan matures on October 18, 2025. The Term A Loan and Term A-2 Loan principal amounts must each be repaid in quarterly installments in the amount of 0.625% of principal through June 2019, increasing to 1.25% of principal through June 2021, increasing to 1.875% of principal through June 2022 and increasing to 2.50% of principal through December 2022, with the remaining principal balance due upon maturity` in January 2023. The Term B-2 Loan principal must be repaid in quarterly installments in the amount of 0.25% of principal through March 2023, with the remaining principal balance due upon maturity in April 2023. The Term B-4 Loan principal must be repaid in quarterly installments in the amount of 0.25% of principal through September 2025, with the remaining principal balance due upon maturity in October 2025.

We may issue standby letters of credit of up to \$100 million in the aggregate under the Revolving Credit Facility. Outstanding letters of credit under the Revolving Credit Facility reduce the amount of borrowings available to us. Borrowings available to us under the Revolving Credit Facility are further limited by the covenants described below under "Compliance with Covenants."

Settlement Lines of Credit

In various markets where we do business, we have specialized lines of credit, which are restricted for use in funding settlement. The settlement lines of credit generally have variable interest rates, are subject to annual review and are denominated in local currency but may, in some cases, facilitate borrowings in multiple currencies. For certain of our lines of credit, the available credit is increased by the amount of cash we have on deposit in specific accounts with the lender. Accordingly, the amount of the outstanding line of credit may exceed the stated credit limit. As of March 31, 2019 and December 31, 2018, a total of \$69.0 million and \$70.6 million, respectively, of cash on deposit was used to determine the available credit.

As of March 31, 2019 and December 31, 2018, respectively, we had \$641.9 million and \$700.5 million outstanding under these lines of credit with additional capacity of \$725.2 million as of March 31, 2019 to fund settlement. The weighted-average interest rate on these borrowings was 2.57% and 2.97% at March 31, 2019 and December 31, 2018, respectively.

Compliance with Covenants

The Credit Facility Agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on our leverage and interest coverage ratios as defined in the agreement. As of March 31, 2019, financial covenants under the Credit Facility Agreement required a leverage ratio no greater than: (i) 5.00 to 1.00 as of the end of any fiscal quarter ending during the period from April 1, 2018 through June 30, 2019; (ii) 4.75 to 1.00 as of the end of any fiscal quarter ending during the period from July 1, 2019 through June 30, 2020; and (iii) 4.50 to 1.00 as of the end of any fiscal quarter ending thereafter. The interest coverage ratio is required to be no less than 3.25 to 1.00. We were in compliance with all applicable covenants as of March 31, 2019.

The Credit Facility Agreement includes covenants, subject in each case to exceptions and qualifications that may restrict certain payments, including, in certain circumstances, the repurchasing of our common stock and paying cash dividends in excess of our current rate of \$0.01 per share per quarter.

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

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on our financial condition, revenues, results of operations or capital resources, 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 December 31, 2018.

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

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

Forward-Looking Statements

Investors are cautioned that some of the statements we use in this report contain forward-looking statements and are made pursuant to the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties and depend upon future events or conditions. Actual events or results might differ materially from those expressed or forecasted in these forward-looking statements. Accordingly, we cannot guarantee you that our plans and expectations will be achieved. Such statements may include, but are not limited to, statements about the benefits of our acquisitions, including future financial and operating results, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts.

Important factors that may cause actual events or results to differ materially from those anticipated by such forward-looking statements include our ability to safeguard our data; increased competition from larger companies and non-traditional competitors, our ability to update our services in a timely manner; our ability to maintain Visa and MasterCard registration and financial institution sponsorship; our reliance on financial institutions to provide clearing services in connection with our settlement activities; our potential failure to comply with card network requirements; potential systems interruptions or failures; software defects or undetected errors; increased attrition of merchants, referral partners or independent sales organizations; our ability to increase our share of existing markets and expand into new markets; development of market trends and technologies; a decline in the use of cards for payment generally; unanticipated increases in chargeback liability; increases in credit card network fees; change in laws, regulations or network rules or interpretations thereof; foreign currency exchange and interest rate risks; political, economic and regulatory changes in the foreign countries in which we operate; future performance, integration and conversion of acquired operations, including without limitation difficulties and delays in integrating or fully realizing cost savings and other benefits of our acquisitions at all or within the expected time period; fully realizing anticipated annual interest expense savings from refinancing our Credit Facility; our loss of key personnel and other risk factors presented in Item 1- Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2018 and any subsequent SEC filings, which we advise you to review.

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

ITEM 3—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no significant change in our exposure to market risk during the quarter ended March 31, 2019. For a discussion of our exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 4—CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2019, management carried out, under the supervision and with the participation of our principal executive officer and principal financial officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2019, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2019, we added internal controls related to the automation of certain processes and activities associated with a newly implemented cloud-based accounting and financial reporting system. We also added internal controls in support of the accounting, reporting and disclosure requirements of the new lease accounting standard, which was effective on January 1, 2019. To assist with the necessary calculations to support the accounting and disclosure requirements of the new lease accounting standard, we implemented a new technology solution, as well as related internal controls.

PART II—OTHER INFORMATION**ITEM 1—LEGAL PROCEEDINGS**

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

ITEM 2—UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Information about the shares of our common stock that we repurchased during the quarter ended March 31, 2019 is set forth below:

<u>Period</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</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾</u>
				(in millions)
January 2019	403,663	\$ 109.02	403,593	\$ 638.8
February 2019	461,059	122.78	417,378	638.4
March 2019	509,235	132.71	474,311	638.0
Total	<u>1,373,957</u>	<u>\$ 122.42</u>	<u>1,295,282</u>	<u>\$ 638.0</u>

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

During the quarter ended March 31, 2019, pursuant to our employee incentive plans, we withheld 78,675 shares at an average price per share of \$129.65 in order to satisfy employees' tax withholding and payment obligations in connection with the vesting of awards of restricted stock, which we withheld at fair market value on the vesting date.

⁽²⁾ On February 5, 2019, our board of directors approved an increase to our existing share repurchase program authorization, which raised the total available authorization to \$750 million. As of March 31, 2019, the approximate dollar value of shares that may yet be purchased under our share repurchase program was \$638.0 million. The board authorization does not expire, but could be revoked at any time. In addition, we are not required by the board's authorization or otherwise to complete any repurchases by any specific time or at all.

ITEM 6—EXHIBITS

List of Exhibits

- 2.1 [Stock Purchase and Merger Agreement, dated as of August 2, 2017, by and among Athlaction Topco, LLC, the Vista Blocker Sellers \(as defined therein\), Vista Equity Partners Management, LLC, as Sellers' Representative, Global Payments Inc., Athens Merger Sub, LLC and the Vista AIVs and Vista GPs \(as defined therein and solely for the limited purposes set forth therein\), incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 8, 2017. ++](#)
- 2.2 [Amendment No. 1 to the Stock Purchase and Merger Agreement, dated as of August 31, 2017, by and among Global Payments Inc., Athlaction Topco, LLC, Vista Equity Partners Management, LLC, as Sellers' Representative, and VEP Global Aggregator, LLC, incorporated by reference to Exhibit 2.2. to the Company's Current Report on Form 8-K filed on September 6, 2017. ++](#)
- 3.1 [Second Amended and Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K filed July 25, 2013.](#)
- 3.2 [Eighth Amended and Restated Bylaws of the Company, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed May 4, 2017.](#)
- 10.1* [Form of Restricted Stock Award pursuant to the 2011 Amended and Restated Incentive Plan for Executive Officers \(calendar 2019\).](#)
- 10.2* [Form of Performance Unit Award Agreement pursuant to the 2011 Amended and Restated Incentive Plan for Executive Officers \(calendar 2019\).](#)
- 10.3* [Form of Stock Option Award pursuant to the 2011 Amended and Restated Incentive Plan for Executive Officers \(calendar 2019\).](#)
- 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 March 31, 2019, 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; (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.

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

SIGNATURES

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

Global Payments Inc.
(Registrant)

Date: May 2, 2019

/s/ Cameron M. Bready

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

GLOBAL PAYMENTS INC.

RESTRICTED STOCK AWARD CERTIFICATE

Non-transferable
G R A N T T O

("Grantee")

by Global Payments Inc. (the "Company") of

_____[fill in number]

shares of its common stock, no par value (the "Shares") pursuant to and subject to the provisions of the Global Payments Inc. Amended and Restated 2011 Incentive Plan (the "Plan") and to the terms and conditions set forth on the following pages of this award certificate (the "Terms and Conditions"). By accepting this Award, Grantee shall be deemed to have agreed to the terms and conditions set forth in this Restricted Stock Award Certificate (the "Certificate") and the Plan.

Unless sooner vested in accordance with Section 3 of the Terms and Conditions or otherwise in the discretion of the Committee, the restrictions imposed under Section 2 of the Terms and Conditions will expire as to the following percentage of the Shares awarded hereunder, on the following respective dates; provided that Grantee is then still employed by the Company or any of its Affiliates:

[insert vesting schedule]

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

Global Payments Inc.

By:
Its: Authorized Officer

Grant Date:
Grant Number:
Accepted by Grantee:
Date:

TERMS AND CONDITIONS

1. Grant of Shares. The Company hereby grants to the Grantee named on the cover page hereof, subject to the restrictions and the other terms and conditions set forth in the Plan and in this Certificate, the number of Shares indicated on the cover page hereof of the Company's no par value common stock (the "Shares"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Restrictions. The Shares are subject to each of the following restrictions. "Restricted Shares" mean those Shares that are subject to the restrictions imposed hereunder which restrictions have not then expired or terminated. Restricted Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered. If Grantee's employment with the Company or any Affiliate terminates for any reason other than as set forth in paragraph (b) of Section 3 hereof, then Grantee shall forfeit all of Grantee's right, title and interest in and to the Restricted Shares as of the date of employment termination, and such Restricted Shares shall revert to the Company. The restrictions imposed under this Section shall apply to all shares of the Company's Stock or other securities issued with respect to Restricted Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the Stock.

3. Expiration and Termination of Restrictions. The restrictions imposed under Section 2 will expire on the earliest to occur of the following (the period prior to such expiration being referred to herein as the "Restricted Period"):

- (a) As to the percentages of the Shares specified on the cover page hereof, on the respective dates specified on the cover page hereof; provided Grantee is then still employed by the Company or an Affiliate; or
- (b) Termination of Grantee's employment by reason of death or Disability or, subject to the consent of the Committee, Grantee's Retirement.

4. Delivery of Shares. The Shares will be registered on the books of the Company in Grantee's name as of the Grant Date and will be held by the Company during the Restricted Period in certificated or uncertificated form.

If a certificate for Restricted Shares is issued during the Restricted Period with respect to such Shares, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Award Certificate between the registered owner of the shares represented hereby and Global Payments Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Certificate, copies of which are on file in the offices of Global Payments Inc."

Stock certificates for the Shares, without the above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Restricted Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

5. Voting and Dividend Rights. Grantee, as beneficial owner of the Shares, shall have full voting and dividend rights with respect to the Shares during and after the Restricted Period. If Grantee forfeits any rights he or she may have under this Certificate in accordance with Section 2, Grantee shall no longer have any rights as a shareholder with respect to the Restricted Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such stock.

6. No Right of Continued Employment. Nothing in the Plan or this Certificate or any document executed under either of them shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment without liability at any time, nor confer upon Grantee any right to continue in the employ of the Company or any Affiliate.

7. No Entitlement to Future Awards. The grant of this Award does not entitle Grantee to the grant of any additional awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company.

8. Payment of Taxes. Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code. The Company or any Affiliate employing Grantee has the authority and the

right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Grantee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the vesting of the Shares. The withholding requirement may be satisfied, in whole or in part, at the election of the Company's general counsel, principal financial officer or chief accounting officer, by withholding from the settlement Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as such officer establishes. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

9. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Restricted Shares hereunder had expired) on the date of such amendment or termination.

10. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. Without limiting the foregoing, the Restricted Shares are subject to adjustment as provided in Article 15 of the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative. Any conflict between this Certificate and the terms of a written employment, key position, or change-in-control agreement with Grantee that has been approved, ratified or confirmed by the Committee shall be decided in favor of the provisions of such employment, key position, or change-in-control agreement.

11. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles of conflict of laws. Grantee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Georgia and waives objection to such jurisdiction.

12. Severability. If any one or more of the provisions contained in this Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

13. Relationship to Other Benefits. The Shares shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

14. Notice. Notices and communications hereunder must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 3550 Lenox Road, Suite 3000, Atlanta, Georgia 30326, Attn: Corporate Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

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

16. Non-Competition and Non-Solicitation. As a condition of Grantee's receipt of this Award, Grantee agrees to the following restrictions. Grantee acknowledges and agrees that as a result of Grantee's employment with the Company or an Affiliate, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's or its Affiliate's customers and employees, Grantee would have an unfair competitive advantage if Grantee were to engage in activities in violation of this Agreement. Grantee also acknowledges and agrees that the covenants in this Section 16 are necessary to protect the trade secrets of Company or an Affiliate.

16.1 Non-Competition. During the term of Grantee's employment and for a period of twenty-four (24) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, seek or obtain any employment, independent contractor or consulting relationship with a Competitor, or otherwise provide any form of assistance or services to a Competitor or engage in Competitive Services, whether paid or unpaid, in the geographic area in which the Company or an Affiliate conducts business, in which Competitor that relate to Competitive Services and are the same or similar to those services actually performed by Grantee for the Company or an Affiliate; provided, however, that (a) nothing in this Section 16.1 shall prohibit Grantee relationship Grantee has duties for (or provides services to) such from acquiring or holding, for investment purposes only, less than five percent (5%) of the outstanding publicly traded securities of any corporation which may compete directly or indirectly with the Company or an Affiliate; and (b) the time period of the non-compete in this Section 16.1 shall not be longer than the time period of the non-compete in a written employment agreement between Grantee and the Company.

16.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twenty-four (24) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit, divert or take away or attempt to solicit divert or take away any Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this Section 16.2 shall only apply to those Protected Customers (a) with whom Grantee, alone or in conjunction with others, had business dealings on behalf of the Company or an Affiliate during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 16.2 hereof, and/or (b) for whom Grantee was responsible for supervising or coordinating the business dealings between the Company or an Affiliate and the Protected Customer during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 16.2 hereof.

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

16.4 Definitions. For purposes of this Section 16, the following definitions shall apply:

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company or an Affiliate as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 16 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing, merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

(b) "Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services, including but not limited to the following companies, all of whom engage in Competitive Services (and all of their parents, subsidiaries, or affiliates who engage in Competitive Services) and all of the successors in interest to any of the foregoing: Chase Paymentech Solutions, LLC, First Data Corporation, Total System Services, Inc., Wells Fargo Merchant Services, LLC, First National Merchant Solutions, LLC, RBS Lynk, iPayment, Inc., Bank of America

Merchant Services, LLC, National Processing Corporation, Elavon, Inc., Worldpay, Inc., and EVO Payments International, LLC.

(c) “Protected Customer” means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise to whom the Company or an Affiliate has sold or provided its products or services, or actively solicited to sell its products or services, during the twelve (12) months prior to termination of Grantee’s employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 16 hereof.

(d) “Protected Employee” means any employee of the Company or an Affiliate who was employed by Company or an Affiliate at any time within six (6) months prior to the termination of Grantee’s employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 16 hereof.

16.5 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 16 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 16 hereof and to have the covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. In addition, if the Grantee breaches any of the covenants set forth in Section 16 hereof, all unvested Shares covered by this Certificate shall be immediately forfeited. Such forfeiture shall be in addition to any other right the Company may have with respect to any such violation or breach.

16.6 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 16 hereof are reasonable and valid in time and scope and in all other respects and shall be considered and construed as separate and independent covenants. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Grantee will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

16.7 Tolling. Grantee agrees that, if the enforceability of any of the terms of the covenants set forth in Section 16 hereof are challenged in court, and Grantee is not otherwise enjoined from breaching any of the covenants set forth in Section 16 hereof, and if a court of competent jurisdiction finds that the covenants are enforceable, the time period restrictions specified in Section 16 hereof are tolled from the earlier of (1) the filing of the lawsuit or (2) the date upon which a court of competent jurisdiction determines Grantee first breached any terms of the restrictive covenants; until the latter of (1) when the breaches conclusively ceased as determined by a court; or (2) until the dispute is resolved and all periods of appeal have expired. Grantee expressly agrees and understands that this provision may extend the time period restrictions set forth in Section 16 hereof by the time during which Grantee was in breach or by the time during which Grantee denies and challenges the enforceability of any of the terms of the restrictive covenants.

GLOBAL PAYMENTS INC.
PERFORMANCE UNIT AWARD CERTIFICATE

Non-transferable

G R A N T T O

(“Grantee”)

by Global Payments Inc. (the “Company”) of Performance Units (the “Performance Units”) representing the right to earn, on a one-for-one basis, shares of the Company’s no par value common stock (“Shares”), pursuant to and subject to the provisions of the Global Payments Inc. Amended and Restated 2011 Incentive Plan (the “Plan”) and to the terms and conditions set forth on the following pages of this award certificate (the “Certificate”).

The target number of Shares subject to this award is (the “Target Award”). Depending on the Company’s year over year Annual Adjusted EPS Growth and relative Total Shareholder Return over the Performance Period (each as defined herein), Grantee may earn from 0% to 400% of the Target Award (subject to the Award Maximum (as defined herein)) in accordance with the performance metrics described in Exhibit A attached hereto and the terms and conditions of this Certificate.

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

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

Global Payments Inc.

By: _____
Its: Authorized Officer

Grant Date:
Grant Number:
Accepted by Grantee:
Date:

TERMS AND CONDITIONS

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

(i) "Conversion Date" means February 25, 2022, provided that the Committee has previously certified the Company's year over year Annual Adjusted EPS Growth and relative Total Shareholder Return, as more fully described in Exhibit A hereto.

(ii) "Performance Period" means the three year period beginning on January 1, 2019 and ending on December 31, 2021.

(iii) "Final Performance Multiplier" means the percentage, from 0% to 400%, that will be applied to the Target Award to determine the number of Performance Awards that will convert to Shares on the Conversion Date, as more fully described in Exhibit A hereto.

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

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

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

(i) Death or Disability. If Grantee's employment is terminated by reason of death or Disability, the number of Performance Units earned shall be

determined at the end of the Performance Period based on actual performance as of the end of the Performance Period.

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

5. Restrictions on Transfer and Pledge. No right or interest of Grantee in the Performance Units may be pledged, encumbered, or hypothecated or be made subject to any lien, obligation, or liability of Grantee to any other party other than the Company or an Affiliate. The Performance Units may not be sold, assigned, transferred or otherwise disposed of by Grantee other than by will or the laws of descent and distribution.

6. Restrictions on Issuance of Shares. If at any time the Committee shall determine, in its discretion, that registration, listing or qualification of the Shares underlying the Performance Units upon any securities exchange or similar self-regulatory organization or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the settlement of the Performance Units, stock units will not be converted to Shares in whole or in part unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

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

8. No Entitlement to Future Awards. The grant of the Performance Units does not entitle Grantee to the grant of any additional units or other awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of units, and vesting provisions.

9. Payment of Taxes. The Company or any Affiliate employing Grantee has the authority and the right to deduct or withhold, or require Grantee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Grantee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the vesting or settlement of the Performance Units. The withholding requirement may be satisfied, in whole or in part, by withholding from the settlement of the stock units Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld in accordance with applicable tax requirements, all in accordance with such procedures as the Committee establishes. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

10. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Performance Units hereunder had expired) on the date of such amendment or termination.

11. Plan Controls. The terms contained in the Plan shall be and are hereby incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. Without limiting the foregoing, the terms and conditions of the Performance Units, including the number of shares and the class or series of capital stock which may be delivered upon settlement of the Performance Units, are subject to adjustment as provided in Article 15 of the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative. Any conflict between this Certificate and the terms of a written employment, key position, or change-in-control agreement with Grantee that has been approved, ratified or confirmed by the Committee shall be decided in favor of the provisions of such employment, key position, or change-in-control agreement.

12. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles of conflict of laws. Grantee hereby agrees and submits to jurisdiction in the state and federal courts of the State of Georgia and waives objection to such jurisdiction.

13. Severability. If any one or more of the provisions contained in this Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

14. Relationship to Other Benefits. The Performance Units shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

15. Clawback. Notwithstanding anything to the contrary in this Certificate, the Plan, or any employment, key position, or change-in-control agreement with Grantee, the award granted hereunder is subject to the

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

16. Notice. Notices and communications hereunder must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 3550 Lenox Road, Suite 3000, Atlanta, Georgia 30326, Attn: Corporate Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

17. Non-Competition and Non-Solicitation. As a condition of Grantee's receipt of this Award, Grantee agrees to the following restrictions. Grantee acknowledges and agrees that as a result of Grantee's employment with the Company or an Affiliate, Grantee's knowledge of and access to confidential and proprietary information, and Grantee's relationships with the Company's or its Affiliate's customers and employees, Grantee would have an unfair competitive advantage if Grantee were to engage in activities in violation of this Agreement. Grantee also acknowledges and agrees that the covenants in this Section 17 are necessary to protect the trade secrets of Company or an Affiliate.

17.1 Non-Competition. During the term of Grantee's employment and for a period of twenty-four (24) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, seek or obtain any employment, independent contractor or consulting relationship with a Competitor, or otherwise provide any form of assistance or services to a Competitor or engage in Competitive Services, whether paid or unpaid, in the geographic area in which the Company or an Affiliate conducts business, in which relationship Grantee has duties for (or provides services to) such Competitor that relate to Competitive Services and are the same or similar to those services actually performed by Grantee for the Company or an Affiliate; provided, however, that (a) nothing in this Section 17.1 shall prohibit Grantee from acquiring or holding, for investment purposes only, less than five percent (5%) of the outstanding publicly traded securities of any corporation which may compete directly or indirectly with the Company or an Affiliate; and (b) the time period of the non-compete in this Section shall not be longer than the time period of the non-compete in a written employment agreement between Grantee and the Company.

17.2 Non-Solicitation of Customers. During the term of Grantee's employment and for a period of twenty-four (24) months immediately following the termination of Grantee's employment for any reason, Grantee shall not, directly or indirectly, on Grantee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit, divert or take away or attempt to solicit divert or take away any Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this Section 17.2 shall only apply to those Protected Customers (a) with whom Grantee, alone or in conjunction with others, had business dealings on behalf of the Company or an Affiliate during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 17.2 hereof, and/or (b) for whom Grantee was responsible for supervising or coordinating the business dealings between the Company or an Affiliate and

the Protected Customer during the twelve (12) month period immediately preceding the termination of Grantee's employment or any earlier date of any alleged breach by Grantee of the restriction in Section 17.2 hereof.

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

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

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company or an Affiliate as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 17 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing, merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

(b) "Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services, including but not limited to the following companies, all of whom engage in Competitive Services (and all of their parents, subsidiaries, or affiliates who engage in Competitive Services) and all of the successors in interest to any of the foregoing: Chase Paymentech Solutions, LLC, First Data Corporation, Total System Services, Inc., Wells Fargo Merchant Services, LLC, First National Merchant Solutions, LLC, RBS LYNK, iPayment, Inc., Bank of America Merchant Services, LLC, National Processing Corporation, Elavon, Inc., Worldpay, Inc., and EVO Payments International, LLC.

(c) "Protected Customer" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise to whom the Company or an Affiliate has sold or provided its products or services, or actively solicited to sell its products or services, during the twelve (12) months prior to termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in Section 17 hereof.

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

17.5 Rights and Remedies Upon Breach. Grantee agrees that, in the event that Grantee breaches or threatens to breach the covenants set forth in Section 17 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Grantee from violating or threatening to violate the covenants set forth in Section 17 hereof and to have the covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. In addition, if the Grantee breaches any of the covenants set forth in Section 17 hereof, all unvested Shares covered by this Certificate shall be immediately forfeited. Such forfeiture shall be in addition to any other right the Company may have with respect to any such violation or breach.

17.6 Severability. Grantee acknowledges and agrees that the covenants set forth in Section 17 hereof are reasonable and valid in time and scope and in all other respects and shall be considered and construed as separate and independent covenants. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition

of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Grantee will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

17.7 Tolling. Grantee agrees that, if the enforceability of any of the terms of the covenants set forth in Section 17 hereof are challenged in court, and Grantee is not otherwise enjoined from breaching any of the covenants set forth in Section 17 hereof, and if a court of competent jurisdiction finds that the covenants are enforceable, the time period restrictions specified in Section 16 hereof are tolled from the earlier of (1) the filing of the lawsuit or (2) the date upon which a court of competent jurisdiction determines Grantee first breached any terms of the restrictive covenants; until the latter of (1) when the breaches conclusively ceased as determined by a court; or (2) until the dispute is resolved and all periods of appeal have expired. Grantee expressly agrees and understands that this provision may extend the time period restrictions set forth in Section 17 hereof by the time during which Grantee was in breach or by the time during which Grantee denies and challenges the enforceability of any of the terms of the restrictive covenants.

EXHIBIT A

Grantee may earn a percentage of the Target Award (subject to the Award Maximum) based on the Company's year over year Annual Adjusted EPS Growth and Total Shareholder Return relative to the Comparator Group for the Performance Period, as follows:

Performance Matrix for CY 2019 Annual Adjusted EPS Growth

Degree of Performance Attainment	Annual Adjusted EPS Growth	Annual Multiple ⁽¹⁾
Maximum or Above	_%	_%
Stretch	_%	_%
Target	_%	_%
Threshold	_%	_%
Less than Threshold	_%	_%

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

Performance Matrix for CY 2020 Annual Adjusted EPS Growth

Degree of Performance Attainment	Annual Adjusted EPS Growth	Annual Multiple ⁽¹⁾
Maximum or Above	_%	_%
Stretch	_%	_%
Target	_%	_%
Threshold	_%	_%
Less than Threshold	_%	_%

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

Performance Matrix for CY 2021 Annual Adjusted EPS Growth

Degree of Performance Attainment	Annual Adjusted EPS Growth	Annual Multiple ⁽¹⁾
Maximum or Above	_%	_%
Stretch	_%	_%
Target	_%	_%
Threshold	_%	_%
Less than Threshold	_%	_%

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

A. The resulting Annual Multiples for each of CY 2019, CY 2020 and CY 2021 are averaged together to determine the EPS Performance Multiplier. For example:

- If actual CY 2019 Annual Adjusted EPS Growth results in an Annual Multiple of __%, actual CY 2020 Annual Adjusted EPS Growth results in an Annual Multiple of _____%, and actual CY 2021 Annual Adjusted EPS Growth results in an Annual Multiple of _____%, then the EPS Performance Multiplier shall be _____%.

B. The EPS Performance Multiplier is then multiplied by a modifier (the “Relative TSR Modifier”) based on the Company’s TSR Percentile Rank over the Performance Period to determine the Final Performance Multiplier, as follows:

Global Payments Inc.’s TSR Percentile Rank vs. Comparator Group	Relative TSR Modifier
Below 30 th percentile	_%
30 th to 70 th percentile	_%
Above 70 th percentile	_%

- For example, if the EPS Performance Multiplier is _____% and the Company’s TSR Percentile Rank is above the 70th percentile, which results in a TSR Modifier of ____%, then the Final Performance Multiplier shall be _____%.
- For the avoidance of doubt, no Performance Units shall be earned prior to the Conversion Date

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

- (1) “CY 2019” or “2019 calendar year” means the twelve month period commencing on January 1, 2019 and ending December 31, 2019.
- (2) “CY 2020” or “2020 calendar year” means the twelve month period commencing on January 1, 2020 and ending December 31, 2020.
- (3) “CY 2021” or “2021 calendar year” means the twelve month period commencing on January 1, 2021 and ending December 31, 2021.
- (4) “Annual Adjusted EPS” means “diluted earnings per share” as described and quantified in the Company’s calendar 2019, 2020, and 2021 year-end earnings press releases, respectively, except that for purposes of this Certificate, Annual Adjusted EPS shall exclude the after-tax impact of expenses associated with share-based compensation and foreign currency exchange as calculated based on foreign currency exchange rates set forth in the Company’s approved budget for each calendar year.
- (5) “Annual Adjusted EPS Growth” means the percentage increase in Annual Adjusted EPS for each calendar year in the Performance Period. For purposes of the 2019 calendar year, the beginning point for measurement of Annual Adjusted EPS growth shall be actual Annual Adjusted EPS for the twelve month period commencing on January 1, 2018 and ending December 31, 2018. For purposes of the 2020 and 2021 calendar years, the beginning point for measurement of Annual Adjusted EPS growth shall be actual Annual Adjusted EPS for the 2019 and 2020 calendar years, respectively, as measured in accordance with this Certificate.
- (6) “Award Maximum” means 4.00x the Target Award.
- (7) “Beginning Price” means, with respect to the Company and any other Comparator Group member, the average of the closing market prices of such company’s common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending with the last trading day before the beginning of the Performance Period. For the purpose of

determining the Beginning Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

- (8) "Comparator Group" means the companies comprising the S&P 500 as of the first day of the Performance Period and, except as provided below, the common stock of which is continually listed or traded on a national securities exchange from the first day of the Performance Period through the last trading day of the Performance Period. In the event a member of the Comparator Group files for bankruptcy or liquidates due to an insolvency, such company shall continue to be treated as a Comparator Group member, and such company's Ending Price will be treated as \$0 if the common stock (or similar equity security) of such company is no longer listed or traded on a national securities exchange on the last trading day of the Performance Period (and if multiple members of the Comparator Group file for bankruptcy or liquidate due to an insolvency, such members shall be ranked in order of when such bankruptcy or liquidation occurs, with earlier bankruptcies/liquidations ranking lower than later bankruptcies/liquidations). In the event of a formation of a new parent company by a Comparator Group member, substantially all of the assets and liabilities of which consist immediately after the transaction of the equity interests in the original Comparator Group member or the assets and liabilities of such Comparator Group member immediately prior to the transaction, such new parent company shall be substituted for the Comparator Group member to the extent (and for such period of time) as its common stock (or similar equity securities) are listed or traded on a national securities exchange but the common stock (or similar equity securities) of the original Comparator Group member are not. In the event of a merger or other business combination of two Comparator Group members (including, without limitation, the acquisition of one Comparator Group member, or all or substantially all of its assets, by another Comparator Group member), the surviving, resulting or successor entity, as the case may be, shall continue to be treated as a member of the Comparator Group, provided that the common stock (or similar equity security) of such entity is listed or traded on a national securities exchange through the last trading day of the Performance Period.
- (9) "Ending Price" means, with respect to the Company and any other Comparator Group member, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending on the last trading day of the Performance Period. For the purpose of determining the Ending Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.
- (10) "EPS Performance Multiplier" means the average of the Annual Multiples for each of CY 2019, CY 2020, and CY 2021.
- (11) "S&P 500" means the Standard & Poor 500 Total Return Index.
- (12) "Total Shareholder Return" or "TSR" shall be determined with respect to the Company and any other Comparator Group member by dividing: (a) the sum of (i) the difference obtained by subtracting the applicable Beginning Price from the applicable Ending Price plus (ii) all dividends and other distributions on the respective shares with an ex-dividend date that falls during the Performance Period by (b) the applicable Beginning Price. Any non-cash distr

istributions on the respective shares shall be valued at fair market value. For the purpose of determining TSR, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the date of distribution.

- (13) “TSR Percentile Rank” means the percentile ranking of the Company’s TSR among the TSRs for the Comparator Group members for the Performance Period. TSR Percentile Rank is determined by ordering the Comparator Group members plus the Company from highest to lowest based on TSR for the relevant Performance Period and counting down from the company with the highest TSR (ranked first) to the Company’s position on the list. If two companies are ranked equally, the ranking of the next company shall account for the tie, so that if one company is ranked first, and two companies are tied for second, the next company is ranked fourth. In determining the Company’s TSR Percentile Rank for the Performance Period, in the event that the Company’s TSR for the Performance Period is equal to the TSR(s) of one or more other Comparator Group members for that same period, the Company’s TSR Percentile Rank ranking will be determined by ranking the Company’s TSR for that period as being greater than such other Comparator Group members. After this ranking, the TSR Percentile Rank will be calculated using the following formula, rounded to the nearest whole percentile by application of regular rounding:

$$\text{TSR Percentile Rank} = \frac{(N - R) * 100}{N}$$

“N” represents the number of Comparator Group members for the relevant Performance Period plus the Company.

“R” represents the Company’s ranking among the Comparator Group members plus the Company.

- D. General. With respect to the computation of TSR, Beginning Price, and Ending Price, the Committee shall be entitled to make an equitable and proportionate adjustment to the extent (if any) necessary to preserve the intended incentives of the awards and mitigate the impact of any change in corporate capitalization, such as a stock split, stock dividend or reverse stock split, occurring during the Performance Period (or during the applicable 20-day period in determining Beginning Price or Ending Price, as the case may be), and the determination of the Committee shall be final and binding.

NON-STATUTORY STOCK OPTION

Non-transferable

GRANT TO

 (the "Optionee")

the right to purchase from Global Payments Inc. (the "Company")

shares of its common stock, no par value, at the price of \$ _____ per share

pursuant to and subject to the provisions of the Global Payments Inc. Amended and Restated 2011 Incentive Plan (the "Plan") and to the terms and conditions set forth on the following page (the "Terms and Conditions").

Unless sooner vested in accordance with Section 2 of the Terms and Conditions or otherwise in the discretion of the Committee, the Options shall vest (become exercisable) in accordance with the following schedule:

<u>Continuous Service after Grant Date</u>	<u>Percent of Option Shares Vested</u>
Less than 1 Year	0%
1 Year	33.33%
2 Years	66.66%
3 Years	100%

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

GLOBAL PAYMENTS INC.

By:
 Its: Authorized Officer
 Grant Number:
 Grant Date:
 Accepted by Optionee:

TERMS AND CONDITIONS

1. Grant of Option. Global Payments Inc. (the "Company") hereby grants to the Optionee named on Page 1 hereof ("Optionee"), under the Global Payments Inc. Amended and Restated 2011 Incentive Plan (the "Plan"), stock options to purchase from the Company (the "Options"), on the terms and on conditions set forth in this certificate (this "Certificate"), the number of shares indicated on Page 1 of the Company's no par value common stock, at the exercise price per share set forth on Page 1. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

2. Vesting of Options. The Option shall vest (become exercisable) in accordance with the schedule shown on Page 1 of this Certificate. Notwithstanding the foregoing vesting schedule, upon Optionee's death or Disability during his or her Continuous Service, or subject to the consent of the Committee, upon Optionee's Retirement, all Options shall become fully vested and exercisable.

3. Term of Options and Limitations on Right to Exercise. The term of the Options will be for a period of ten years, expiring at 5:00 p.m., Eastern Time, on the tenth anniversary of the Grant Date (the "Expiration Date"). To the extent not previously exercised, the Options will lapse prior to the Expiration Date upon the earliest to occur of the following circumstances:

(a) Three months after the termination of Optionee's Continuous Service for any reason other than by reason of Optionee's death, Disability or Retirement.

(b) Twelve months after termination of Optionee's Continuous Service by reason of Disability.

(c) Five years after termination of Optionee's Continuous Service by reason of Retirement.

(d) Twelve months after the date of Optionee's death, if Optionee dies while employed, or during the three-month period described in subsection (a) above or during the twelve-month period described in subsection (b) above and before the Options otherwise lapse. If the Optionee dies during the five-year period described in subsection (c) above, the Option shall lapse as provided in subsection (c). Upon Optionee's death, the Options may be exercised by Optionee's beneficiary designated pursuant to the Plan.

The Committee may, prior to the lapse of the Options under the circumstances described in paragraphs (a), (b), (c) or (d) above, extend the time to exercise the Options as determined by the Committee in writing. If Optionee returns to employment with the Company during the designated post-termination exercise period, then Optionee shall be restored to the status Optionee held prior to such termination but no vesting credit will be earned for any period Optionee was not in Continuous Service. If Optionee or his or her beneficiary exercises an Option after termination of service, the Options may be exercised only with respect to the Shares that were otherwise vested on Optionee's termination of service.

4. Exercise of Option. The Options shall be exercised by (a) written notice directed to the Secretary of the Company or his or her designee at the address and in the form specified by the Secretary from time to time and (b) payment to the Company in full for the Shares subject to such exercise (unless the exercise is a broker-assisted cashless exercise, as described below). If the person exercising an Option is not Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option. Payment for such Shares shall be in (a) cash, (b) Shares previously acquired by the purchaser, which have been held by the purchaser for such period of time, if any, as necessary to avoid variable accounting for the Option, or (c) any combination thereof, for the number of Shares specified in such written notice. The value of surrendered Shares for this purpose shall be the Fair Market Value as of the last trading day immediately prior to the exercise date. To the extent permitted under Regulation T of the Federal Reserve Board, and subject to applicable securities laws and any limitations as may be applied from time to time by the Committee (which need not be uniform), the Options may be exercised through a broker in a so-called "cashless exercise" whereby the broker sells the Option Shares on behalf of Optionee

and delivers cash sales proceeds to the Company in payment of the exercise price. In such case, the date of exercise shall be deemed to be the date on which notice of exercise is received by the Company and the exercise price shall be delivered to the Company by the settlement date.

5. Beneficiary Designation. Optionee may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of Optionee hereunder and to receive any distribution with respect to the Options upon Optionee's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights hereunder is subject to all terms and conditions of this Certificate and the Plan, and to any additional restrictions deemed necessary or appropriate by the Committee. If no beneficiary has been designated or survives Optionee, the Options may be exercised by the legal representative of Optionee's estate, and payment shall be made to Optionee's estate. Subject to the foregoing, a beneficiary designation may be changed or revoked by Optionee at any time provided the change or revocation is filed with the Company.

6. Withholding. The Company or any employer Affiliate has the authority and the right to deduct or withhold, or require Optionee to remit to the employer, an amount sufficient to satisfy federal, state, and local taxes (including Optionee's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the exercise of the Options. The withholding requirement may be satisfied, in whole or in part, at the election of the Secretary, by withholding from the Options Shares having a Fair Market Value on the date of withholding equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as the Secretary establishes. If Shares are surrendered to satisfy withholding obligations in excess of the minimum withholding obligation, such Shares must have been held by the purchaser as fully vested shares for such period of time, if any, as necessary to avoid variable accounting for the Options. The obligations of the Company under this Certificate will be conditional on such payment or arrangements, and the Company and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Optionee.

7. Limitation of Rights. The Options do not confer to Optionee or Optionee's beneficiary designated pursuant to Paragraph 5 any rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with the exercise of the Options.

8. No Right of Continued Employment; No Rights to Compensation or Damages. Nothing in the Plan or this Certificate or any document executed under either of them shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Optionee's employment without liability at any time, nor confer upon Optionee any right to continue in the employ of the Company or any Affiliate. By executing this Certificate, Optionee waives any and all rights to compensation or damages for the termination of his office or employment, or failure to provide sufficient notice of termination of his office or employment, with the Company or any Affiliate for any reason whatsoever insofar as those rights arise or may arise from the loss of Optionee's benefits or rights upon conversion of the Options in connection with such termination.

9. Stock Reserve. The Company shall at all times during the term of this Certificate reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Certificate.

10. Restrictions on Transfer and Pledge. No right or interest of Optionee in the Options may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an Affiliate, or shall be subject to any lien, obligation, or liability of Optionee to any other party other than the Company or an Affiliate. The Options are not assignable or transferable by Optionee other than by will or the laws of descent and distribution or pursuant to a domestic relations order that would satisfy Section 414(p)(1)(A) of the Code if such Section applied to an Option under the Plan; provided, however, that the Committee may (but need not) permit other transfers. The Options may be exercised during the lifetime of Optionee only by Optionee or any permitted transferee.

11. Restrictions on Issuance of Shares. If at any time the Committee shall determine in its discretion, that registration, listing or qualification of the Shares covered by the Options upon any Exchange or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the exercise of the Options, the Options may not be exercised in whole or in part unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

12. No Entitlement to Future Awards. The grant of the Options does not entitle Optionee to the grant of any additional options or other awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the number of options, and vesting provisions. The grant of the options is an extraordinary item of compensation outside the scope of any employment contract. As such, the Options are not part of normal or expected compensation for purposes of calculating severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

13. Transfer of Data. By executing this certificate, Optionee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. Optionee is not obliged to consent to such collection, use, processing and transfer of personal data, but failure to provide the consent may affect Optionee's eligibility to receive awards under the Plan. The Company and its Affiliates hold certain personal information about Optionee, including name, home address and telephone number, date of birth, employee identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and details of any rights or entitlements to shares of stock, for the purpose of managing and administering the Plan ("Data"). The Company and its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Optionee's participation in the Plan, and the Company and any of its Affiliates may each further transfer Data to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the United States or elsewhere throughout the world. Optionee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Optionee's behalf to a broker or other third party with whom Optionee may elect to deposit any shares of stock acquired pursuant to the Plan. Optionee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, by withdrawing his or her consent, Optionee will affect his or her ability to participate in the Plan.

14. Amendment. The Committee may amend, modify or terminate this Certificate without approval of Optionee; provided, however, that such amendment, modification or termination shall not, without Optionee's consent, reduce or diminish the value of this award determined as if it had been fully vested on the date of such amendment or termination.

15. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Certificate and this Certificate shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Certificate, the provisions of the Plan shall be controlling and determinative. Any conflict between this Certificate and the terms of a written employment, key position, or change-in-control agreement with Optionee that has been approved, ratified or confirmed by the Committee shall be decided in favor of the provisions of such employment, key position, or change-in-control agreement.

16. Successors. This Certificate shall be binding upon any successor of the Company, in accordance with the terms of this Certificate and the Plan.

17. Governing Law. This Certificate shall be construed in accordance with and governed by the laws of the State of Georgia, United States of America, regardless of the law that might be applied under principles

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

18. Severability. If any one or more of the provisions contained in this Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

19. Relationship to Other Benefits. The Shares shall not affect the calculation of benefits under any other compensation plan or program of the Company, except to the extent specially provided in such other plan or program.

20. Notice. Notices and communications under this Certificate must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Global Payments Inc., 3550 Lenox Road, Suite 3000, Atlanta, Georgia 30326, Attn: Corporate Secretary, or any other address designated by the Company in a written notice to Optionee. Notices to Optionee will be directed to the address of Optionee then currently on file with the Company, or at any other address given by Optionee in a written notice to the Company.

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

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

22.1 Non-Competition. During the term of Optionee's employment and for a period of twenty-four (24) months immediately following the termination of Optionee's employment for any reason, Optionee shall not, directly or indirectly, seek or obtain any employment, independent contractor or consulting relationship with a Competitor, or otherwise provide any form of assistance or services to a Competitor or engage in Competitive Services, whether paid or unpaid, in the geographic area in which the Company or an Affiliate conducts business, in which relationship Optionee has duties for (or provides services to) such Competitor that relate to Competitive Services and are the same or similar to those services actually performed by Optionee for the Company or an Affiliate; provided, however, that (a) nothing in this Section 22.1 shall prohibit Optionee from acquiring or holding, for investment purposes only, less than five percent (5%) of the outstanding publicly traded securities of any corporation which may compete directly or indirectly with the

Company or an Affiliate; and (b) the time period of the non-compete in this Section shall not be longer than the time period of the non-compete in a written employment agreement between Optionee and the Company.

22.2 Non-Solicitation of Customers. During the term of Optionee's employment and for a period of twenty-four (24) months immediately following the termination of Optionee's employment for any reason, Optionee shall not, directly or indirectly, on Optionee's own behalf or on behalf of any other individual, corporation, partnership, joint venture, limited liability company, association or other entity or otherwise, solicit, divert or take away or attempt to solicit divert or take away any Protected Customer for the purpose of providing or selling Competitive Services; provided however, that the non-solicitation restriction contained in this Section 22.2 shall only apply to those Protected Customers (a) with whom Optionee, alone or in conjunction with others, had business dealings with on behalf of the Company or an Affiliate during the twelve (12) month period immediately preceding the termination of Optionee's employment or any earlier date of any alleged breach by Optionee of the restriction in Section 22.2 hereof, and/or (b) for whom Optionee was responsible for supervising or coordinating the business dealings between the Company or an Affiliate and the Protected Customer during the twelve (12) month period immediately preceding the termination of Optionee's employment or any earlier date of any alleged breach by Optionee of the restriction in Section 22.2 hereof.

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

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

(a) "Competitive Services" means services competitive with the business activities engaged in by the Company or an Affiliate as of the date of termination of Optionee's employment for any reason or any earlier date of an alleged breach by Optionee of the restrictions in Section 22 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant processing, merchant acquiring, credit and debit transaction processing, check guarantee and verification, electronic authorization and capture, terminal management services, purchase card services, financial electronic data interchange, cash management services, and wire transfer services.

(b) "Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services, including but not limited to the following companies, all of whom engage in Competitive Services (and all of their parents, subsidiaries, or affiliates who engage in Competitive Services) and all of the successors in interest to any of the foregoing: Chase Paymentech Solutions, LLC, First Data Corporation, Total System Services, Inc., Wells Fargo Merchant Services, LLC, First National Merchant Solutions, LLC, RBS Lynk, iPayment, Inc., Bank of America Merchant Services, LLC, National Processing Corporation, Elavon, Inc., Worldpay, Inc., and EVO Payments International, LLC.

(c) "Protected Customer" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise to whom the Company or an Affiliate has sold or provided its products or services, or actively solicited to sell its products or services, during the twelve (12) months prior to termination of Optionee's employment for any reason or any earlier date of an alleged breach by Optionee of the restrictions in Section 22 hereof.

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

22.5 Rights and Remedies Upon Breach. Optionee agrees that, in the event that Optionee breaches or threatens to breach the covenants set forth in Section 22 hereof, the Company shall be entitled to enjoin, preliminarily and permanently, Optionee from violating or threatening to violate the covenants set forth in Section 22 hereof and to have the covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. In addition, if the Optionee breaches any of the covenants set forth in Section 22 hereof, all unvested Options covered by this Certificate shall be immediately forfeited. Such forfeiture shall be in addition to any other right the Company may have with respect to any such violation or breach.

22.6 Severability. Optionee acknowledges and agrees that the covenants set forth in Section 22 hereof are reasonable and valid in time and scope and in all other respects and shall be considered and construed as separate and independent covenants. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Optionee will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

22.7 Tolling. Optionee agrees that, if the enforceability of any of the terms of the covenants set forth in Section 22 hereof are challenged in court, and Optionee is not otherwise enjoined from breaching any of the covenants set forth in Section 22 hereof, and if a court of competent jurisdiction finds that the covenants are enforceable, the time period restrictions specified in Section 22 hereof are tolled from the earlier of (1) the filing of the lawsuit or (2) the date upon which a court of competent jurisdiction determines Optionee first breached any terms of the restrictive covenants; until the latter of (1) when the breaches conclusively ceased as determined by a court; or (2) until the dispute is resolved and all periods of appeal have expired. Optionee expressly agrees and understands that this provision may extend the time period restrictions set forth in Section 22 hereof by the time during which Optionee was in breach or by the time during which Optionee denies and challenges the enforceability of any of the terms of the restrictive covenants.

**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: May 2, 2019

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: May 2, 2019

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 March 31, 2019 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.

May 2, 2019

/s/ Cameron M. Bready

Cameron M. Bready
Chief Financial Officer
Global Payments Inc.

May 2, 2019

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.