

**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 February 28, 2013

OR

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

For the transition period from to

Commission file number: 001-16111



GLOBAL PAYMENTS INC.

(Exact name of registrant as specified in charter)

Georgia

(State or other jurisdiction of
incorporation or organization)

58-2567903

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

10 Glenlake Parkway, North Tower, Atlanta, Georgia

(Address of principal executive offices)

30328

(Zip Code)

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

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

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

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

Large accelerated filer

Accelerated filer

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

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

Yes No

The number of shares of the issuer's common stock, no par value outstanding as of April 1, 2013 was 76,230,946.

GLOBAL PAYMENTS INC.
FORM 10-Q
For the quarterly period ended February 28, 2013

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended	
	February 28, 2013	February 29, 2012
Revenues	\$ 578,746	\$ 533,539
Operating expenses:		
Cost of service	217,465	194,218
Sales, general and administrative	271,696	246,973
Processing system intrusion	(1,189)	—
	487,972	441,191
Operating income	90,774	92,348
Other income (expense):		
Interest and other income	2,536	2,368
Interest and other expense	(7,063)	(3,698)
	(4,527)	(1,330)
Income before income taxes	86,247	91,018
Provision for income taxes	(23,433)	(25,328)
Net income	62,814	65,690
Less: Net income attributable to noncontrolling interests, net of income tax provision of \$707 and \$771, respectively	(4,352)	(7,770)
Net income attributable to Global Payments	\$ 58,462	\$ 57,920
Earnings per share attributable to Global Payments:		
Basic	\$ 0.75	\$ 0.74
Diluted	\$ 0.75	\$ 0.73
Dividends per share	\$ 0.02	\$ 0.02

See Notes to Unaudited Consolidated Financial Statements.

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

	Nine Months Ended	
	February 28, 2013	February 29, 2012
Revenues	\$ 1,757,571	\$ 1,606,815
Operating expenses:		
Cost of service	632,124	571,685
Sales, general and administrative	829,292	737,593
Processing system intrusion	8,311	—
	1,469,727	1,309,278
Operating income	287,844	297,537
Other income (expense):		
Interest and other income	6,706	7,128
Interest and other expense	(25,217)	(12,663)
	(18,511)	(5,535)
Income before income taxes	269,333	292,002
Provision for income taxes	(76,986)	(86,082)
Net income	192,347	205,920
Less: Net income attributable to noncontrolling interests, net of income tax provision of \$3,276 and \$3,709, respectively	(17,027)	(22,845)
Net income attributable to Global Payments	\$ 175,320	\$ 183,075
Earnings per share attributable to Global Payments:		
Basic	\$ 2.24	\$ 2.32
Diluted	\$ 2.23	\$ 2.30
Dividends per share	\$ 0.06	\$ 0.06

See Notes to Unaudited Consolidated Financial Statements.

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

	Three Months Ended	
	February 28, 2013	February 29, 2012
Net income	\$ 62,814	\$ 65,690
Other comprehensive income (loss):		
Foreign currency translation adjustments	(28,288)	21,351
Income tax benefit (provision) related to foreign currency translation adjustments	3,960	(3,898)
Other comprehensive (loss) income, net of tax	(24,328)	17,453
Comprehensive income	38,486	83,143
Less: comprehensive income attributable to noncontrolling interests	(5,230)	(4,833)
Comprehensive income attributable to Global Payments	<u>\$ 33,256</u>	<u>\$ 78,310</u>

	Nine Months Ended	
	February 28, 2013	February 29, 2012
Net income	\$ 192,347	\$ 205,920
Other comprehensive income (loss):		
Foreign currency translation adjustments	30,842	(58,481)
Income tax benefit related to foreign currency translation adjustments	814	783
Other comprehensive income (loss), net of tax	31,656	(57,698)
Comprehensive income	224,003	148,222
Less: comprehensive income attributable to noncontrolling interests	(25,457)	(11,168)
Comprehensive income attributable to Global Payments	<u>\$ 198,546</u>	<u>\$ 137,054</u>

See Notes to Unaudited Consolidated Financial Statements.

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

	February 28, 2013 (Unaudited)	May 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 682,960	\$ 781,275
Accounts receivable, net of allowances for doubtful accounts of \$478 and \$532, respectively	166,271	182,962
Claims receivable, net of allowances for losses of \$3,438 and \$3,435, respectively	897	1,029
Settlement processing assets	208,471	217,994
Inventory	11,349	9,864
Deferred income taxes	6,350	21,969
Prepaid expenses and other current assets	70,564	33,646
Total current assets	1,146,862	1,248,739
Goodwill	1,051,614	724,687
Other intangible assets, net	412,995	290,188
Property and equipment, net of accumulated depreciation of \$185,722 and \$161,911, respectively	341,573	305,848
Deferred income taxes	93,626	97,235
Other	29,554	21,446
Total assets	\$ 3,076,224	\$ 2,688,143
LIABILITIES AND EQUITY		
Current liabilities:		
Lines of credit	\$ 167,152	\$ 215,391
Current portion of long-term debt	72,332	76,420
Accounts payable and accrued liabilities	227,367	316,313
Settlement processing obligations	201,190	216,878
Income taxes payable	5,787	12,283
Total current liabilities	673,828	837,285
Long-term debt	883,462	236,565
Deferred income taxes	162,389	106,644
Other long-term liabilities	71,307	62,306
Total liabilities	1,790,986	1,242,800
Commitments and contingencies (See Note 12)		
Redeemable noncontrolling interest (See Note 3)	—	144,422
Equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 200,000,000 shares authorized; 76,749,164 and 78,551,297 issued and outstanding at February 28, 2013 and May 31, 2012, respectively	—	—
Paid-in capital	207,666	358,728
Retained earnings	946,195	843,456
Accumulated other comprehensive loss	(6,774)	(30,000)
Total Global Payments shareholders' equity	1,147,087	1,172,184
Noncontrolling interest	138,151	128,737
Total equity	1,285,238	1,300,921
Total liabilities and equity	\$ 3,076,224	\$ 2,688,143

See Notes to Unaudited Consolidated Financial Statements.

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

	Nine Months Ended	
	February 28, 2013	February 29, 2012
Cash flows from operating activities:		
Net income	\$ 192,347	\$ 205,920
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	40,856	35,821
Amortization of acquired intangibles	42,091	37,676
Share-based compensation expense	14,063	12,796
Provision for operating losses and bad debts	16,681	18,833
Deferred income taxes	27,282	5,858
Other, net	(3,692)	(949)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	17,706	10,502
Claims receivable	(9,235)	(11,744)
Settlement processing assets and obligations, net	(12,028)	(523,802)
Inventory	(1,535)	(4,773)
Prepaid expenses and other assets	(34,898)	(2,388)
Accounts payable and other accrued liabilities	(78,375)	(22,211)
Income taxes payable	(6,496)	11,615
Net cash provided by (used in) operating activities	<u>204,767</u>	<u>(226,846)</u>
Cash flows from investing activities:		
Business, intangible and other asset acquisitions, net of cash acquired	(433,427)	(44,245)
Capital expenditures	(75,016)	(71,084)
Net decrease in financing receivables	2,158	1,862
Net cash used in investing activities	<u>(506,285)</u>	<u>(113,467)</u>
Cash flows from financing activities:		
Net payments on short-term lines of credit	(48,239)	(55,029)
Proceeds from issuance of long-term debt	1,085,327	71,374
Principal payments under long-term debt	(439,789)	(162,482)
Payment of debt issuance cost	(3,987)	—
Acquisition of redeemable noncontrolling interests	(242,000)	—
Proceeds from stock issued under share-based compensation plans	9,257	9,630
Common stock repurchased - share-based compensation plans	(10,215)	(4,847)
Repurchase of common stock	(137,653)	(99,604)
Tax benefit from employee share-based compensation	1,791	2,036
Distributions to noncontrolling interest	(13,656)	(24,334)
Dividends paid	(4,688)	(4,740)
Net cash provided by (used in) financing activities	<u>196,148</u>	<u>(267,996)</u>
Effect of exchange rate changes on cash	<u>7,055</u>	<u>(10,243)</u>
Decrease in cash and cash equivalents	(98,315)	(618,552)
Cash and cash equivalents, beginning of the period	<u>781,275</u>	<u>1,354,285</u>
Cash and cash equivalents, end of the period	<u>\$ 682,960</u>	<u>\$ 735,733</u>

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands, except per share data)

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Global Payments Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance at May 31, 2012	78,551	\$ 358,728	\$843,456	\$ (30,000)	\$ 1,172,184	\$ 128,737	\$ 1,300,921
Net income			175,320		175,320	15,213	190,533
Other comprehensive income				23,226	23,226	7,857	31,083
Stock issued under employee stock plans	856	9,257			9,257		9,257
Common stock repurchased - share based compensation plans	(335)	(10,215)			(10,215)		(10,215)
Tax benefit from employee share-based compensation, net		784			784		784
Share-based compensation expense		14,063			14,063		14,063
Distributions to noncontrolling interest					—	(13,656)	(13,656)
Redeemable noncontrolling interest valuation adjustment			817		817		817
Repurchase of common stock	(2,323)	(68,943)	(68,710)		(137,653)		(137,653)
Purchase of redeemable noncontrolling interest		(96,008)			(96,008)		(96,008)
Dividends paid (\$0.06 per share)			(4,688)		(4,688)		(4,688)
Balance at February 28, 2013	76,749	\$ 207,666	\$946,195	\$ (6,774)	\$ 1,147,087	\$ 138,151	\$ 1,285,238

See Notes to Unaudited Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands, except per share data)

	Number of Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Global Payments Shareholders' Equity	Noncontrolling Interest	Total Equity
Balance at May 31, 2011	80,335	\$ 419,591	\$ 685,624	\$ 79,320	\$ 1,184,535	\$ 153,282	\$ 1,337,817
Net income			183,075		183,075	13,150	196,225
Other comprehensive loss				(46,021)	(46,021)	(12,492)	(58,513)
Stock issued under employee stock plans, net	500	4,783			4,783		4,783
Tax benefit from employee share- based compensation, net		2,036			2,036		2,036
Share-based compensation expense		12,796			12,796		12,796
Distributions to noncontrolling interest						(16,610)	(16,610)
Redeemable noncontrolling interests valuation adjustment			(6,883)		(6,883)		(6,883)
Repurchase of common stock	(2,290)	(85,015)	(14,589)		(99,604)		(99,604)
Dividends paid (\$0.06 per share)			(4,740)		(4,740)		(4,740)
Balance at February 29, 2012	78,545	\$ 354,191	\$ 842,487	\$ 33,299	\$ 1,229,977	\$ 137,330	\$ 1,367,307

See Notes to Unaudited Consolidated Financial Statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These unaudited consolidated financial statements include our accounts and those of our majority-owned subsidiaries and all intercompany balances and transactions have been eliminated. These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with Rule 10-01 of Regulation S-X.

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 impact the carrying value of assets and liabilities. We suggest that these financial statements be read in conjunction with the consolidated financial statements and notes thereto included in our Form 10-K for the fiscal year ended May 31, 2012.

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 from those estimates.

Revenue recognition— Our two merchant services segments primarily include processing solutions for credit cards, debit cards, and check-related services. Revenue is recognized as such services are performed. Revenue for processing services provided directly to merchants is recorded net of interchange fees charged by card issuing banks. The majority of our business model provides payment products and services directly to merchants as our end customers. We also provide similar products and services to financial institutions and a limited number of Independent Sales Organizations ("ISOs") that, in turn, resell our products and services, in which case, the financial institutions and select ISOs are our end customers. The majority of merchant services revenue is generated on services priced as a percentage of transaction value or a specified fee per transaction, depending on card type. We also charge other fees based on specific services that are unrelated to the number of transactions or the transaction value. Revenue from credit cards and signature debit cards, which are only a U.S. based card type, is generally based on a percentage of transaction value along with other related fees, while revenue from PIN debit cards is typically based on a fee per transaction.

Cash and cash equivalents— Cash and cash equivalents include cash on hand and all liquid investments with an initial maturity of three months or less when purchased. Cash and cash equivalents include reserve funds collected from our merchants that serve as collateral ("Merchant Reserves") to minimize contingent liabilities associated with any losses that may occur under the merchant agreement. We record a corresponding liability in settlement processing assets and settlement processing obligations in our consolidated balance sheet. 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 guidelines set by the card networks. As of February 28, 2013 and May 31, 2012, our cash and cash equivalents included \$291.4 million and \$328.2 million, respectively, related to Merchant Reserves.

Our cash and cash equivalents include settlement related cash balances. Settlement related cash balances represent surplus funds that we hold on behalf of our member sponsors when the incoming amount from the card networks precedes the member sponsors' 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. Please see *Settlement processing assets and obligations* below for further information.

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

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Settlement processing assets and obligations— We are designated as a Member Service Provider by MasterCard and an Independent Sales Organization by Visa. These designations are dependent upon member clearing banks (“Member”) sponsoring us and our adherence to the standards of the networks. We have primary financial institution sponsors in the various markets where we facilitate payment transactions with whom we have sponsorship or depository and clearing agreements. These agreements allow us to route transactions under the member banks' control and identification numbers to clear credit card transactions through Visa and MasterCard. Visa and MasterCard set the standards with which we must comply. Certain of the member financial institutions of Visa and MasterCard are our competitors. In certain markets, we are members in various payment networks, allowing us to process and fund transactions without third-party sponsorship.

We also provide credit card transaction processing for Discover Financial Services or Discover Card (“Discover”) and are designated as an acquirer by Discover. Our agreement with Discover allows us to acquire, process and fund transactions directly through Discover's network without the need of a financial institution sponsor. Otherwise, we process Discover transactions similarly to how we process MasterCard and Visa transactions. Discover publishes acquirer operating regulations, with which we must comply. We use our Members to assist in funding merchants for Discover transactions.

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

For transactions processed on our systems, we use our internal network telecommunication infrastructure to provide funding instructions to the Members who in turn fund the merchants. In certain of our markets, merchant funding primarily occurs after the Member receives the funds from the card issuer through the card networks creating a net settlement obligation on our balance sheet. In our other markets, the Member funds the merchants before the Member receives the net settlement funds from the card networks, creating a net settlement asset on our balance sheet. In certain markets, the Member provides the payment processing operations and related support services on our behalf under a transition services agreement. In such instances, we do not reflect the related settlement processing assets and obligations in our consolidated balance sheet. The Member will continue to provide these operations and services until the integration to our platform is completed. After our integration, the Member will continue to provide funds settlement services similar to the functions performed by our Members in other markets at which point the related settlement assets and obligations will be reflected in our consolidated balance sheet.

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

Settlement processing assets and obligations represent intermediary balances arising in our settlement process for direct merchants. Settlement processing assets consist primarily of (i) our receivable from merchants for the portion of the discount fee related to reimbursement of the interchange expense (“Interchange reimbursement”), (ii) our receivable from the Members for transactions we have funded merchants on behalf of the Members in advance of receipt of card association funding (“Receivable from Members”), (iii) our receivable from the card networks for transactions processed on behalf of merchants where we are a Member of that particular network (“Receivable from networks”), and (iv) exception items, such as customer chargeback amounts receivable from merchants (“Exception items”), all of which are reported net of (v) Merchant Reserves. Settlement processing obligations consist primarily of (i) Interchange reimbursement, (ii) Receivable from Members (iii) our liability to the Members for transactions for which we have received funding from the Members but have not funded merchants on behalf of the Members (“Liability to Members”), (iv) our liability to merchants for transactions that have been processed but not yet funded where we are a Member of that particular network (“Liability to merchants”), (v) Exception items, (vi) Merchant Reserves, (vii) the reserve for operating losses (see Reserve for operating losses below), and (viii) the reserve for sales allowances. In cases in which the Member

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uses its own funds to satisfy a funding obligation to merchants that precedes the incoming amount from the card network, we reflect the amount of this funding as a component of "Liability to Members."

A summary of these amounts as of February 28, 2013 and May 31, 2012 is as follows:

	February 28, 2013	May 31, 2012
Settlement processing assets:		
	(in thousands)	
Interchange reimbursement	\$ 56,810	\$ 28,699
Receivable from Members	103,116	77,073
Receivable from networks	101,724	118,942
Exception items	3,706	1,345
Merchant Reserves	(56,885)	(8,065)
Total	<u>\$ 208,471</u>	<u>\$ 217,994</u>
Settlement processing obligations:		
Interchange reimbursement	\$ 165,188	\$ 223,008
(Liability to) Receivable from Members	(30,017)	589
Liability to merchants	(113,522)	(128,663)
Exception items	14,910	11,554
Merchant Reserves	(234,476)	(320,168)
Reserve for operating losses	(2,304)	(2,325)
Reserves for sales allowances	(969)	(873)
Total	<u>\$ (201,190)</u>	<u>\$ (216,878)</u>

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

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

We account for our potential liability for the full amount of the operating losses discussed above as guarantees. We estimate the fair value of these guarantees by adding a fair value margin to our estimate of losses. This estimate of losses is comprised of estimated known losses and estimated incurred but not reported losses. Estimated known losses arise from specific instances of merchant bankruptcies, closures or fraud of which we are aware at the balance sheet date but for which the ultimate amount of associated loss will not be determined until after the balance sheet date. Estimated known loss accruals are recorded when it is probable that we have incurred a loss and the loss is reasonably estimable. Estimated known losses are calculated at the merchant level based on chargebacks received to date, processed volume, and historical chargeback ratios. The estimate is reduced for any collateral that we hold. Accruals for estimated known losses are evaluated periodically and adjusted as appropriate based on actual loss experience. Incurred but not reported losses result from transactions that we process before the balance sheet date for which we have not yet received chargeback notification. We estimate incurred but not reported losses by applying historical loss ratios to our direct merchant credit card and signature debit card sales volumes processed, or processed volume. Historically, this estimation process has been materially accurate.

As of both February 28, 2013 and May 31, 2012, \$2.3 million has been recorded to reflect the fair value of guarantees associated with merchant card processing. These amounts are included in settlement processing obligations in the accompanying consolidated balance sheets. The expense associated with the fair value of the guarantees of customer chargebacks is included in cost of service

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in the accompanying consolidated statements of income. For the three months ended February 28, 2013 and February 29, 2012, we recorded such expenses in the amounts of \$2.0 million and \$2.1 million, respectively. For both the nine months ended February 28, 2013 and February 29, 2012, we recorded such expenses in the amount of \$7.3 million.

In our check guarantee service offering, we charge our merchants a percentage of the gross amount of the check and guarantee payment of the check to the merchant in the event the check is not honored by the checkwriter's bank in accordance with the merchant's agreement with us. The fair value of the check guarantee approximates cost and is equal to the fee charged for the guarantee service, and we defer this fee revenue until the guarantee is satisfied. We have the right to collect the full amount of the check from the checkwriter but have not historically recovered 100% of the guaranteed checks. Our check guarantee loss reserve is based on historical and projected loss experiences. As of both February 28, 2013 and May 31, 2012, we have a check guarantee loss reserve of \$3.4 million which is included in net claims receivable in the accompanying consolidated balance sheets. For the three months ended February 28, 2013 and February 29, 2012, we recorded expenses of \$2.7 million and \$3.7 million, respectively. For the nine months ended February 28, 2013 and February 29, 2012, we recorded expenses of \$9.4 million and \$11.5 million, respectively. The estimated check returns and recovery amounts are subject to the risk that actual amounts returned and recovered in the future may differ significantly from estimates used in calculating the receivable valuation allowance.

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

Property and equipment— Property and equipment are stated at amortized cost. Depreciation and amortization are calculated using the straight-line method, except for certain technology assets discussed below. Leasehold improvements are amortized over the lesser of the remaining term of the lease or the useful life of the asset. Maintenance and repairs are charged to operations as incurred.

We develop software that is used in providing processing services to customers. Capitalization of internally developed software, primarily associated with operating platforms, occurs when we have completed the preliminary project stage, management authorizes the project, management commits to funding the project, it is probable the project will be completed and the project will be used to perform the function intended. The preliminary project stage consists of the conceptual formulation of alternatives, the evaluation of alternatives, the determination of existence of needed technology and the final selection of alternatives. Costs incurred prior to the completion of the preliminary project stage are expensed as incurred.

As of February 28, 2013, we have placed into service \$86.5 million of hardware and software associated with our authorization processing platform, referred to as G2. The platform is designed to serve as a front-end operating environment for merchant processing and is intended to replace a number of legacy platforms that have higher cost structures. Depreciation and amortization associated with these costs is calculated based on transactions expected to be processed over the life of the platform. We believe that this method is more representative of the platform's use than the straight-line method. We are currently processing transactions on our G2 platform in seven markets in our Asia-Pacific region and for a limited number of U.S. merchants. As these markets represent a small percentage of our overall transactions, depreciation and amortization related to our G2 platform for the three and nine months ended February 28, 2013 was not significant. Depreciation and amortization expense will increase as we complete migrations of other merchants to the G2 platform.

Goodwill and other intangible assets— We completed our most recent annual goodwill impairment test as of January 1, 2013 and determined that the fair value of each of our reporting units was substantially in excess of the carrying value. No events or changes in circumstances have occurred since the date of our most recent annual impairment test that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

In September 2011, the Financial Accounting Standards Board ("FASB") issued amendments intended to simplify how entities test goodwill for impairment. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step quantitative goodwill impairment test. Under the guidance, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying value.

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Goodwill is tested for impairment at the reporting unit level, and we have elected to perform the two-step goodwill impairment test. In the first step the reporting unit's carrying amount, including goodwill, is compared to its fair value. If the carrying amount of the reporting unit is greater than its fair value, goodwill is considered potentially impaired and step two must be performed. Step two measures the impairment loss by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all the assets and liabilities of that unit (including unrecognized intangibles) as if the reporting unit had been acquired in a business combination. The excess of fair value over the amounts allocated to the assets and liabilities of the reporting unit is the implied fair value of goodwill. The excess of the carrying amount over the implied fair value is the impairment loss.

We have six reporting units: North America Merchant Services, UK Merchant Services, Asia Pacific Merchant Services, Central and Eastern Europe Merchant Services, Russia Merchant Services and Spain Merchant Services. We estimate the fair value of our reporting units using a combination of the income approach and the market approach. The income approach utilizes a discounted cash flow model incorporating management's expectations for future revenue, operating expenses, EBITDA, capital expenditures and an anticipated tax rate. We discount the related cash flow forecasts using our estimated weighted-average cost of capital for each reporting unit at the date of valuation. The market approach utilizes comparative market multiples in the valuation estimate. Multiples are derived by relating the value of guideline companies, based on either the market price of publicly traded shares or the prices of companies being acquired in the marketplace, to various measures of their earnings and cash flow. Such multiples are then applied to the historical and projected earnings and cash flow of the reporting unit in developing the valuation estimate.

Preparation of forecasts and the selection of the discount rates involve significant judgments about expected future business performance and general market conditions. Significant changes in our forecasts, the discount rates selected or the weighting of the income and market approach could affect the estimated fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period.

Other intangible assets primarily represent customer-related intangible assets (such as customer lists and merchant contracts), contract-based intangible assets (such as non-compete agreements, referral agreements and processing rights), and trademarks associated with acquisitions. Customer-related intangible assets, contract-based intangible assets and certain trademarks are amortized over their estimated useful lives of from 5 to 30 years. The useful lives for customer-related intangible assets are determined based primarily on forecasted cash flows, which include estimates for the revenues, expenses, and customer attrition associated with the assets. The useful lives of contract-based intangible assets are equal to the terms of the agreements. The useful lives of amortizable trademarks are based on our plans to phase out the trademarks in the applicable markets.

Amortization for most of our customer-related intangible assets is calculated using an accelerated method. In determining amortization expense under our accelerated method for any given period, we calculate the expected cash flows for that period that were used in determining the acquired value of the asset and divide that amount by the expected total cash flows over the estimated life of the asset. We multiply that percentage by the initial carrying value of the asset to arrive at the amortization expense for that period. If the cash flow patterns that we experience are less favorable than our initial estimates, we will adjust the amortization schedule accordingly. These cash flow patterns are derived using certain assumptions and cost allocations due to a significant amount of asset interdependencies that exist in our business.

Impairment of long-lived assets— We regularly evaluate whether events and circumstances have occurred that indicate the carrying amount of property and equipment and finite-lived intangible assets may not be recoverable. When factors indicate that these long-lived assets should be evaluated for possible impairment, we assess the potential impairment by determining whether the carrying value of such long-lived assets will be recovered through the future undiscounted cash flows expected from use of the asset and its eventual disposition. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values or discounted cash flow analyses as applicable. We regularly evaluate whether events and circumstances have occurred that indicate the useful lives of property and equipment and finite-life intangible assets may warrant revision. In our opinion, the carrying values of our long-lived assets, including property and equipment and finite-lived intangible assets, were not impaired at February 28, 2013 and May 31, 2012.

Income taxes— Deferred income taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax laws and rates. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

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Our effective tax rates were 27.2% and 27.8% for the three months ended February 28, 2013 and February 29, 2012, respectively. Our effective tax rates were 28.6% and 29.5% for the nine months ended February 28, 2013 and February 29, 2012, respectively. The effective tax rates for the three and nine months ended February 28, 2013 and February 29, 2012 reflect reductions to our UK deferred tax asset due to legislated enacted corporate tax rate reductions in the United Kingdom of 2% in each year. Please see Note 6 – Income Tax for further information.

Fair value of financial instruments— We consider that the carrying amounts of our financial instruments, including cash and cash equivalents, receivables, settlement processing assets and obligations, lines of credit, accounts payable and accrued liabilities, approximate their fair value given the short-term and highly liquid nature of these items. Our subsidiary in the Russian Federation has notes payable with interest rates of 8.5% and maturity dates ranging from March 2013 through November 2016. At February 28, 2013, we believe the carrying amount of these notes approximates fair value. Our term loans include variable interest rates based on the prime rate or London Interbank Offered Rate ("LIBOR") plus a margin based on our leverage position. At February 28, 2013, the carrying amount of our term loans approximates fair value. The estimated fair value of our term loan was calculated using a discounted cash flow method using market yields for issuances of similar size and credit quality and is considered to be a level 3 measurement. Please see Note 5 – Long-Term Debt and Credit Facilities for further information regarding the carrying value of our term loans and notes.

Financing receivables— Our subsidiary in the Russian Federation purchases Automated Teller Machines ("ATMs") and leases those ATMs to our sponsor bank. We have determined these arrangements to be direct financing leases. Accordingly, we have \$9.6 million (\$6.9 million, net of the related deferred income) and \$13.5 million (\$9.1 million, net of the related deferred income) of financing receivables included in our February 28, 2013 and May 31, 2012 consolidated balance sheets, respectively.

There is an inherent risk that our customer may not pay the contractual balances due. We periodically review the financing receivables for credit losses and past due balances to determine whether an allowance should be recorded. Historically we have not had any credit losses or past due balances associated with these receivables, and therefore we do not have an allowance recorded. We have had no financing receivables modified as troubled debt restructurings nor have we had any purchases or sales of financing receivables.

Foreign currencies— We have significant operations in a number of foreign subsidiaries whose functional currency is their local currency. Gains and losses on transactions denominated in currencies other than the functional currencies are included in determining net income for the period. For the three and nine months ended February 28, 2013 and February 29, 2012, our transaction gains and losses were insignificant.

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

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

Diluted earnings per share is computed by dividing reported earnings available to common shareholders by the weighted average shares outstanding during the period and the impact of securities that would have a dilutive effect on earnings per share. All options with an exercise price less than the average market share price for the period are assumed to have a dilutive effect on earnings per share. The diluted share base for both the three months ended February 28, 2013 and February 29, 2012 excludes shares of 0.1 million related to stock options. The diluted share base for the nine months ended February 28, 2013 and February 29, 2012 excludes shares of 0.4 million and 0.3 million, respectively, related to stock options. These shares were not considered in computing diluted earnings per share because including them would have had an antidilutive effect. Additionally, the forward contract to repurchase our shares associated with our Accelerated Share Repurchase program has been excluded due to its antidilutive effect. Please see Note 7 - Shareholders' Equity for further information regarding the Accelerated Share Repurchase Program. No additional securities were outstanding that could potentially dilute basic earnings per share.

The following table sets forth the computation of diluted weighted average shares outstanding for the three and nine months ended February 28, 2013 and February 29, 2012 (in thousands):

	Three Months Ended		Nine Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Basic weighted average shares outstanding	77,756	78,421	78,364	78,937
Plus: dilutive effect of stock options and other share-based awards	568	644	383	574
Diluted weighted average shares outstanding	78,324	79,065	78,747	79,511

Repurchased shares - We account for the retirement of repurchased shares using the par value method. The cost of repurchased and retired shares is allocated between paid-in-capital and retained earnings by comparing the price of shares repurchased to the original issue proceeds of those shares. When the repurchase price of the shares repurchased is greater than the original issue proceeds, the excess is charged to retained earnings. We use a last-in, first-out cost flow assumption to identify the original issue proceeds to the costs of the shares repurchased. We believe that this allocation method is preferable because it more accurately reflects our paid-in capital balances by allocating the cost of the shares repurchased and retired to paid-in capital in proportion to paid-in capital associated with the original issuance of said shares.

New accounting pronouncements— From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, our management believes that the impact of recently issued standards that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

In March 2013, the FASB issued ASU 2013-5, "Foreign Currency Matters" ("ASU 2013-5"). The amendments in ASU 2013-5 resolve the diversity in practice about whether current literature applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment *in* a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business *within* a foreign entity. In addition, the amendments in ASU 2013-5 resolve the diversity in practice for the treatment of business combinations achieved in stages (sometimes also referred to as step acquisitions) involving a foreign entity. ASU 2013-5 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2013. This standard is effective for us beginning June 1, 2014. We are currently evaluating the impact of ASU 2013-5 on our consolidated financial statements.

In December 2011, the FASB issued ASU 2011-11, "Disclosures About Offsetting Assets and Liabilities" ("ASU 2011-11"). The amendments in ASU 2011-11 require entities to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on an entity's financial position. The amendments require enhanced disclosures by requiring improved information about financial instruments and derivative instruments that are either (i) offset in accordance with current literature or (ii) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with current literature. ASU 2011-11 is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. This standard will become effective for us beginning June 2013. The disclosures required by ASU 2011-11 will be applied retrospectively for all comparative periods presented. We are currently evaluating the impact of ASU 2011-11 on our settlement processing assets and obligations disclosures.

NOTE 2-PROCESSING SYSTEM INTRUSION

In early March of 2012, we identified and self-reported unauthorized access into a limited portion of our North America card processing system. Our investigation also revealed potential unauthorized access to servers containing personal information collected from merchants who applied for processing services. The merchants who could potentially be affected are limited to those based in the U.S. We cannot verify those potentially affected as it is unclear whether any information was exported; however, we notified potentially-affected individuals and made available credit monitoring and identity protection insurance at no cost to the individuals.

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As a result of this event, certain card networks removed us from their list of PCI DSS compliant service providers. Our work to remediate our systems and processes is complete. We hired a Qualified Security Assessor, or QSA, to conduct an independent review of the PCI DSS compliance of our systems. Our QSA completed the evaluation of our remediation work. Global Payments Direct, Inc, our primary operating entity, has been returned to the list of PCI DSS compliant service providers and we have received reports on compliance covering all of our systems that process, store, transmit or otherwise utilize card data. To date, we have not experienced a material loss of revenue that we can confirm has been related to this event. However, this event and our related remediation efforts could potentially have a negative impact on future revenues.

During the nine months ended February 28, 2013, we recorded \$8.3 million of expense associated with this incident, bringing the life-to-date total expense to \$92.7 million. Of this life-to-date expense, \$77.1 million represents costs incurred through February 28, 2013 for professional fees and other costs associated with the investigation and remediation, incentive payments to certain business partners and costs associated with credit monitoring and identity protection insurance. An additional \$35.6 million represents total fraud losses, fines and other charges that have been imposed upon us by the card networks. We have also recorded \$20.0 million of insurance recoveries based on claims submitted to date as discussed below. The \$18.0 million of insurance recoveries we recorded during the three months ended February 28, 2013 resulted in a net credit of \$1.2 million for total processing system intrusion costs for the quarter. During the nine months ended February 28, 2013, we reduced our accrual for fraud losses, fines and other charges by \$31.8 million. We based our initial estimate of fraud losses, fines and other charges on our understanding of the rules and operating regulations published by the networks and preliminary communications with the networks. We have now reached resolution with the networks and made payments to certain networks, resulting in charges that were less than our initial estimates. The primary difference between our initial estimates and the final charges relates to lower fraud related costs attributed to this event than previously expected. The following table reflects the activity in our accrual for fraud losses, fines and other charges for the nine months ended February 28, 2013 (in thousands):

Balance at May 31, 2012	\$ 67,436
Adjustments	(31,781)
Subtotal	35,655
Payments	(33,840)
Balance at February 28, 2013	\$ 1,815

We expect to make final payments to networks for fraud losses, fines and other charges during the fourth quarter of fiscal year 2013. We anticipate that we will continue to incur professional fees and other costs associated with remediation during the fourth quarter of fiscal 2013.

We are insured under policies that will provide coverage of certain costs associated with this event. The policies provide a total of \$30.0 million in policy limits and contain various sub-limits of liability and other terms, conditions and limitations, including a \$1.0 million deductible per claim. Our insurers have been advised of the circumstances surrounding our recent event. During fiscal year 2012, we recorded \$2.0 million in insurance recoveries based on claims submitted to date. During the nine months ended February 28, 2013, we received assessments from certain networks and submitted additional claims to the insurers and recorded \$18.0 million in additional insurance recoveries based on our negotiations with our insurers. We will record receivables for any additional recoveries in the periods in which we determine such recovery is probable and the amount can be reasonably estimated.

A class action arising out of the processing system intrusion was filed against us on April 4, 2012 by Natalie Willingham (individually and on behalf of a putative nationwide class) (the "Plaintiff"). Specifically, Ms. Willingham alleged that we failed to maintain reasonable and adequate procedures to protect her personally identifiable information ("PII") which she claims resulted in two fraudulent charges on her credit card in March 2012. Further, Ms. Willingham asserted that we failed to timely notify the public of the data breach. Based on these allegations, Ms. Willingham asserted claims for negligence, violation of the Federal Stored Communications Act, willful violation of the Fair Credit Reporting Act, negligent violation of the Fair Credit Reporting Act, violation of Georgia's Unfair and Deceptive Trade Practices Act, negligence per se, breach of third-party beneficiary contract, and breach of implied contract. Ms. Willingham sought an unspecified amount of damages and injunctive relief. The lawsuit was filed in the United States District Court for the Northern District of Georgia. On May 14, 2012, we filed a motion to dismiss. On July 11, 2012, Plaintiff filed a motion for leave to amend her complaint, and on July 16, 2012, the Court granted that motion. She then filed an amended complaint on July 16, 2012. The amended complaint did not add any new causes of action. Instead, it added two new named Plaintiffs (Nadine and Robert Hielscher) (together with Plaintiff, the "Plaintiffs") and dropped Plaintiff's claim for negligence per se. On August 16, 2012, we filed a motion to dismiss the Plaintiffs' amended complaint. The Plaintiffs' filed their response in opposition to our motion to dismiss on October 5, 2012, and we subsequently filed our reply brief on October 22, 2012. The magistrate judge issued a report and recommendation recommending dismissal of all of Plaintiffs' claims with

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prejudice. The Plaintiffs subsequently agreed to voluntarily dismiss the lawsuit with prejudice, with each party bearing its own fees and costs. This was the only consideration exchanged by the parties in connection with Plaintiffs' voluntary dismissal with prejudice of the lawsuit. The lawsuit was dismissed with prejudice on March 6, 2013.

NOTE 3—BUSINESS AND INTANGIBLE ASSET ACQUISITIONS***Fiscal 2013****Accelerated Payment Technologies*

On October 1, 2012, we completed the acquisition of 100% of the common stock of Accelerated Payment Technologies ("APT") for \$413.0 million less working capital. We funded the acquisition using proceeds from a term loan. We acquired APT, a provider of fully-integrated payment technology solutions for small and medium sized merchants, to expand our direct distribution capabilities in the United States. This acquisition has been recorded as a business combination, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The purchase price of APT was determined by analyzing the historical and prospective financial statements. Acquisition costs associated with this purchase were not material.

The following table summarizes the preliminary purchase price allocation, which is subject to the final deferred income tax computations (in thousands):

Goodwill	\$ 308,518
Customer-related intangible assets	97,200
Contract-based intangible assets	30,600
Acquired technology	15,000
Fixed assets	1,309
Other	3,708
Total assets acquired	456,335
Deferred income taxes	(46,167)
Net assets acquired	<u>\$ 410,168</u>

The goodwill associated with the acquisition is not deductible for tax purposes. The customer-related intangible assets have estimated amortization periods of 12 years. The contract-based intangible assets have amortization periods of 1.5 to 10 years. The acquired technology has an amortization period of 8 years.

Prior to the acquisition, we processed transactions for the majority of APT's merchants via an ISO relationship. As a result, our revenue will not materially change with this acquisition and the amount of incremental revenue and earnings of APT since the acquisition date included in the consolidated statement of income for the three and nine months ended February 28, 2013 is not material. With the acquisition, we will no longer pay a monthly residual to APT. The following pro forma information shows the results of our operations for the three and nine months ended February 28, 2013 and February 29, 2012 as if the APT acquisition had occurred June 1, 2011. The pro forma information is presented for information purposes only and is not necessarily indicative of what would have occurred if the acquisition had been made as of that date. The pro forma information is also not intended to be a projection of future results due to the integration of the acquired business.

	Three Months Ended		Nine Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
	(Actual)	(Pro forma)	(Pro forma)	(Pro forma)
	(in thousands, except per share data)			
Total revenues	\$ 578,746	\$ 535,743	\$ 1,761,746	\$ 1,612,768
Net income	\$ 46,497	\$ 56,524	\$ 164,124	\$ 178,270
Net income per share, basic	\$ 0.60	\$ 0.72	\$ 2.09	\$ 2.26
Net income per share, diluted	\$ 0.59	\$ 0.71	\$ 2.08	\$ 2.24

[Table of Contents](#)*Redeemable Noncontrolling Interest Acquisition*

On July 26, 2012, we entered into an agreement to purchase HSBC Asia's ("HSBC") 44% interest in Global Payments Asia-Pacific Limited ("GPAP") for fair value of \$242.0 million. Effective December 1, 2012, we completed the purchase. We used a combination of excess cash and existing borrowings to complete the transaction.

The purchase was treated as an equity transaction and reflected as a financing cash outflow in our statement of cash flows. Accordingly, no additional value was ascribed to the assets of GPAP. The difference between the maximum redemption amount of the redeemable noncontrolling interest at July 26, 2012 and our purchase price was recorded as a reduction of paid-in capital of \$96.0 million. In accordance with Accounting Standards Codification 480, *Distinguishing Liabilities from Equity* ("ASC 480"), from the agreement date through the close of the transaction, we accounted for our commitment to purchase the remaining 44% of GPAP as a freestanding forward contract. Accordingly as of July 26, 2012, we stopped attributing income to redeemable noncontrolling interest and any subsequent distributions to holders of the redeemable noncontrolling interest are characterized as interest expense. HSBC is entitled to dividends through the closing of the transaction pursuant to the GPAP shareholders agreement and the purchase agreement. During the nine months ended February 28, 2013, we declared a dividend for fiscal year 2012 of which \$8.4 million was paid to HSBC. Such dividend is reflected as interest expense in our consolidated statements of income in the accordance with the provisions of ASC 480. During fiscal year 2014, we expect to declare an additional dividend related to GPAP operations through the closing date. We expect HSBC's share of such dividend to be reflected in interest expense in our fiscal year 2014 consolidated statements of income.

Banca Civica Acquisition

On December 12, 2012, Comercia Global Payments Entidad de Pago, S.L. ("Comercia") completed the acquisition of the merchant acquiring business of Banca Civica, S.A. from Caixabank, S.A. ("Caixabank") for €17.5 million (\$22.9 million equivalent as of the acquisition date). This transaction has been recorded as a business combination, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The purchase price of Banca Civica was determined by analyzing the historical and prospective financial statements. The results of operations of this business were not significant to our consolidated results of operations and accordingly, we have not provided pro forma information relating to this acquisition. Acquisition costs associated with this purchase were not material.

The following table summarizes the preliminary purchase price allocation, which is subject to the final valuation of intangible assets (in thousands):

Goodwill	\$	8,459
Customer-related intangible assets		4,851
Contract-based intangible assets		9,570
Net assets acquired	\$	<u>22,880</u>

The goodwill associated with the acquisition is not deductible for tax purposes. The customer-related and contract-based intangible assets have estimated amortization periods of 10 years.

Fiscal 2012*Alfa-Bank*

On December 5, 2011, we acquired the merchant acquiring business of Alfa-Bank ("Alfa"), the largest privately owned bank in Russia, for \$14.1 million in cash. This acquisition has been recorded as a business combination, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The purchase price of Alfa was determined by analyzing the historical and prospective financial statements. The results of operations of this business were not significant to our consolidated results of operations and accordingly, we have not provided pro forma information relating to this acquisition.

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The following table summarizes the purchase price allocation (in thousands):

Goodwill	\$	3,021
Customer-related intangible assets		7,004
Fixed assets		1,137
Other assets		2,888
Net assets acquired	\$	<u>14,050</u>

The customer-related intangible assets have estimated amortization periods of 10 years.

Malta

On December 30, 2011, we acquired a merchant acquiring business in the Republic of Malta from HSBC Malta for \$14.5 million in cash. This acquisition has been recorded as a business combination, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. In conjunction with the acquisition, HSBC Malta agreed to a 10 year marketing alliance agreement in which HSBC Malta will refer customers to us for payment processing services in Malta and provide sponsorship into the card networks. The purchase price of our merchant acquiring business in Malta was determined by analyzing the historical and prospective financial statements. The results of operations of this business were not significant to our consolidated results of operations and accordingly, we have not provided pro forma information relating to this acquisition.

The following table summarizes the purchase price allocation (in thousands):

Goodwill	\$	6,341
Customer-related intangible assets		4,543
Contract-based intangible assets		2,796
Fixed assets		798
Net assets acquired	\$	<u>14,478</u>

The goodwill associated with the acquisition is not deductible for tax purposes. The customer-related intangible assets have estimated amortization periods of 16 years. The contract-based intangible assets have estimated amortization periods of 10 years.

CyberSource

On January 31, 2012, we acquired the U.S. merchant portfolio of CyberSource from Visa for \$14.9 million. The merchant portfolio has been classified as customer-related intangible assets with estimated amortization periods of 10 years.

NOTE 4—GOODWILL AND INTANGIBLE ASSETS

As of February 28, 2013 and May 31, 2012, goodwill and intangible assets consisted of the following:

	February 28, 2013	May 31, 2012
	(in thousands)	
Goodwill	<u>\$ 1,051,614</u>	<u>\$ 724,687</u>
Other intangible assets:		
Customer-related intangible assets	\$ 559,436	\$ 451,095
Trademarks, finite life	8,186	7,996
Contract-based intangible assets	109,382	66,393
Acquired technology	15,000	—
	<u>692,004</u>	<u>525,484</u>
Less accumulated amortization of:		
Customer-related intangible assets	251,585	214,285
Trademarks	5,805	4,868
Contract-based intangible assets	20,839	16,143
Acquired technology	780	—
	<u>279,009</u>	<u>235,296</u>
Total other intangible assets, net	<u>\$ 412,995</u>	<u>\$ 290,188</u>

The following table discloses the changes in the carrying amount of goodwill for the nine months ended February 28, 2013:

	North America merchant services	International merchant services	Total
	(in thousands)		
Balance at May 31, 2012	\$ 211,102	\$ 513,585	\$ 724,687
Accumulated impairment losses	—	—	—
	<u>211,102</u>	<u>513,585</u>	<u>724,687</u>
Goodwill acquired	308,518	8,459	316,977
Effect of foreign currency translation	200	9,750	9,950
Balance at February 28, 2013	<u>\$ 519,820</u>	<u>\$ 531,794</u>	<u>\$ 1,051,614</u>

NOTE 5—LONG-TERM DEBT AND CREDIT FACILITIES

Outstanding debt consisted of the following:

	February 28, 2013	May 31, 2012
Lines of credit:	(in thousands)	
Corporate Credit Facility - long-term	\$ 284,055	\$ 229,500
Short-term lines of credit:		
United Kingdom Credit Facility	63,201	85,102
Hong Kong Credit Facility	36,182	54,564
Canada Credit Facility	—	20,033
Malaysia Credit Facility	13,841	12,844
Spain Credit Facility	22,480	17,241
Singapore Credit Facility	8,993	10,318
Philippines Credit Facility	7,426	6,336
Maldives Credit Facility	1,610	4,219
Macau Credit Facility	1,826	2,443
Sri Lanka Credit Facility	2,343	2,291
Taiwan Credit Facility	9,250	—
Total short-term lines of credit	167,152	215,391
Total lines of credit	451,207	444,891
Notes Payable	6,739	10,089
Term loans	665,000	73,396
Total debt	<u>\$ 1,122,946</u>	<u>\$ 528,376</u>
Current portion	\$ 239,484	\$ 291,811
Long-term debt	883,462	236,565
Total debt	<u>\$ 1,122,946</u>	<u>\$ 528,376</u>

Lines of Credit

The Corporate Credit Facility is available for general corporate purposes and to fund future strategic acquisitions. As of February 28, 2013, the interest rate on the Corporate Credit Facility was 2.26% and the facility expires on December 7, 2015. In September 2012, in conjunction with entering into a new \$700.0 million term loan, we executed the accordion feature of our Corporate Credit Facility and increased the size of the facility from \$600.0 million to \$750.0 million. Our short-term line of credit facilities are used to fund settlement and provide a source of working capital. With certain of our credit facilities, the facility nets the amounts pre-funded to merchants against specific cash balances in local Global Payments accounts, which we characterize as cash and cash equivalents. Therefore, the amounts reported in lines of credit, which represents the amounts pre-funded to merchants, may exceed the stated credit limit, when in fact the combined position is less than the credit limit. The total available incremental borrowings under our lines of credit at February 28, 2013 were \$1,215.3 million, of which \$465.9 million is available under our Corporate Credit Facility.

During the nine months ended February 28, 2013, the United Kingdom Credit Facility has been increased from £80 million to £140 million and amended to facilitate borrowings in multiple currencies. During the nine months ended February 28, 2013, the Spain Credit Facility has been increased from €210 million to €230 million.

Term Loans

In September 2012, we entered into a five-year unsecured \$700.0 million term loan agreement, with a syndicate of banks, which we used to fund our APT acquisition, to partially fund the December 2012 acquisition of the noncontrolling interest associated with our Asia-Pacific merchant services business (see Note 3 - Business and Intangible Asset Acquisitions) and to repay the outstanding balance on our Corporate Credit Facility. The term loan expires in September 2017 and bears interest, at our election, at the prime rate or LIBOR, plus a leverage based margin. As of February 28, 2013, the interest rate on the term loan was 2.20%. The term loan has scheduled quarterly principal payments of \$17.5 million at the end of each fiscal quarter through maturity. As of February 28, 2013, the outstanding balance of the term loan was \$665.0 million.

During the quarter ended February 28, 2013, we paid off our five-year unsecured \$200.0 million term loan agreement with a syndicate of banks. The term loan had a variable interest rate, at our election, based on the prime rate or LIBOR, plus a leverage based margin.

On July 10, 2012, we paid off the remaining \$13.5 million outstanding of our \$300.0 million term loan agreement (\$230.0 million and £43.5 million) with a syndicate of financial institutions. The term loan had a variable interest rate based on LIBOR plus a leverage based margin.

Notes Payable

UCS, our subsidiary in the Russian Federation, has notes payable with a total outstanding balance of approximately \$6.7 million at February 28, 2013. These notes have fixed interest rates of 8.5% with maturity dates ranging from March 2013 through November 2016.

Compliance with Covenants

There are certain financial and non-financial covenants contained in our various credit facilities and term loans. Our Corporate Credit Facility and \$700.0 million term loan agreements include financial covenants requiring a leverage ratio no greater than 3.25 to 1.00; and a fixed charge coverage ratio no less than 2.50 to 1.00. We complied with these covenants as of and for the nine months ended February 28, 2013.

NOTE 6—INCOME TAX

We have a deferred tax asset of \$89.1 million at February 28, 2013 primarily associated with the purchase of the remaining 49% interest in HSBC Merchant Services LLP in fiscal 2010 ("UK deferred tax asset").

Our effective tax rates were 27.2% and 27.8% for the three months ended February 28, 2013 and February 29, 2012, respectively. Our effective tax rates were 28.6% and 29.5% for the nine months ended February 28, 2013 and February 29, 2012, respectively. The effective tax rates for the three and nine months ended February 28, 2013 and February 29, 2012 reflect reductions to our UK deferred tax asset due to legislated enacted corporate tax rate reductions in the United Kingdom of 2% in each year.

As of February 28, 2013 and May 31, 2012, other long-term liabilities included liabilities for unrecognized income tax benefits of \$51.4 million and \$45.6 million, respectively. During the three months ended February 28, 2013, we recognized reduction in liabilities of \$0.5 million for unrecognized income tax benefits. During the nine months ended February 28, 2013, we recognized additional liabilities of \$5.8 million for unrecognized income tax benefits. During the three and nine months ended February 28, 2013 and February 29, 2012, amounts recorded for accrued interest and penalty expense related to the unrecognized income tax benefits were insignificant. We expect the amounts of unrecognized tax benefits to increase by approximately \$8.3 million within the next twelve months.

We conduct business globally and file income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as the United States, United Kingdom and Canada. We are currently under audit with the United States Internal Revenue Service for fiscal years 2011 and 2010. We are no longer subject to income tax examinations for years ended May 31, 2005 and prior.

NOTE 7—SHAREHOLDERS' EQUITY

On July 26, 2012, our Board of Directors approved a share repurchase program that authorized the purchase of up to \$150.0 million of Global Payments' stock in the open market at the current market price, subject to market conditions, business opportunities, and other factors. On January 8, 2013 our Board of Directors approved an additional share repurchase authorization of up to \$150.0 million, bringing the total share repurchase authorization to \$300.0 million.

On January 14, 2013, pursuant to the authorization described above, we entered into an Accelerated Share Repurchase program ("ASR") with a financial institution to repurchase an aggregate of \$125.0 million of the company's common stock. In exchange for an up-front payment of \$125.0 million, the financial institution committed to deliver a number of shares during the ASR's purchase period, which ends no later than May 30, 2013. The total number of shares ultimately delivered, and therefore the average price paid per share, will be determined at the end of the purchase period based on the volume weighted average price of our stock during that period. In the third quarter of fiscal 2013, 2,023,472 shares were initially delivered to us. This does not represent the final number of shares to be delivered under the ASR. These shares were retired and accounted for as a reduction to shareholders' equity in the consolidated balance sheet. We accounted for the initial delivery of shares component of the ASR as a repurchase of common stock for purposes of calculating earnings per share. We accounted for the variable component of shares to be delivered under the ASR as a forward contract indexed to our stock which met all of the applicable criteria for equity classification, and, therefore, was not accounted for as a derivative instrument, but instead was also accounted for as a component of equity.

In addition to the ASR, we repurchased 300,000 shares of our common stock at a cost of \$12.7 million, or an average of \$42.18 per share, including commissions during the nine months ended February 28, 2013.

On August 8, 2011, our Board of Directors approved a share repurchase program that authorized the purchase of up to \$100.0 million of Global Payments' stock in the open market at the current market price, subject to market conditions, business opportunities, and other factors. Under this authorization, we repurchased 2,290,059 shares of our common stock at a cost of \$99.6 million, or an average of \$43.49 per share, including commissions during fiscal 2012. This share repurchase program has concluded.

NOTE 8—SHARE-BASED AWARDS AND OPTIONS

As of February 28, 2013, we have awards outstanding under four share-based employee compensation plans. The fair value of share-based awards is amortized as compensation expense on a straight-line basis over the vesting period.

Non-qualified stock options and restricted stock have been granted to officers, key employees and directors under the Global Payments Inc. 2000 Long-Term Incentive Plan, as amended and restated (the "2000 Plan"), the Global Payments Inc. Amended and Restated 2005 Incentive Plan (the "2005 Plan"), an Amended and Restated 2000 Non-Employee Director Stock Option Plan (the "Director Plan"), and the Global Payments Inc. 2011 Incentive Plan (the "2011 Plan") (collectively, the "Plans"). There were no further grants made under the 2000 Plan after the 2005 Plan was effective and the Director Plan expired by its terms on February 1, 2011 so no further grants will be granted thereunder.

A total of 7.0 million shares of our common stock were reserved and made available for issuance pursuant to awards granted under the 2011 Plan. Effective with the adoption of the 2011 Plan in September of 2011, there will be no future grants under the 2005 Plan.

The following table summarizes the share-based compensation cost charged to income for (i) all stock options granted, (ii) our restricted stock program (including PRSUs and TSRs), and (iii) our employee stock purchase plan. The total income tax benefit recognized for share-based compensation in the accompanying unaudited statements of income is also presented.

	Three Months Ended		Nine Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
	(in millions)			
Share-based compensation cost	\$ 5.0	\$ 4.4	\$ 14.1	\$ 12.8
Income tax benefit	\$ 1.5	\$ 1.5	\$ 4.1	\$ 4.2

Stock Options

Stock options are granted at 100% of fair market value on the date of grant and have 10-year terms. Stock options granted vest one year after the date of grant in 25% increments over a four year period. The Plans provide for accelerated vesting under certain conditions. We have historically issued new shares to satisfy the exercise of options. There were no options granted under the 2005 or 2011 Plans during the nine months ended February 28, 2013 and February 29, 2012.

The following is a summary of our stock option plans as of and for the nine months ended February 28, 2013:

	Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at May 31, 2012	2,148	\$ 34	4.1	\$ 20.7
Granted	—	\$ —		
Forfeited	(71)	\$ 42		
Exercised	(285)	\$ 23		
Outstanding at February 28, 2013	1,792	\$ 35	3.7	\$ 25.2
Options vested and exercisable at February 28, 2013	1,609	\$ 34	3.3	\$ 23.4

The aggregate intrinsic value of stock options exercised during the nine months ended February 28, 2013 and February 29, 2012 was \$5.8 million and \$4.0 million, respectively. As of February 28, 2013, we had \$1.6 million of total unrecognized compensation cost related to unvested options which we expect to recognize over a weighted average period of 2.4 years. We recognized compensation expense for stock options of \$0.4 million and \$0.6 million in the three months ended February 28, 2013 and February 29, 2012, respectively. We recognized compensation expense for stock options of \$1.3 million and \$1.8 million in the nine months ended February 28, 2013 and February 29, 2012, respectively.

Restricted Stock

Shares and performance units awarded under the restricted stock program of the 2005 Plan and the 2011 Plan are held in escrow and released to the grantee upon the grantee's satisfaction of conditions of the grantee's restricted stock agreement. The grant date fair value of restricted stock awards is based on the quoted market price of our common stock at the award date.

Certain executives are granted two different types of performance units under our restricted stock program. A portion of those performance units represent the right to earn 0% to 200% of a target number of shares of Global Payments stock depending upon the achievement level of certain performance measures during the grant year ("PRSUs"). The target number of PRSUs and the performance measures (at threshold, target, and maximum) are set by the Compensation Committee of our Board of Directors. PRSUs are converted to a time-based restricted stock grant only if the Company's performance during the fiscal year exceeds pre-established goals. The other portion of these performance units represent the right to earn 0% to 200% of target shares of Global Payments stock based on Global Payments' relative total shareholder return compared to peer companies over a three year performance period

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("TSRs"). The target number of TSRs for each executive is set by the Compensation Committee of our Board of Directors and a monte carlo simulation is used to calculate the estimated share payout.

Grants of restricted awards are generally subject to forfeiture if a grantee, among other conditions, leaves our employment prior to expiration of the restricted period. New grants of restricted awards generally vest one year after the date of grant in 25% increments over a four year period, with the exception of TSRs which vest after a three year period.

The following table summarizes the changes in non-vested restricted stock awards for the nine months ended February 28, 2013.

	<u>Share Awards</u> (in thousands)	<u>Weighted Average Grant-Date Fair Value</u>
Non-vested at May 31, 2012	941	\$ 44
Granted	555	44
Vested	(312)	43
Forfeited	(68)	42
Non-vested at February 28, 2013	<u>1,116</u>	<u>44</u>

The total fair value of shares vested during the nine months ended February 28, 2013 was \$13.5 million. During the nine months ended February 29, 2012, the weighted average grant-date fair value of shares vested was \$40 and the total fair value of shares vested was \$12.7 million.

We recognized compensation expense for restricted stock of \$4.4 million and \$3.0 million in the three months ended February 28, 2013 and February 29, 2012, respectively. We recognized compensation expense for restricted stock of \$12.4 million and \$9.9 million in the nine months ended February 28, 2013 and February 29, 2012, respectively. As of February 28, 2013, there was \$38.5 million of total unrecognized compensation cost related to unvested restricted stock awards that is expected to be recognized over a weighted average period of 1.9 years.

Employee Stock Purchase Plan

We have an Employee Stock Purchase Plan under which the sale of 2.4 million shares of our common stock has been authorized. Employees may designate up to the lesser of \$25,000 or 20% of their annual compensation for the purchase of stock. The price for shares purchased under the plan is 85% of the market value on the last day of the quarterly purchase period. As of February 28, 2013, 1.0 million shares had been issued under this plan, with 1.4 million shares reserved for future issuance. We recognized compensation expense for the plan of \$0.2 million and \$0.1 million in the three months ended February 28, 2013 and February 29, 2012, respectively. We recognized compensation expense for the plan of \$0.4 million in both the nine months ended February 28, 2013 and February 29, 2012.

The weighted average grant-date fair value of each designated share purchased under this plan during the nine months ended February 28, 2013 and February 29, 2012 was \$6 and \$7, respectively, which represents the fair value of the 15% discount.

NOTE 9—SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow disclosures are as follows:

	Nine Months Ended	
	February 28, 2013	February 29, 2012
	(in thousands)	
Income taxes paid, net of refunds	\$ 48,966	\$ 46,112
Interest paid	22,892	10,431
Financing receivables:		
Investment in equipment for financing leases	\$ —	\$ —
Principal collections from customers – financing leases	2,158	1,862
Net decrease in financing receivables	<u>\$ 2,158</u>	<u>\$ 1,862</u>

NOTE 10—NONCONTROLLING INTERESTS

Effective December 1, 2012, we completed the purchase of the remaining 44% of GPAP from HSBC. Please see Note 3 - Business and Intangible Asset Acquisitions for further information. The following table details the components of redeemable noncontrolling interests for the nine months ended February 28, 2013 and February 29, 2012:

	Nine Months Ended	
	February 28, 2013	February 29, 2012
	(in thousands)	
Beginning balance	\$ 144,422	\$ 133,858
Net income attributable to redeemable noncontrolling interest	1,814	9,695
Distributions to redeemable noncontrolling interest	—	(7,724)
Foreign currency translation adjustment	573	(815)
Change in the maximum redemption amount of redeemable noncontrolling interest	(817)	6,883
Purchase of redeemable noncontrolling interest (See Note 3)	<u>(145,992)</u>	<u>—</u>
Ending balance	<u>\$ —</u>	<u>\$ 141,897</u>

For the nine months ended February 28, 2013 and February 29, 2012, net income included in the consolidated statements of changes in shareholders' equity is reconciled to net income presented in the consolidated statements of income as follows:

	Nine Months Ended	
	February 28, 2013	February 29, 2012
	(in thousands)	
Net income attributable to Global Payments	\$ 175,320	\$ 183,075
Net income attributable to nonredeemable noncontrolling interest	15,213	13,150
Net income attributable to redeemable noncontrolling interest	1,814	9,695
Net income including noncontrolling interest	<u>\$ 192,347</u>	<u>\$ 205,920</u>

The following table is the reconciliation of net income attributable to noncontrolling interest to comprehensive income attributable to noncontrolling interest for the three and nine months ended February 28, 2013 and February 29, 2012:

	Three Months Ended	
	February 28, 2013	February 29, 2012
	(in thousands)	
Net income attributable to noncontrolling interest, net of tax	\$ 4,352	\$ 7,770
Foreign currency translation attributable to nonredeemable noncontrolling interests	878	(1,796)
Foreign currency translation attributable to redeemable noncontrolling interests	—	(1,141)
Comprehensive income attributable to noncontrolling interests, net of tax	<u>\$ 5,230</u>	<u>\$ 4,833</u>

	Nine Months Ended	
	February 28, 2013	February 29, 2012
	(in thousands)	
Net income attributable to noncontrolling interest, net of tax	\$ 17,027	\$ 22,845
Foreign currency translation attributable to nonredeemable noncontrolling interests	7,857	(12,492)
Foreign currency translation attributable to redeemable noncontrolling interests	573	815
Comprehensive income attributable to noncontrolling interests, net of tax	<u>\$ 25,457</u>	<u>\$ 11,168</u>

NOTE 11—SEGMENT INFORMATION

General information

We operate in two reportable segments, North America Merchant Services and International Merchant Services. The merchant services segments primarily offer processing solutions for credit cards, debit cards, and check-related services.

Information about profit and assets

We evaluate performance and allocate resources based on the operating income of each segment. The operating income of each segment includes the revenues of the segment less those expenses that are directly related to those revenues. Operating overhead, shared costs and certain compensation costs are included in Corporate in the following table. Interest expense or income and income tax expense are not allocated to the individual segments. Lastly, we do not evaluate performance or allocate resources using segment asset data. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 1.

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Information on segments, including revenues by geographic distribution within segments, and reconciliations to consolidated revenues and consolidated operating income are as follows for the three and nine months ended February 28, 2013 and February 29, 2012:

	Three Months Ended		Nine Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
(in thousands)				
Revenues:				
United States	\$ 336,354	\$ 302,105	\$ 1,022,250	\$ 882,946
Canada	72,218	76,677	233,885	253,419
North America merchant services	408,572	378,782	1,256,135	1,136,365
Europe	130,750	116,196	390,376	360,779
Asia-Pacific	39,424	38,561	111,060	109,671
International merchant services	170,174	154,757	501,436	470,450
Consolidated revenues	<u>\$ 578,746</u>	<u>\$ 533,539</u>	<u>\$ 1,757,571</u>	<u>\$ 1,606,815</u>
Operating income for segments:				
North America merchant services	\$ 55,478	\$ 62,462	\$ 189,809	\$ 204,893
International merchant services	51,820	47,911	162,947	148,063
Corporate	(16,524)	(18,025)	(64,912)	(55,419)
Consolidated operating income	<u>\$ 90,774</u>	<u>\$ 92,348</u>	<u>\$ 287,844</u>	<u>\$ 297,537</u>
Depreciation and amortization:				
North America merchant services	\$ 14,267	\$ 9,124	\$ 36,092	\$ 26,191
International merchant services	15,147	15,212	43,004	45,091
Corporate	1,478	922	3,851	2,215
Consolidated depreciation and amortization	<u>\$ 30,892</u>	<u>\$ 25,258</u>	<u>\$ 82,947</u>	<u>\$ 73,497</u>

Our results of operations and our financial condition are not significantly reliant upon any single customer.

NOTE 12—COMMITMENTS AND CONTINGENCIES

BIN/ICA Agreements

In connection with our acquisition of merchant credit card operations of banks, we have entered into sponsorship or depository and processing agreements with certain of the banks. These agreements allow us to use the banks' identification numbers, referred to as Bank Identification Number ("BIN") for Visa transactions and Interbank Card Association ("ICA") number for MasterCard transactions, to clear credit card transactions through Visa and MasterCard. Certain of such agreements contain financial covenants, and we were in compliance with all such covenants as of February 28, 2013.

Our Canadian Visa sponsorship which was originally obtained through a Canadian financial institution, expired in March 2011. We have filed an application with the Office of the Superintendent of Financial Institutions Canada ("OSFI") for the formation of a wholly owned loan company in Canada which would serve as our financial institution sponsor. On December 12, 2012, the loan

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company received a restricted Order to Commence and Carry on Business from OSFI which will enable the loan company to become a direct VISA member at such time that Global Payments concludes the appropriate BIN transfer process with VISA.

While the loan company application was pending, in March 2011, we obtained temporary direct participation in the Visa Canada system. We anticipate that the BIN transfer process with VISA will be completed by September 30, 2013.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

For an understanding of the significant factors that influenced our results, the following discussion should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this report. This management's discussion and analysis should also be read in conjunction with the management's discussion and analysis and consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2012.

General

We are a provider of electronic payments transaction processing services for consumers, merchants, Independent Sales Organizations ("ISOs"), financial institutions, government agencies and multi-national corporations located throughout the United States, Canada, the United Kingdom, Spain, the Republic of Malta, the Asia-Pacific region, the Czech Republic and the Russian Federation. We serve as an intermediary to facilitate payments transactions and operate in two business segments, North America Merchant Services and International Merchant Services. We were incorporated in Georgia as Global Payments Inc. in September 2000 and spun-off from our former parent company on January 31, 2001. Including our time as part of our former parent company, we have been in business since 1967.

Our North America Merchant Services and International Merchant Services segments target customers in many vertical industries including financial institutions, gaming, government, health care, professional services, restaurants, retail, universities, nonprofit organizations and utilities.

Our offerings provide merchants, ISOs and financial institutions with credit and debit card transaction processing and check-related services. The majority of our business model provides payment products and services directly to merchants as our end customers. We also provide similar products and services to financial institutions and a limited number of ISOs that, in turn, resell our products and services, in which case, the financial institutions and select ISOs are our end customers. These particular services are marketed in the United States, Canada, and parts of Eastern Europe.

The majority of merchant services revenue is generated on services priced as a percentage of transaction value or a specified fee per transaction, depending on card type. We also charge other fees based on specific services that are unrelated to the number of transactions or the transaction value. Revenue from credit cards and signature debit cards, which are only a U.S. based card type, is generally based on a percentage of transaction value along with other related fees, while revenue from PIN debit cards is typically based on a fee per transaction.

Our products and services are marketed through a variety of sales channels that include a dedicated direct sales force, ISOs, an internal telesales group, retail outlets, trade associations, alliance bank relationships and financial institutions. We seek to leverage the continued shift to electronic payments by expanding market share in our existing markets through our distribution channels or through acquisitions in North America, the Asia-Pacific region and Europe, and investing in and leveraging technology and people, thereby maximizing shareholder value. We also seek to enter new markets through acquisitions in the Asia-Pacific region, Europe, and Latin America.

Our business does not have pronounced seasonality in which more than 30% of our revenues occur in one quarter. However, each geographic channel has somewhat higher and lower quarters given the nature of the portfolio. While there is some variation in seasonality across markets, the first and fourth quarters are generally the strongest, and the third quarter tends to be the slowest due to lower volumes in the months of January and February.

Executive Overview

In early March of 2012, we identified and self-reported unauthorized access into a limited portion of our North America card processing system. Our investigation also revealed potential unauthorized access to servers containing personal information collected from merchants who applied for processing services. The merchants who could potentially be affected are limited to those based in the U.S. We cannot verify those potentially affected as it is unclear whether any information was exported; however, we notified potentially-affected individuals and made available credit monitoring and identity protection insurance at no cost to the individuals.

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As a result of this event, certain card networks removed us from their list of PCI DSS compliant service providers. Our work to remediate our systems and processes is complete. We hired a Qualified Security Assessor, or QSA, to conduct an independent review of the PCI DSS compliance of our systems. Our QSA completed the evaluation of our remediation work. Global Payments Direct, Inc, our primary operating entity, has been returned to the list of PCI DSS compliant service providers and we have received reports on compliance covering all of our systems that process, store, transmit or otherwise utilize card data. To date, we have not experienced a material loss of revenue that we can confirm has been related to this event. However, this event and our related remediation efforts could potentially have a negative impact on future revenues.

During the nine months ended February 28, 2013, we recorded \$8.3 million of expense associated with this incident, bringing the life-to-date total expense to \$92.7 million. Of this life-to-date expense, \$77.1 million represents costs incurred through February 28, 2013 for professional fees and other costs associated with the investigation and remediation, incentive payments to certain business partners and costs associated with credit monitoring and identity protection insurance. An additional \$35.6 million represents total fraud losses, fines and other charges that have been imposed upon us by the card networks. We have also recorded \$20.0 million of insurance recoveries based on claims submitted to date. The \$18.0 million of insurance recoveries we recorded during the three months ended February 28, 2013 resulted in a net credit of \$1.2 million for total processing system intrusion costs for the quarter.

Revenues increased \$150.8 million, or 9%, during the nine months ended February 28, 2013 compared to the prior year's comparable period. This increase is primarily due to growth in our U.S. and European markets, partially offset by our results in Canada.

Operating income decreased \$9.7 million during the nine months ended February 28, 2013 compared to the prior year's comparable period. Operating margins for the nine months ended February 28, 2013 decreased to 15.1% compared to 18.0% during the nine months ended February 28, 2013. The decline in operating income and margins is primarily due to costs associated with the processing system intrusion.

For the nine months ended February 28, 2013, currency exchange rate fluctuations decreased our revenues by \$14.2 million and our earnings by \$0.03 per diluted share. To calculate this impact, we converted our fiscal 2013 actual revenues and expenses from continuing operations at fiscal 2012 currency exchange rates. Further fluctuations in currency exchange rates or decreases in consumer spending could cause our results to differ from our current expectations.

On July 26, 2012, we agreed to purchase the remaining 44% of GPAP from HSBC for \$242.0 million. This purchase was completed effective December 1, 2012.

On September 28, 2012, we closed a new five-year senior unsecured term loan of \$700.0 million and a \$150.0 million increase to our existing \$600.0 million senior unsecured revolving credit facility arranged by a syndicate of lenders. We used the proceeds to fund the APT acquisition described below and to repay a portion of our existing debt.

On October 1, 2012, we completed the acquisition of Accelerated Payment Technologies ("APT") for \$413.0 million less working capital. We acquired APT, a provider of fully-integrated payment technology solutions for small and medium sized merchants, to expand our direct distribution capabilities in the United States. Prior to the acquisition, we processed transactions for the majority of APT's merchants via an ISO relationship. As a result, our revenue will not materially change with this acquisition. Additionally, with the acquisition, we will no longer pay a monthly residual to APT. We funded the acquisition with the new financing described above.

On December 12, 2012, Comercia Global Payments Entidad de Pago, S.L. ("Comercia") completed the acquisition of the merchant acquiring business of Banca Civica, S.A. from Caixabank, S.A. ("Caixabank") for €17.5 million (\$22.9 million equivalent as of the acquisition date).

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Results of Operations

The following table shows key selected financial data for the three months ended February 28, 2013 and February 29, 2012, this data as a percentage of total revenue, and the changes between three months ended February 28, 2013 and February 29, 2012, in dollars and as a percentage of the prior year's comparable period. APT's results of operations are included in our consolidated results of operations and results of operations of our North America merchant services segment from October 1, 2012, the date we acquired APT. Accordingly, results of operations for the three months ended February 28, 2013 reflect the results of APT's operations, while results of operations for the three months ended February 29, 2012 do not reflect any results of APT operations.

	Three Months Ended February 28, 2013	% of Revenue ⁽¹⁾	Three Months Ended February 29, 2012	% of Revenue ⁽¹⁾	Change	% Change
(dollar amounts in thousands)						
Revenues:						
United States	\$ 336,354	58	\$ 302,105	57	\$ 34,249	11
Canada	72,218	12	76,677	14	(4,459)	(6)
North America merchant services	408,572	71	378,782	71	29,790	8
Europe	130,750	23	116,196	22	14,554	13
Asia Pacific	39,424	7	38,561	7	863	2
International merchant services	170,174	29	154,757	29	15,417	10
Total revenues	<u>\$ 578,746</u>	<u>100</u>	<u>\$ 533,539</u>	<u>100</u>	<u>\$ 45,207</u>	<u>8</u>
Consolidated operating expenses:						
Cost of service	\$ 217,465	37.6	\$ 194,218	36.4	\$ 23,247	12
Sales, general and administrative	271,696	46.9	246,973	46.3	24,723	10
Processing system intrusion	(1,189)	(0.2)	—	—	(1,189)	NM
Operating income	<u>\$ 90,774</u>	<u>15.7</u>	<u>\$ 92,348</u>	<u>17.3</u>	<u>\$ (1,574)</u>	<u>(2)</u>
Operating income for segments:						
North America merchant services	\$ 55,478		\$ 62,462		\$ (6,984)	(11)
International merchant services	51,820		47,911		3,909	8
Corporate	(16,524)		(18,025)		1,501	8
Operating income	<u>\$ 90,774</u>		<u>\$ 92,348</u>		<u>\$ (1,574)</u>	<u>(2)</u>
Operating margin for segments:						
North America merchant services	13.6%		16.5%		(2.9)%	
International merchant services	30.5%		31.0%		(0.5)%	

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

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The following table shows key selected financial data for the nine months ended February 28, 2013 and February 29, 2012, this data as a percentage of total revenue, and the changes between nine months ended February 28, 2013 and February 29, 2012, in dollars and as a percentage of the prior year's comparable period. APT's results of operations are included in our consolidated results of operations and results of operations of our North America merchant services segment from October 1, 2012, the date we acquired APT. Accordingly, results of operations for the nine months ended February 28, 2013 reflect the results of APT's operations for five months, while results of operations for the nine months ended February 29, 2012 do not reflect any results of APT's operations.

	Nine Months Ended February 28, 2013	% of Revenue ⁽¹⁾	Nine Months Ended February 29, 2012	% of Revenue ⁽¹⁾	Change	% Change
(dollar amounts in thousands)						
Revenues:						
United States	\$ 1,022,250	58	\$ 882,946	55	\$ 139,304	16
Canada	233,885	13	253,419	16	(19,534)	(8)
North America merchant services	1,256,135	71	1,136,365	71	119,770	11
Europe	390,376	22	360,779	22	29,597	8
Asia Pacific	111,060	6	109,671	7	1,389	1
International merchant services	501,436	29	470,450	29	30,986	7
Total revenues	\$ 1,757,571	100	\$ 1,606,815	100	\$ 150,756	9
Consolidated operating expenses:						
Cost of service	\$ 632,124	36.0	\$ 571,685	35.6	\$ 60,439	11
Sales, general and administrative	829,292	47.2	737,593	45.9	91,699	12
Processing system intrusion	8,311	0.5	—	—	8,311	NM
Operating income	\$ 287,844	16.4	\$ 297,537	18.5	\$ (9,693)	(3)
Operating income for segments:						
North America merchant services	\$ 189,809		\$ 204,893		\$ (15,084)	(7)
International merchant services	162,947		148,063		14,884	10
Corporate	(64,912)		(55,419)		(9,493)	(17)
Operating income	\$ 287,844		\$ 297,537		\$ (9,693)	(3)
Operating margin for segments:						
North America merchant services	15.1%		18.0%		(2.9)%	
International merchant services	32.5%		31.5%		1.0%	

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

Processing System Intrusion

In early March of 2012, we identified and self-reported unauthorized access into a limited portion of our North America card processing system. Our investigation also revealed potential unauthorized access to servers containing personal information collected from merchants who applied for processing services. The merchants who could potentially be affected are limited to those based in the U.S. We cannot verify those potentially affected as it is unclear whether any information was exported; however, we notified potentially-affected individuals and made available credit monitoring and identity protection insurance at no cost to the individuals.

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As a result of this event, certain card networks removed us from their list of PCI DSS compliant service providers. Our work to remediate our systems and processes is complete. We hired a Qualified Security Assessor, or QSA, to conduct an independent review of the PCI DSS compliance of our systems. Our QSA completed the evaluation of our remediation work. Global Payments Direct, Inc, our primary operating entity, has been returned to the list of PCI DSS compliant service providers and we have received reports on compliance covering all of our systems. To date, we have not experienced a material loss of revenue that we can confirm has been related to this event. However, this event and our related remediation efforts could potentially have a negative impact on future revenues.

During the nine months ended February 28, 2013, we recorded \$8.3 million of expense associated with this incident, bringing the life-to-date total expense to \$92.7 million. Of this life-to-date expense, \$77.1 million represents costs incurred through February 28, 2013 for professional fees and other costs associated with the investigation and remediation, incentive payments to certain business partners and costs associated with credit monitoring and identity protection insurance. An additional \$35.6 million represents total fraud losses, fines and other charges that have been imposed upon us by the card networks. We have also recorded \$20.0 million of insurance recoveries based on claims submitted to date as discussed below. The \$18.0 million of insurance recoveries we recorded during the three months ended February 28, 2013 resulted in a net credit of \$1.2 million for total processing system intrusion costs for the quarter. During the nine months ended February 28, 2013, we reduced our accrual for fraud losses, fines and other charges by \$31.8 million. We based our initial estimate of fraud losses, fines and other charges on our understanding of the rules and operating regulations published by the networks and preliminary communications with the networks. We have now reached resolution with the networks and made payments to certain networks, resulting in charges that were less than our initial estimates. The primary difference between our initial estimates and the final charges relates to lower fraud related costs attributed to this event than previously expected. The following table reflects the activity in our accrual for fraud losses, fines and other charges for the nine months ended February 28, 2013 (in thousands):

Balance at May 31, 2012	\$ 67,436
Adjustments	(31,781)
Subtotal	35,655
Payments	(33,840)
Balance at February 28, 2013	\$ 1,815

We expect to make final payments to networks for fraud losses, fines and other charges during the fourth quarter of fiscal year 2013. We anticipate that we will continue to incur professional fees and other costs associated with remediation during the fourth quarter of fiscal 2013 resulting in expected total net expense for the 2013 fiscal year of \$20 million.

We are insured under policies that will provide coverage of certain costs associated with this event. The policies provide a total of \$30.0 million in policy limits and contain various sub-limits of liability and other terms, conditions and limitations, including a \$1.0 million deductible per claim. Our insurers have been advised of the circumstances surrounding our recent event. During fiscal year 2012, we recorded \$2.0 million in insurance recoveries based on claims submitted to date. During the nine months ended February 28, 2013, we received assessments from certain networks and submitted additional claims to the insurers and recorded \$18.0 million in additional insurance recoveries based on our negotiations with our insurers. We will record receivables for any additional recoveries in the periods in which we determine such recovery is probable and the amount can be reasonably estimated. We anticipate that we may receive additional insurance recoveries of up to \$10.0 million although the timing of such recoveries is uncertain and such recoveries may not occur in fiscal 2013.

We expect to incur ongoing costs associated with maintaining compliance and security. As we make subsequent investments in data security infrastructure and administration, we anticipate higher corporate general and administrative expense in fiscal year 2014 and beyond than we have experienced in recent years.

A class action arising out of the processing system intrusion was filed against us on April 4, 2012 by Natalie Willingham (individually and on behalf of a putative nationwide class) (the "Plaintiff"). Specifically, Ms. Willingham alleged that we failed to maintain reasonable and adequate procedures to protect her personally identifiable information ("PII") which she claims resulted in two fraudulent charges on her credit card in March 2012. Further, Ms. Willingham asserted that we failed to timely notify the public of the data breach. Based on these allegations, Ms. Willingham asserted claims for negligence, violation of the Federal Stored

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Communications Act, willful violation of the Fair Credit Reporting Act, negligent violation of the Fair Credit Reporting Act, violation of Georgia's Unfair and Deceptive Trade Practices Act, negligence per se, breach of third-party beneficiary contract, and breach of implied contract. Ms. Willingham sought an unspecified amount of damages and injunctive relief. The lawsuit was filed in the United States District Court for the Northern District of Georgia. On May 14, 2012, we filed a motion to dismiss. On July 11, 2012, Plaintiff filed a motion for leave to amend her complaint, and on July 16, 2012, the Court granted that motion. She then filed an amended complaint on July 16, 2012. The amended complaint did not add any new causes of action. Instead, it added two new named Plaintiffs (Nadine and Robert Hielscher) (together with Plaintiff, the "Plaintiffs") and dropped Plaintiff's claim for negligence per se. On August 16, 2012, we filed a motion to dismiss the Plaintiffs' amended complaint. The Plaintiffs filed their response in opposition to our motion to dismiss on October 5, 2012, and we subsequently filed our reply brief on October 22, 2012. The magistrate judge issued a report and recommendation recommending dismissal of all of Plaintiffs' claims with prejudice. The Plaintiffs subsequently agreed to voluntarily dismiss the lawsuit with prejudice, with each party bearing its own fees and costs. This was the only consideration exchanged by the parties in connection with Plaintiffs' voluntary dismissal with prejudice of the lawsuit. The lawsuit was dismissed with prejudice on March 6, 2013.

This event could result in lawsuits in the future. In addition, governmental entities have made inquiries and may initiate investigations related to the event. We have not recorded any loss accruals related to these items or any other claims (except as described above) that have been or may be asserted against us in relation to this incident as we have not determined that losses associated with any such claims or potential claims are probable. Further, we do not have sufficient information to estimate the amount or range of possible losses associated with such matters. As more information becomes available, if we should determine that an unfavorable outcome is probable on such a claim and that the amount of such probable loss that we will incur on that claim is reasonably estimable, we will accrue our estimate of such loss. If and when we record such an accrual, it could be material and could adversely impact our financial position, results of operations or cash flows.

Revenues

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

For the three months ended February 28, 2013, revenues increased 8% to \$578.7 million compared to the prior year's comparable period. For the nine months ended February 28, 2013, revenues increased 9% to \$1,757.6 million compared to the prior year's comparable period. This growth is primarily due to growth driven by our U.S. ISO channel, growth from our gaming business, reduced interchange expenses due to legislation as explained below, and growth in Europe; partially offset by pricing compression in Canada.

Our revenues have been affected by fluctuations in foreign currency exchange rates. For the three months ended February 28, 2013, currency exchange rate fluctuations increased our revenues by \$0.8 million compared to the prior year's comparable period. For the nine months ended February 28, 2013, currency exchange rate fluctuations decreased our revenues by \$14.2 million compared to the prior year's comparable period.

North America Merchant Services Segment

For the three months ended February 28, 2013, revenue from our North America merchant services segment increased 8% to \$408.6 million compared to the prior year's comparable period. For the nine months ended February 28, 2013, revenue from our North America merchant services segment increased 11% to \$1,256.1 million compared to the prior year's comparable period. North America revenue growth was driven by our U.S. ISO channel, growth from our gaming business and reduced interchange expenses due to legislation as explained below.

On June 29, 2011, the Federal Reserve board adopted the final rule implementing Section 1075 ("the Durbin amendment") of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Effective October 1, 2011, the Durbin amendment capped the amount of debit interchange that card issuers may charge on debit transactions. Our interchange expenses decreased as a result. We recognize revenue net of interchange expense; therefore, our revenues increased for the three and nine months ended February 28, 2013 as a result of lower interchange expense. We believe that any future benefits are uncertain due to our competitive marketplace.

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We grow our United States revenue primarily by adding small and mid-market merchants in diversified vertical markets, primarily through our ISO channel. For the three months ended February 28, 2013, our United States direct credit and debit card processed transactions grew 10% compared to the prior year period. For the nine months ended February 28, 2013, our United States direct credit and debit card processed transactions grew 12% compared to the prior year period. Increased spreads, primarily driven by reduced interchange expenses due to legislation, have offset the impact of lower average ticket, which remained flat for the three months ended February 28, 2013 and decreased 2% for the nine months ended February 28, 2013. The decline in average ticket is primarily due to a continued shift toward smaller merchants added through our ISO channel. Smaller merchants tend to have lower average tickets than larger merchants.

For the three months ended February 28, 2013, our Canadian revenue decreased 6%, and our credit and debit card processed transactions grew 2% compared to the prior year period. For the nine months ended February 28, 2013, our Canadian revenue decreased 8%, and our credit and debit card processed transactions grew 3% compared to the prior year period. The decrease in revenue was due to ongoing pricing compression.

International Merchant Services Segment

For the three months ended February 28, 2013, International merchant services revenue increased 10% to \$170.2 million compared to the prior year's comparable period. For the nine months ended February 28, 2013, International merchant services revenue increased 7% to \$501.4 million compared to the prior year's comparable period.

Our Europe merchant services revenue for the three months ended February 28, 2013 increased 13% to \$130.8 million compared to the prior year period. Our Europe merchant services revenue for the nine months ended February 28, 2013 increased 8% to \$390.4 million compared to the prior year period. Our Europe revenue growth was driven by strong transaction growth in all markets.

Our Asia-Pacific merchant services revenue increased 2% for the three months ended February 28, 2013 compared to the prior year's comparable period. Our Asia-Pacific merchant services revenue increased 1% for the nine months ended February 28, 2013 compared to the prior year's comparable period. Asia-Pacific revenue was negatively affected by a general economic slowdown in the region resulting in transactions remaining flat for the three months ended February 28, 2013 and a 2% decline in card transactions for the nine months ended February 28, 2013. We expect the trends to continue through the fourth quarter of fiscal 2013.

Consolidated Operating Expenses

Cost of service consists primarily of the following costs: operations-related personnel, including those who monitor our transaction processing systems and settlement functions; assessment fees paid to card networks; transaction processing systems, including third-party services; network telecommunications capability; depreciation and occupancy costs associated with the facilities performing these functions; amortization of intangible assets; and provisions for operating losses.

Cost of service increased 12% for the three months ended February 28, 2013, compared to the prior year's comparable period primarily driven by revenue growth. As a percentage of revenue, cost of service slightly increased for the three months ended February 28, 2013 when compared to the prior year's comparable period due to increased amortization for our acquisitions of APT and Banca Civica. Cost of service increased 11% for the nine months ended February 28, 2013, compared to the prior year's comparable period primarily driven by revenue growth. As a percentage of revenue, cost of service remained relatively flat for the nine months ended February 28, 2013 when compared to the prior year's comparable period.

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

Sales, general and administrative expenses increased 10% for the three months ended February 28, 2013 compared to the prior year's comparable period. As a percentage of revenue, sales, general and administrative expense increased to 46.9% for the three months ended February 28, 2013 compared to 46.3% in the prior year's comparable period. Sales, general and administrative expenses increased 12% for the nine months ended February 28, 2013 compared to the prior year's comparable period. As a percentage of

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revenue, sales, general and administrative expense increased to 47.2% for the nine months ended February 28, 2013 compared to 45.9% in the prior year's comparable period. This increase is primarily due to an increase in commission payments to ISOs.

Operating Income and Operating Margin for Segments

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

North America Merchant Services Segment

Operating income in the North America merchant services segment decreased 11% for the three months ended February 28, 2013 compared to the prior year's comparable period. The operating margin was 13.6% and 16.5% for the three months ended February 28, 2013 and February 29, 2012, respectively. Operating income in the North America merchant services segment decreased 7% for the nine months ended February 28, 2013 compared to the prior year's comparable period. The operating margin was 15.1% and 18.0% for the nine months ended February 28, 2013 and February 29, 2012, respectively. The decrease in operating income was primarily due to pricing compression in Canada. In addition to pricing compression in Canada, growth in our U.S. ISO channel also negatively affected operating margins. The ISO channel generally has a dilutive effect on our operating margin compared to our other channels due to the ongoing commission payments to the ISOs.

Effective October 1, 2011, new debit interchange legislation capped the amount of interchange that card issuers may charge on debit transactions. Our interchange expenses decreased as a result of this. We recognize revenue net of interchange expense; therefore, our revenues increased as a result of lower interchange expense. Increased revenues came primarily through our ISO channel, where reduced interchange fees led to higher revenues and a proportional increase in ISO commission expense, with an associated reduction in our operating margin.

International Merchant Services Segment

Operating income in the International merchant services segment increased 8% to \$51.8 million for the three months ended February 28, 2013 compared to the prior year's comparable period. The operating margin was 30.5% and 31.0% for the three months ended February 28, 2013 and February 29, 2012, respectively. Operating income in the International merchant services segment increased 10% to \$162.9 million for the nine months ended February 28, 2013 compared to the prior year's comparable period. The operating margin was 32.5% and 31.5% for the nine months ended February 28, 2013 and February 29, 2012, respectively. The increase in operating margin for the nine months ended February 28, 2013 is due to strong segment results, partially offset by last year's marketing fee true-up in Spain, whereby Caixabank compensated us for favorable pricing to certain Caixabank customers during the initial phase of our marketing alliance agreement.

Corporate

Our corporate expenses include costs associated with our Atlanta headquarters, expenses related to our Global Service Center in Manila, Philippines that have not been allocated to our business segments, insurance, employee incentive programs, share-based compensation programs, certain corporate staffing areas, including finance, accounting, information technology, legal, human resources, marketing and executive. We also consider costs associated with the processing system intrusion to be a corporate cost. Our corporate costs decreased 8% to \$16.5 million for the three months ended February 28, 2013 compared to the prior year's comparable period primarily due to the \$18.0 million of insurance recoveries we recorded during the three months ended February 28, 2013. Our corporate costs increased 17% to \$64.9 million for the nine months ended February 28, 2013 compared to the prior year's comparable period. This increase is primarily due to costs associated with the processing system intrusion.

Consolidated Operating Income

During the three months ended February 28, 2013, our consolidated operating income decreased \$1.6 million to \$90.8 million compared to the prior year's comparable period. During the nine months ended February 28, 2013, our consolidated operating income decreased \$9.7 million to \$287.8 million compared to the prior year's comparable period. The decrease in our consolidated

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operating income is primarily due to costs associated with the processing system intrusion and the on going pricing compression in Canada, partially offset by growth in Europe.

Consolidated Other Income/Expense, Net

Other income and expense consists primarily of interest income and interest expense. Other expense, net, increased to \$4.5 million for the three months ended February 28, 2013 compared to \$1.3 million in the prior year's comparable period. Other expense increased due to increased borrowings to fund our acquisitions.

Other expense, net, increased to \$18.5 million for the nine months ended February 28, 2013 compared to \$5.5 million in the prior year's comparable period. The increase in other expense, net is primarily due to a dividend of \$8.4 million paid to HSBC, the holder of our redeemable noncontrolling interest in GPAP. This dividend is characterized as interest expense in accordance with ASC 480 (see Note 3 - Business and Intangible Asset Acquisitions). Interest expense also increased due to increased borrowings to fund our acquisitions.

Provision for Income Taxes

Our effective tax rates were 27.2% and 27.8% for the three months ended February 28, 2013 and February 29, 2012, respectively. Our effective tax rates were 28.6% and 29.5% for the nine months ended February 28, 2013 and February 29, 2012, respectively. The effective tax rates for the three and nine months ended February 28, 2013 and February 29, 2012 reflect reductions to our UK deferred tax asset due to legislated enacted corporate tax rate reductions in the United Kingdom of 2% in each year.

Noncontrolling Interests, Net of Tax

Noncontrolling interests, net of tax decreased to \$4.4 million from \$7.8 million for the three months ended February 28, 2013 and February 29, 2012, respectively. Noncontrolling interests, net of tax decreased to \$17.0 million from \$22.8 million for the nine months ended February 28, 2013 and February 29, 2012, respectively. We stopped attributing income to the GPAP redeemable noncontrolling interest subsequent to July 26, 2012, the date of our agreement to purchase HSBC's interest.

Liquidity and Capital Resources

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

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

At February 28, 2013, we had cash and cash equivalents totaling \$683.0 million. Of this amount, we consider \$223.4 million to be available cash. Our available cash balance includes \$186.7 million of cash held by foreign subsidiaries whose earnings are considered permanently reinvested for U.S. tax purposes. These cash balances reflect our capital investments in these subsidiaries and the accumulation of cash flows generated by each subsidiary's operations, net of cash flows used to service debt locally and fund non-U.S. acquisitions. We believe that we are able to maintain a sufficient level of liquidity for our domestic operations and commitments without repatriation of the earnings of these foreign subsidiaries. If we were to repatriate some or all of the cash held by such foreign subsidiaries, we do not believe that the associated income tax liabilities would have a significant impact on our liquidity.

Available cash generally excludes settlement related and merchant reserve cash balances. Settlement related cash balances represent funds that we hold on behalf of our member sponsors when the incoming amount from the card networks precedes the member sponsors' funding obligation to the merchant. Merchant reserve cash balances represent funds collected from our merchants that serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant agreement.

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At February 28, 2013, our cash and cash equivalents included \$291.4 million related to merchant reserves. While this cash is not restricted in its use, we believe that designating this cash to collateralize merchant reserves strengthens our fiduciary standing with our member sponsors and is in accordance with the guidelines set by the card networks. See *Cash and cash equivalents* and *Settlement processing assets and obligations* under Note 1 in the notes to the consolidated financial statements for additional details.

Operating activities provided net cash of \$204.8 million during the nine months ended February 28, 2013 compared to using net cash of \$226.8 million during the prior year's comparable period. The increase in cash flow from operating activities was primarily due the change in net settlement processing assets and obligations of \$511.8 million. See *Settlement processing assets and obligations* under Note 1 in the notes to the unaudited consolidated financial statements for additional details. This increase in cash flow from operating activities was partially offset by payments of expenses and insurance recoveries associated with the processing system intrusion.

Net cash used in investing activities increased \$392.8 million to \$506.3 million for the nine months ended February 28, 2013 from the prior year's comparable period, primarily due to our use of \$410.2 million and \$22.9 million for the acquisitions of APT and Banca Civica, respectively, during the nine months ended February 28, 2013.

For the nine months ended February 28, 2013, financing activities provided \$196.1 million in cash compared to \$268.0 million cash used in financing activities in the prior year. The increase in cash provided by financing activities was primarily related to net proceeds of long-term debt of \$645.5 million during the nine months ended February 28, 2013 compared to net payments of \$91.1 million during the prior year's comparable period. We used \$242.0 million of these proceeds to purchase the remaining 44% of GPAP from HSBC. We also repurchased 2,323,472 of our common stock with a cash payment of \$137.7 million during the nine months ended February 28, 2013 compared to our repurchase of 2,290,059 shares of our common stock with a cash payment of \$99.6 million during the nine months ended February 29, 2012.

On July 26, 2012, our Board of Directors approved a share repurchase program that authorized the purchase of up to \$150.0 million of Global Payments' stock in the open market at the current market price, subject to market conditions, business opportunities, and other factors. On January 8, 2013 our Board of Directors approved an additional share repurchase authorization of up to \$150.0 million, bring the total share repurchase authorization to \$300.0 million.

On January 14, 2013, pursuant to the authorization described above, we entered into an Accelerated Share Repurchase program ("ASR") with a financial institution to repurchase an aggregate of \$125.0 million of the company's common stock. In exchange for an up-front payment of \$125.0 million, the financial institution committed to deliver a number of shares during the ASR's purchase period, which ends no later than May 31, 2013. The total number of shares ultimately delivered, and therefore the average price paid per share, will be determined at the end of the purchase period based on the volume weighted average price of our stock during that period. In the third quarter of fiscal 2013, 2,023,472 shares were initially delivered to us. This does not represent the final number of shares to be delivered under the ASR. These shares were retired and accounted for as a reduction to shareholders' equity in the consolidated balance sheet. We accounted for the initial delivery of shares component of the ASR as a repurchase of common stock for purposes of calculating earnings per share. We accounted for the variable component of shares to be delivered under the ASR as a forward contract indexed to our stock which met all of the applicable criteria for equity classification, and, therefore, was not accounted for as a derivative instrument, but instead was also accounted for as a component of equity.

In addition to the ASR, we repurchased 300,000 shares of our common stock at a cost of \$12.7 million, or an average of \$42.18 per share, including commissions during the nine months ended February 28, 2013.

On September 28, 2012, we closed a new five-year senior unsecured term loan facility of \$700.0 million and a \$150.0 million increase to our existing \$600.0 million senior unsecured revolving credit facility arranged by a syndicate of lenders, which we used to partially fund our APT acquisition, the acquisition of the noncontrolling interest associated with our Asia-Pacific merchant services business and to repay the outstanding balance on our Corporate Credit Facility. The term loan facility expires in September 2017, while the revolver maturity is unchanged at December 2015. Both agreements carry a short-term variable interest rate plus a leverage-based margin. We used the proceeds to fund the APT acquisition described below and to repay a portion of our existing debt.

On October 1, 2012, we completed the acquisition of APT for \$413.0 million less working capital. We acquired APT, a provider of fully-integrated payment technology solutions for small and medium sized merchants, to expand our direct distribution capabilities in the United States. Prior to the acquisition, we had an ISO distribution relationship with APT and processed transactions for the

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majority of APT's merchants. As a result, our revenue will not materially change with this acquisition. Additionally, with the acquisition, we will no longer pay a monthly residual to APT. We funded the acquisition with the new financing described above.

We believe that our level of cash and borrowing capacity under our lines of credit, including the financing detailed above, together with future cash flows from operations, are sufficient to meet the needs of our existing operations and planned requirements for the foreseeable future. During fiscal year 2013, we expect capital expenditures to approximate \$110 million.

Contractual Obligations

The operating lease commitments disclosed in our Annual Report on Form 10-K for the year ended May 31, 2012 have not changed significantly. Our remaining current contractual and other obligations are as follows:

Long-Term Debt and Credit Facilities

Outstanding debt consisted of the following:

	February 28, 2013	May 31, 2012
Lines of credit:	(in thousands)	
Corporate Credit Facility - long-term	\$ 284,055	\$ 229,500
Short-term lines of credit:		
United Kingdom Credit Facility	63,201	85,102
Hong Kong Credit Facility	36,182	54,564
Canada Credit Facility	—	20,033
Malaysia Credit Facility	13,841	12,844
Spain Credit Facility	22,480	17,241
Singapore Credit Facility	8,993	10,318
Philippines Credit Facility	7,426	6,336
Maldives Credit Facility	1,610	4,219
Macau Credit Facility	1,826	2,443
Sri Lanka Credit Facility	2,343	2,291
Taiwan Credit Facility	9,250	—
Total short-term lines of credit	167,152	215,391
Total lines of credit	451,207	444,891
Notes Payable	6,739	10,089
Term loans	665,000	73,396
Total debt	\$ 1,122,946	\$ 528,376
Current portion	\$ 239,484	\$ 291,811
Long-term debt	883,462	236,565
Total debt	\$ 1,122,946	\$ 528,376

Lines of Credit

The Corporate Credit Facility is available for general corporate purposes and to fund future strategic acquisitions. As of February 28, 2013, the interest rate on the Corporate Credit Facility was 2.26% and the facility expires on December 7, 2015. In September 2012, in conjunction with entering into a new \$700.0 million term loan, we executed the accordion feature of our Corporate Credit Facility and increased the size of the facility from \$600.0 million to \$750.0 million. Our short-term line of credit facilities are used to fund settlement and provide a source of working capital. With certain of our credit facilities, the facility nets the amounts

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pre-funded to merchants against specific cash balances in local Global Payments accounts, which we characterize as cash and cash equivalents. Therefore, the amounts reported in lines of credit, which represents the amounts pre-funded to merchants, may exceed the stated credit limit, when in fact the combined position is less than the credit limit. The total available incremental borrowings under our lines of credit at February 28, 2013 were \$1,215.3 million, of which \$465.9 million is available under our Corporate Credit Facility.

During the quarter ended February 28, 2013 the maximum and average borrowings under our credit facilities were \$1,457.5 million and \$1,180.1 million, respectively. The weighted average interest rates on these borrowings were 1.81% and 2.03%, respectively.

During the nine months ended February 28, 2013, the United Kingdom Credit Facility has been increased from £80 million to £140 million and amended to facilitate borrowings in multiple currencies. During the nine months ended February 28, 2013, the Spain Credit Facility has been increased from €210 million to €230 million.

Term Loans

In September 2012, we entered into a five-year unsecured \$700.0 million term loan agreement, with a syndicate of banks, which we used to fund our APT acquisition, to partially fund the December 2012 acquisition of the noncontrolling interest associated with our Asia-Pacific merchant services business (see Note 3 - Business and Intangible Asset Acquisitions) and to repay the outstanding balance on our Corporate Credit Facility. The term loan expires in September 2017 and bears interest, at our election, at the prime rate or LIBOR, plus a leverage based margin. As of February 28, 2013, the interest rate on the term loan was 2.20%. The term loan has scheduled quarterly principal payments of \$17.5 million at the end of each fiscal quarter through maturity. As of February 28, 2013, the outstanding balance of the term loan was \$665.0 million.

During the quarter ended February 28, 2013, we paid off our five-year unsecured \$200.0 million term loan agreement with a syndicate of banks. The term loan had a variable interest rate, at our election, based on the prime rate or LIBOR, plus a leverage based margin.

On July 10, 2012, we paid off the remaining \$13.5 million outstanding of our \$300.0 million term loan agreement (\$230.0 million and £43.5 million) with a syndicate of financial institutions. The term loan had a variable interest rate based on LIBOR plus a leverage based margin.

Notes Payable

UCS, our subsidiary in the Russian Federation, has notes payable with a total outstanding balance of approximately \$6.7 million at February 28, 2013. These notes have fixed interest rates of 8.5% with maturity dates ranging from March 2013 through November 2016.

Compliance with Covenants

There are certain financial and non-financial covenants contained in our various credit facilities and term loans. Our Corporate Credit Facility and \$700.0 million term loan agreements include financial covenants requiring a leverage ratio no greater than 3.25 to 1.00; and a fixed charge coverage ratio no less than 2.50 to 1.00. We complied with these covenants as of and for the nine months ended February 28, 2013.

Critical Accounting Estimates

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

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occur from period to period, with the result in each case being a material change in the financial statement presentation of our financial condition or results of operations. We refer to accounting estimates of this type as “critical accounting estimates.”

Accounting estimates necessarily require subjective determinations about future events and conditions. During the nine months ended February 28, 2013, we have not adopted any new critical accounting policies, have not changed any critical accounting policies and have not changed the application of any critical accounting policies from the year ended May 31, 2012. You should read the Critical Accounting Estimates in Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations, Item 1A – Risk Factors included in our Annual Report on Form 10-K for the year ended May 31, 2012 and our summary of significant accounting policies in Note 1 of our notes to the unaudited consolidated financial statements in this Form 10-Q.

Special Cautionary Notice Regarding Forward-Looking Statements

We believe that it is important to communicate our plans and expectations about the future to our shareholders and to the public. Investors are cautioned that some of the statements we use in this report, and in some of the documents we incorporate by reference in this report, contain forward-looking statements 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, are predictive in nature, and depend upon or refer to future events or conditions. You can sometimes identify forward-looking statements by our use of the words “believes,” “anticipates,” “expects,” “intends,” “plans” and similar expressions. Actual events or results might differ materially from those expressed or forecasted in these forward-looking statements.

Although we believe that the plans and expectations reflected in or suggested by our forward-looking statements are reasonable, those statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties, and contingencies that are subject to change. Accordingly, we cannot guarantee you that our plans and expectations will be achieved. Our actual revenues, revenue growth and margins, other results of operations and shareholder values could differ materially from those anticipated in our forward-looking statements as a result of many known and unknown factors. We advise you to review the risk factors presented in Item 1A – Risk Factors of our Annual Report on Form 10-K for the fiscal year ended May 31, 2012 for information on some of the matters which could adversely affect our business and results of operations.

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 release publicly the results of any revisions to our forward-looking statements. You are advised, however, to consult any further disclosures we make in our reports filed with the Securities and Exchange Commission and in our press releases.

Where to Find More Information

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

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

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

NYSE Euronext
20 Broad Street
New York, NY 10005

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates on our debt and cash investments. Our long-term debt has the option of variable interest rates based on the prime rate or London Interbank Offered Rate plus a margin based on our leverage position. We invest our excess cash in securities that we believe are highly liquid and marketable in the short term. These investments are not held for trading or other speculative purposes. Interest rates on our lines of credit are based on market rates and fluctuate accordingly. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes and believe the market risk arising from investment instruments and debt to be minimal.

A substantial amount of our operations are conducted in foreign currencies. Consequently, a portion of our revenues and expenses may be affected by fluctuations in foreign currency exchange rates. We are also affected by fluctuations in exchange rates on assets and liabilities related to our foreign operations. We have not hedged our translation risk on foreign currency exposure. For the nine months ended February 28, 2013, currency rate fluctuations decreased our revenues by \$14.2 million and our diluted earnings per share by \$0.03. To calculate this we converted our fiscal 2013 actual revenues and expenses from continuing operations at fiscal 2012 currency exchange rates.

Item 4. Controls and Procedures

As of February 28, 2013, management carried out, under the supervision and with the participation of our principal executive officer and principal financial officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of February 28, 2013, 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.

In connection with management's evaluation, our management team excluded from its assessment of our internal control over financial reporting as of February 28, 2013, the internal controls relating to Accelerated Payment Technologies ("APT"), which we acquired on October 1, 2012. This exclusion was in accordance with the Securities and Exchange Commission guidance that an assessment of a recently acquired business may be omitted in management's report on internal controls over financial report in the year of acquisition.

Other than discussed in the previous paragraph, there were no changes in our internal control over financial reporting during the quarter ended February 28, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

A class action arising out of the processing system intrusion was filed against us on April 4, 2012 by Natalie Willingham (individually and on behalf of a putative nationwide class). Specifically, Ms. Willingham alleged that we failed to maintain reasonable and adequate procedures to protect her personally identifiable information ("PII") which she claims resulted in two fraudulent charges on her credit card in March 2012. Further, Ms. Willingham asserted that we failed to timely notify the public of the data breach. Based on these allegations, Ms. Willingham asserted claims for negligence, violation of the Federal Stored Communications Act, willful violation of the Fair Credit Reporting Act, negligent violation of the Fair Credit Reporting Act, violation of Georgia's Unfair and Deceptive Trade Practices Act, negligence per se, breach of third-party beneficiary contract, and breach of implied contract. The Plaintiff sought an unspecified amount of damages and injunctive relief. The lawsuit was filed in the United States District Court for the Northern District of Georgia. On May 14, 2012, we filed a motion to dismiss. On July 11, 2012, Plaintiff filed a motion for leave to amend her complaint, and on July 16, 2012, the Court granted that motion. Plaintiff filed an amended complaint on July 16, 2012. The amended complaint did not add any new causes of action. Instead, it added two new named Plaintiffs (Nadine and Robert Hielscher) and dropped Plaintiff's claim for negligence per se. On August 16, 2012,

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we filed a motion to dismiss the Plaintiffs' amended complaint. The Plaintiffs' filed their response in opposition to our motion to dismiss on October 5, 2012, and we subsequently filed our reply brief on October 22, 2012. The magistrate judge issued a report and recommendation recommending dismissal of all of Plaintiffs' claims with prejudice. The Plaintiffs' subsequently agreed to voluntarily dismiss the lawsuit with prejudice, with each party bearing its own fees and costs. This was the only consideration exchanged by the parties in connection with Plaintiffs' voluntary dismissal with prejudice of the lawsuit. The lawsuit was dismissed with prejudice on March 6, 2013.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The shares repurchased in the third quarter of fiscal 2013, the approximate average price paid, including commissions, and the approximate dollar value remaining available for purchase are as follows:

Period	Total Number of Shares (or Units) Purchased	Approximate Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
December 1, 2012 - December 31, 2012	—	—	—	—
January 1, 2013 - January 31, 2013	2,023,472	\$ 49.42	2,023,472	\$ 162,346,924
February 1, 2013 - February 28, 2013	—	—	—	—
Total	2,023,472	\$ 49.42	2,023,472	\$ 162,346,924

Note: On July 26, 2012, our Board of Directors approved a share repurchase program that authorized the purchase of up to \$150.0 million of Global Payments' stock in the open market at the current market price, subject to market conditions, business opportunities, and other factors. On January 8, 2013 our Board of Directors approved an additional share repurchase authorization of up to \$150.0 million, bringing the total share repurchase authorization to \$300.0 million. On January 14, 2013, pursuant to this authorization, we entered into an Accelerated Share Repurchase program ("ASR") with a financial institution to repurchase an aggregate of \$125.0 million of the company's common stock. In exchange for an up-front payment of \$125.0 million, the financial institution committed to deliver a number of shares during the ASR's purchase period, which ends no later than May 31, 2013. The total number of shares ultimately delivered, and therefore the average price paid per share, will be determined at the end of the purchase period based on the volume weighted average price of our stock during that period.

Item 6. Exhibits

List of Exhibits

- 3.1 Amended and Restated Articles of Incorporation of Global Payments Inc., filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q dated February 28, 2013, File No. 001-16111.
- 3.2 Sixth Amended and Restated By-laws of Global Payments Inc., filed as Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q dated February 28, 2013, File No. 001-16111.
- 10.1 Stock Purchase Agreement by and among Vegas Holding Corp., its Stockholders, The Stockholder Representative and Global Payments Inc. dated August 14, 2012, filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q dated August 31, 2012, File No. 001-16111, and incorporated herein by reference.
- 10.2 The Hongkong and Shanghai Banking Corporation Limited and Global Payments Acquisition PS 2 C.V. Agreement dated July 26, 2012, filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q dated August 31, 2012, File No. 001-16111, and incorporated herein by reference.
- 10.3 First Amendment to Credit Agreement dated September 28, 2012, filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q dated August 31, 2012, File No. 001-16111, and incorporated herein by reference.
- 10.4 Term Loan Agreement dated September 28, 2012, filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q dated August 31, 2012, File No. 001-16111, and incorporated herein by reference.
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of CEO
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of CFO
- 32.1 CEO and CFO Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002
- 101 The following financial information from the Quarterly Report on Form 10-Q for the third quarter ended February 28, 2013, formatted in XBRL ("Extensible Business Reporting Language") and furnished electronically herewith: (i) the Consolidated Statements of Income; (ii) the Consolidated Balance Sheets; (iii) the Consolidated Statements of Cash Flows; (iv) the Consolidated Statements of Changes in Equity; and (v) the Notes to the Consolidated Financial Statements.

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: April 2, 2013 /s/ David E. Mangum

David E. Mangum
Chief Financial Officer

Date: April 2, 2013 /s/ Daniel C. O'Keefe

Daniel C. O'Keefe
Chief Accounting Officer

**SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
GLOBAL PAYMENTS INC.**

ARTICLE ONE

NAME

The name of the corporation is Global Payments Inc. (the "Corporation").

ARTICLE TWO

CAPITALIZATION

The Corporation shall have authority, to be exercised by the board of directors, to issue no more than (i) Two Hundred Million (200,000,000) shares of common stock, without par value, which shall be entitled to one vote per share and shall be entitled to receive the net assets of the Corporation upon dissolution and (ii) Five Million (5,000,000) shares of preferred stock, without par value. Shares of preferred stock may be issued from time to time in one or more classes or series, each such class or series to be so designated as to distinguish the shares thereof from the shares of all other classes and series. The Board of Directors is hereby vested with the authority to divide preferred stock into classes or series and to fix and determine the relative rights, preferences, qualifications, and limitation of the shares of any class or series so established.

ARTICLE THREE

BOARD OF DIRECTORS

3.1 Classified Board of Directors. The number of directors of the Corporation shall be as fixed from time to time by or pursuant to the Corporation's Bylaws. The directors shall be divided into three classes, Class I, Class II and Class III. At the annual shareholders meeting in 2001, the terms of the initial Class I directors shall expire and a new Class I shall be elected for a term expiring at the third annual meeting of shareholders following their election and upon the election and qualification of their respective successors; at the annual shareholders meeting in 2002, the terms of the initial Class II directors shall expire and a new Class II shall be elected for a term expiring at the third annual meeting of shareholders following their election and upon the election and qualification of their respective successors; and at the annual shareholders meeting in 2003, the terms of the initial Class III directors shall expire and a new Class III shall be elected for a term expiring at the third annual meeting of shareholders following their election and upon the election and qualification of their respective successors. At each succeeding annual meeting of shareholders, successors to the class of directors whose term expires at the annual meeting of shareholders shall be elected for a term expiring at the third annual meeting of shareholders following their election and upon the election and qualification of their respective successor.

3.2 Removal. Directors may only be removed from the Board of Directors for cause and only at a special meeting of shareholders called for such a purpose by the affirmative vote of at least two-thirds (2/3) of the total number of votes of the then outstanding shares of the Corporation's capital stock entitled to vote in the election of directors and only if notice of such proposal was contained in the notice of such meeting. Any vacancy in the Board of Directors resulting from such removal shall be filled in accordance with Section 3.4 hereof. For purposes of this Section, "cause" shall mean only (a) conviction of a felony, (b) declaration of unsound mind or order of a court, (c) gross dereliction of duty, (d) commission of an action involving moral turpitude, or (e) commission of an action which constitutes intentional misconduct or a knowing violation of law if such action in either event results both in an improper substantial personal benefit and a material injury to the Corporation.

3.3 Vacancies and Changes of Authorized Number. All vacancies and any newly created directorship resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although fewer than a quorum, or by a sole remaining director. Each director chosen in accordance with this Section shall hold office until the next election of the class for which such director shall have been chosen, and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal; provided, however that a director chosen in accordance with this Section to fill a newly-created directorship shall hold office only until the next election of directors by the shareholders and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

3.4 Amending or Repealing Article Three. Notwithstanding any provision hereof, or of the Bylaws or any law which might otherwise permit a lesser vote, the affirmative vote of the holders of at least two-thirds (2/3) of all classes of stock entitled to vote in the election of directors shall be required to alter, amend or repeal this Article Three.

ARTICLE FOUR

CONSTITUENCY CONSIDERATIONS

In discharging the duties of their respective positions and in determining what is believed to be in the best interests of the Corporation, the Board of Directors, committees of the Board of Directors, and individual directors, in addition to considering the effects of any action on the Corporation or its shareholders, may consider the interests of the employees, customers, suppliers, and creditors of the Corporation, the communities in which offices or other establishments of the Corporation are located, and all other factors such directors consider pertinent; provided, however, that this Article shall be deemed solely to grant discretionary authority to the directors and shall not be deemed to provide to any constituency and right to be considered.

ARTICLE FIVE

AMENDMENT OF BYLAWS

Except as otherwise provided in this Article Five, the Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by (a) the affirmative vote of the holders of two-thirds (2/3) of the shares

of stock then outstanding and entitled to vote in the election of directors, or (b) the Board of Directors of the Corporation, but any Bylaw adopted by the Board of Directors may be altered, amended, or repealed, or new Bylaws may be adopted, by the affirmative vote of the holders of two-thirds (2/3) of the shares of stock entitled to vote in the election of directors. The shareholders may prescribe, by so expressing in the action they take in amending or adopting any Bylaw or Bylaws, that the Bylaw or Bylaws so amended or adopted by them shall not be altered, amended or repealed by the Board of Directors. Notwithstanding the foregoing, Section 4.05 of the Bylaws may not be modified, amended or repealed except by the affirmative vote of the holders of a majority of the shares of stock then outstanding and entitled to vote in the election of directors.

ARTICLE SIX

LIMITATION OF DIRECTOR LIABILITY

6.1 Limitation of Liability. A director of the Corporation shall not be liable to the Corporation or its shareholders for monetary damages for any action taken, or any failure to take any action, as a director, except liability:

- (i) for any appropriation, in violation of his or her duties, of any business opportunity of the Corporation;
- (ii) for acts or omissions which involve intentional misconduct or a knowing violation of law;
- (iii) for the types of liability set forth in Section 14-2-832 of the Georgia Business Corporation Code; or
- (iv) for any transaction from which the director received an improper personal benefit.

6.2 Repeal or Modification of this Article. Any repeal or modification of the provisions of this Article by the shareholders of the Corporation shall be prospective only and shall not adversely affect any limitation on the liability of a director of the corporation with respect to any act or omission occurring prior to the effective date of such repeal or modification.

6.3 Additional Provisions. If the Georgia Business Corporation Code is amended, after this Article becomes effective, to authorize corporate action further eliminating or limiting the liability of directors, then, without further corporate action, the liability of a director of the Corporation, in addition to the limitation on liability provided herein, shall be limited to the fullest extent permitted by the Georgia Business Corporation Code, as so amended.

6.4 Severability. In the event that any of the provisions of this Article (including any provision within a single sentence) is held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions are severable and shall remain enforceable to the fullest extent permitted by law.

* * *

These Second Amended and Restated Articles of Incorporation contain amendments requiring shareholder approval and were duly adopted in accordance with the applicable provisions of Section 14-2-1003 of the Georgia Business Corporation Code by the Board of Directors of the Corporation on July 24, 2012 and by the shareholders of the Corporation on September 19, 2012.

These Second Amended and Restated Articles of Incorporation supersede the Amended and Restated Articles of Incorporation and all amendments thereto.

IN WITNESS WHEREOF, the Corporation has caused these Second Amended and Restated Articles of Incorporation to be executed by its duly authorized officer on this 19th day of December, 2012.

GLOBAL PAYMENTS INC.

By: Suellyn Pryde Tornay
Executive Vice President and General Counsel

The foregoing were filed with the State of Georgia and are effective on December 20, 2012.

**SIXTH AMENDED AND RESTATED
BYLAWS
OF
GLOBAL PAYMENTS INC.**

Effective January 15, 2013

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Article I.

OFFICES AND AGENT

Section 1.01 Registered Office and Agent

The corporation shall continuously maintain in the state of Georgia a registered office that may be the same as any of the corporation's places of business. In addition, the corporation shall continuously maintain a registered agent whose business office is identical with the registered office. The registered agent may be an individual who resides in the state of Georgia, a domestic corporation or nonprofit domestic corporation, or a foreign corporation or nonprofit foreign corporation authorized to transact business in the state of Georgia.

Section 1.02 Other Offices

In addition to having a registered office, the corporation may have other offices, located in or out of the state of Georgia, as the corporation's board of directors ("Board of Directors") may designate from time to time.

Article II. MEETINGS OF SHAREHOLDERS

Section 2.01 Annual Meetings

The corporation shall hold a meeting of shareholders annually at a time designated by the Board of Directors for the purpose of electing directors and transacting any other business that may properly come before the shareholders. If the corporation does not hold an annual meeting as provided in this Section, any business, including the election of directors, that might properly have been acted upon at an annual meeting may be acted upon by the shareholders at a special meeting held in accordance with these bylaws or in accordance with a court order.

Section 2.02 Special Meetings

Special meetings of shareholders may be called at any time by (i) the Board of Directors, (ii) the Chairman of the Board of Directors, (iii) the Chief Executive Officer of the corporation or (iv) the holders of two-thirds (2/3) of the votes entitled to be cast on any issue proposed to be considered at such special meeting following delivery by such holders to the Secretary of the corporation of one or more signed and dated written requests setting forth the purposes of such meeting. The business that may be transacted at any special meeting of shareholders shall be limited to that proposed in the notice of the special meeting given in accordance with Section 2.04 (including related or incidental matters that may be necessary or appropriate to effectuate the proposed business).

Section 2.03 **Place of Meetings**

The corporation may hold shareholders' meetings, both annual and special, at any place in or out of the state of Georgia except that the corporation shall hold any meeting at the place set forth in the notice of the meeting or, if the meeting is held in accordance with a waiver of notice of the meeting, at the place set forth in the waiver of notice. If no place is specified in the notice or the waiver of notice, the corporation shall hold the meeting at the corporation's principal office.

Section 2.04 **Notice of Meetings**

The corporation shall notify shareholders of the date, time, and place of each annual and special shareholders' meeting no fewer than ten (10) nor more than sixty (60) days before the meeting date. Unless the Georgia Business Corporation Code, as amended (the "Code"), or the Articles of Incorporation require otherwise, the corporation shall notify only those shareholders entitled to vote at the meeting who have not waived, in accordance with Section 5.02, the right to receive notice. In the case of an annual meeting, the notice need not state the purposes of the meeting unless the Articles of Incorporation or the Code provide otherwise. Notice of a special meeting shall include a description of the purpose or purposes for which the meeting is called. Notwithstanding the foregoing, as and to the extent permitted by Code Section 14-2-705(f), the corporation need not provide any notice required by this Section 2.04 to a shareholder to whom: (1) notices of two consecutive annual meetings; or (2) all and at least two payments of dividends or interest on securities or dividend reinvestment confirmations during a 12 month period, have been mailed addressed to the shareholder's address shown in the corporation's current record of shareholders and have been returned as undeliverable. Any action or meeting which shall be taken or held without notice to any such shareholder shall have the same force and effect as if such notice had been duly given. If any such shareholder shall deliver to the corporation written notice setting forth such shareholder's then current address, the requirement that notice be given to such shareholder shall be resumed. If the action taken by the corporation requires the filing of a document under any provision of the Code, the document need not state that notice was not given to shareholders to whom notice was not required to be given pursuant hereto.

Section 2.05 **Shareholder Proposals and Director Nominations**

(a) No proposal for a shareholder vote (other than director nominations which are described in Section 2.05(b)) shall be submitted by a shareholder (a "Shareholder Proposal") to the corporation's shareholders unless the shareholder submitting such proposal (the "Proponent") shall have filed a written notice setting forth with particularity (i) the names and business addresses of the Proponent (including each beneficial owner, if any, on whose behalf the Shareholder Proposal is being made) and all natural persons, corporations, partnerships, trusts or any other type of legal entity or recognized ownership vehicle (collectively, "Persons") acting in concert with the Proponent (or such beneficial owner); (ii) the name and address of the Proponent (including each beneficial owner, if any, on whose behalf the Shareholder Proposal is being made) and the other Persons identified in clause

(i), as they appear on the corporation's books (if they so appear); (iii) the class and number of shares of the corporation that are owned beneficially and of record by the Proponent (including each beneficial owner, if any, on whose behalf the Shareholder Proposal is being made) and the other Persons identified in clause (i); (iv) a description of the Shareholder Proposal containing all material information relating thereto, including ; (A) the text of the Shareholder Proposal (including the text of any resolutions proposed for consideration and in the event that such Shareholder Proposal includes a proposal to amend the bylaws of the corporation, the language of the proposed amendment); (B) the reasons for submission of such Shareholder Proposal at the meeting and (C) any material interest in such Shareholder Proposal of each Proponent (and each beneficial owner, if any, on whose behalf the proposal is being made) and the other Persons identified in clause (i); (v) a description of any agreement, arrangement or understanding with respect to the Shareholder Proposal between or among the Proponent and each beneficial owner, if any, on whose behalf the Shareholder Proposal is being made, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing; (vi) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of such written notice by, or on behalf of, the Proponent and each beneficial owner, if any, on whose behalf the Shareholder Proposal is being made, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, the Proponent or such beneficial owner, with respect to securities of the corporation; (vii) a representation that the Proponent is a holder of record of stock of the corporation entitled to vote at such meeting and will so remain at the time of such meeting, and intends to appear in person or by proxy at the meeting to propose such business; (viii) a representation whether such Proponent or any beneficial owner on whose behalf the Shareholder Proposal is being made intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to approve or adopt the Shareholder Proposal or (2) otherwise to solicit proxies from shareholders in support of such Shareholder Proposal; (ix) any other information relating to such shareholder and such beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder; and (x) such other information as the Board of Directors reasonably determines is necessary or appropriate to enable the Board of Directors and shareholders of the corporation to consider the Shareholder Proposal. Without limiting the foregoing, the information required by clauses (iii), (v), and (vi) of this Section 2.05(a) shall be updated by the Proponent and each beneficial owner, if any, on whose behalf the Shareholder Proposal is being submitted not later than 10 days after the record date for the meeting to disclose such information as of the record date. The presiding officer at any shareholders' meeting may determine that any Shareholder Proposal was not made in accordance with the procedures prescribed in these bylaws or is otherwise not in accordance with law, and if it is so determined, such officer shall so declare at the meeting

and the Shareholder Proposal shall be disregarded. Notwithstanding anything in these bylaws to the contrary, no provision of these bylaws shall affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act.

(b) Only persons who are selected and recommended by the Board of Directors or the committee of the Board of Directors designated to make nominations, or who are nominated by shareholders in accordance with the procedures set forth in this Section 2.05(b), shall be eligible for election, or qualified to serve, as directors. Nominations of individuals for election to the Board of Directors of the corporation at any annual meeting or any special meeting of shareholders at which directors are to be elected may be made by any shareholder of the corporation entitled to vote for the election of directors at that meeting by compliance with the procedures set forth in this Section 2.05(b). Nominations by shareholders shall be made by written notice (a "Nomination Notice"), which shall set forth (i) as to each individual nominated, (A) the name, date of birth, business address and residence address of such individual; (B) the educational background, the business experience during the past five years of such nominee, including his or her principal occupations and employment during such period, the name and principal business of any corporation or other organization in which such occupations and employment were carried on, and such other information as to the nature of his or her responsibilities and level of professional competence as may be sufficient to permit assessment of his or her prior business experience; (C) whether the nominee is or has ever been at any time a director, officer or owner of 5% or more of any class of capital stock, partnership interests or other equity interest of any corporation, partnership or other entity; (D) any directorships held by such nominee in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of such Act or any company registered as an investment company under the Investment Company Act of 1940, as amended; (E) whether such nominee has ever been convicted in a criminal proceeding or has ever been subject to a judgment, order, finding or decree of any federal, state or other governmental entity, concerning any violation of federal, state or other law, or any proceeding in bankruptcy, which conviction, order, finding, decree or proceeding may be material to an evaluation of the ability or integrity of the nominee; (F) any other information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act, and (G) a written statement from the shareholder making the recommendation stating why such recommended candidate meets the criteria and would be able to fulfill the duties of a director, and (ii) as to the Person submitting the Nomination Notice, each beneficial owner, if any, on whose behalf the nomination is made and any Person acting in concert with such Persons, (A) the name and business address of such Person, (B) the name and address of each such Person as they appear on the corporation's books (if they so appear), (C) the class and number of shares of the corporation that are owned beneficially and of record by each such Person, (D) a description of any agreement, arrangement or understanding with respect to the nomination between or among such Persons, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing; (E) a description of any agreement,

arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of such written notice by, or on behalf of, each such Person, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, each such Person, with respect to securities of the corporation; (F) a representation that the Person submitting the Nomination Notice is a holder of record of stock of the corporation entitled to vote at such meeting and will so remain at the time of such meeting, and intends to appear in person or by proxy at the meeting to make such nomination; (G) a representation whether any such Person intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to elect each nominee or (2) otherwise to solicit proxies from shareholders in support of such nomination; and (H) any other information relating to such shareholder and such beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder. A written consent to being named in a proxy statement as a nominee, and to serve as a director if elected, signed by each nominee, shall be filed with any Nomination Notice. Without limiting the foregoing, the information required by clauses (ii)(C), (D), and (E) of this Section 2.05(b) shall be updated by the Person delivering such Nomination Notice and each beneficial owner, if any, on whose behalf the Nomination Notice is being submitted not later than 10 days after the record date for the meeting to disclose such information as of the record date. The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility or qualification of such proposed nominee to serve as a director of the corporation. If the presiding officer at any shareholders' meeting determines that a nomination was not made in accordance with the procedures prescribed by these bylaws or any nominee is otherwise not eligible or qualified to serve as a director, he shall so declare to the meeting and the defective nomination shall be disregarded.

(c) Nomination Notices and Shareholder Proposals in connection with an annual meeting shall be delivered to the Secretary of the corporation at the principal executive office of the corporation not less than 120 nor more than 150 calendar days before the first anniversary of the date of the corporation's notice of annual meeting sent to shareholders in connection with the previous year's annual meeting; provided, that if no annual meeting was held in the previous year or the date of the annual meeting has been established to be more than 30 calendar days earlier than or 60 calendar days after the anniversary of the previous year's annual meeting, notice by a shareholder, to be timely, must be so received not later than the later of (x) 90 days prior to the annual meeting or (y) the close of business on the 10th day following the day on which such notice of the date the annual meeting was mailed. Nomination Notices in connection with a special meeting at which directors are to be elected shall be delivered to the Secretary of the corporation at the principal executive office of the corporation not later than the close of business on the later of (i) the 90th day

prior to such special meeting or (ii) the 10th day following the day on which public announcement is first made of the date of the special meeting and of the fact that directors are to be elected at such meeting. Shareholder Proposals in connection with a special meeting called by the Proponent in accordance with Section 2.02 shall be included in the written requests delivered pursuant to Section 2.02. In no event shall the public announcement of an adjournment or postponement of an annual or special meeting commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

Section 2.06 Voting Group

The term "voting group" means all shares of one or more classes or series that under the Code or the Articles of Incorporation are entitled to vote and be counted together collectively on a matter at a meeting of shareholders. All shares entitled by the Code or the Articles of Incorporation to vote generally on the matter are for that purpose a single voting group.

Section 2.07 Quorum for Voting Groups

Shares entitled to vote as a separate voting group may take action on a matter at a meeting of shareholders only if a quorum of those shares exists with respect to that matter. Unless the Code or the Articles of Incorporation provide otherwise, a majority of the votes (as represented by person or by proxy) entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter. Once a share is represented for any purpose at a meeting, other than solely to object to holding the meeting or to transacting business at the meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting as provided in Section 7.07.

Section 2.08 Vote Required for Action

If a quorum exists, action on a matter (other than the election of directors) by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Code, the Articles of Incorporation, or the bylaws require a greater number of affirmative votes. If the Code or the Articles of Incorporation provide for voting by a single voting group on a matter, action on that matter is taken when voted upon by that voting group as provided in this Section and in Sections 2.06 and 2.07. If the Code or the Articles of Incorporation provide for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately as provided in this section and in Sections 2.06 and 2.07. Action may be taken by one voting group on a matter even though no action is taken by another voting group entitled to vote on the matter.

Section 2.09 Voting for Directors

Unless otherwise provided in the Articles of Incorporation or the Code, directors are elected in accordance with Section 3.02. Shareholders do not have a right to cumulate their votes for directors unless the Articles of Incorporation so provide.

Section 2.10 **Voting of Shares**

Unless the Code or the Articles of Incorporation provide otherwise, each outstanding share having voting rights is entitled to one vote on each matter voted on at a meeting of shareholders.

Section 2.11 **Proxies**

(a) A shareholder may vote his or her shares in person or by proxy. For a shareholder to vote shares by proxy, a shareholder or his or her agent or attorney in fact shall appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form or by an electronic transmission that is suitable for the retention, retrieval and reproduction of information by the recipient. An electronic transmission must contain or be accompanied by information from which it can be determined that the shareholder, the shareholder's agent, or the shareholder's attorney in fact authorized the electronic transmission. . An appointment of proxy is effective when received by the inspector of election or the officer or agent of the corporation authorized to tabulate votes. The appointment of proxy is valid for only one meeting and any adjournments, and the appointment form must specify that meeting. In any event, the appointment is not valid for longer than eleven (11) months unless the appointment form expressly provides for a longer period. Any copy, facsimile transmission, or other reliable reproduction of the writing or electronic transmission created pursuant to this Section may be substituted or used in lieu of the original writing or electronic transmission for any and all purposes for which the original writing or electronic transmission could be used, provided that such copy, facsimile transmission, or other reproduction shall be a complete reproduction of the entire original writing or electronic transmission.

(b) An appointment of proxy is revocable or irrevocable as provided in the Code.

(c) If any person questions the validity of an appointment of proxy, that person shall submit the appointment form for examination to the secretary of the shareholders' meeting or to a proxy officer or committee appointed by the person presiding at the meeting. The secretary, proxy officer, or committee, as the case may be, will determine the appointment form's validity. The secretary's reference in the meeting's minutes to the regularity of the appointment of proxy will be *prima facie* evidence of the facts stated in the minutes for establishing a quorum at the meeting and for all other purposes.

Section 2.12 **Chairman of the Board; Conduct of Meetings**

The Chairman of the Board shall preside over every shareholders' meeting unless these bylaws or the Board of Directors designate another person to preside at a meeting. The person presiding at a meeting may appoint any persons he or she deems necessary to assist with the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of a meeting of shareholders as it shall deem appropriate. Subject to such rules and regulations as the Board may adopt, at any meeting of shareholders, the person presiding at the meeting may establish the rules of order and procedures governing the conduct of business at such meeting, and do all such acts as, in the judgment of the presiding person, are appropriate for the proper conduct of such meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the person presiding at the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to shareholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the person presiding at the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The person presiding at any meeting of shareholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and, if such presiding person should so determine, shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered.

Section 2.13 **Inspectors**

The corporation shall appoint one or more inspectors to act at a shareholders' meeting and to make a written report of the inspectors' determinations. Each inspector shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of the inspector's ability. The inspector shall: ascertain the number of shares outstanding and the voting power of each; determine the shares represented at a meeting; determine the validity of proxies and ballots; count all votes; and determine the result. An inspector may be an officer or employee of the corporation.

Section 2.14 **Adjournments**

Whether or not a quorum is present to organize a meeting, any meeting of shareholders (including an adjourned meeting) may be adjourned by the holders of a majority of the voting shares represented at the meeting to reconvene at a specific time and place, but no later than 120 days after the date fixed for the original meeting unless the requirements of the Code concerning the selection of a new record date have been met. At any reconvened meeting within that time period, any business may be transacted that could have been transacted at the meeting that was adjourned. If notice of the adjourned meeting was properly given, it shall not be necessary to give any notice of the reconvened meeting or of the business to be transacted, if the date, time and place of the reconvened meeting are announced at the meeting that was adjourned and before adjournment; provided, however, that if a new record date is or must be fixed, notice of the reconvened meeting must be given to persons who are shareholders as of the new record date.

Section 2.15 **Action by Shareholders Without a Meeting**

Action required or permitted by the Code to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all shareholders entitled to vote on the action. The action must be evidenced by one or more written consents bearing the date of signature and describing the action taken, signed by all shareholders entitled to take action without a meeting, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

Article III. **THE BOARD OF DIRECTORS**

Section 3.01 **General Powers**

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the Board of Directors and those committees of the Board of Directors established pursuant to Section 3.06 of these bylaws, subject to any limitation set forth in the Articles of Incorporation, bylaws approved by the shareholders, or agreements among the shareholders that are otherwise lawful.

Section 3.02 **Number, Election and Term of Office**

The number of directors of the corporation shall be no less than two (2) and no greater than twelve (12) and may be adjusted by resolution of the shareholders or of the Board of Directors from time to time. Any resolution of the Board of Directors increasing or decreasing the number of directors of the corporation shall require the affirmative vote of at least two-thirds (2/3) of the entire Board of Directors. The directors shall be divided into three classes, Class I, Class II and Class III, each consisting, as nearly equal in number as possible, of one third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at the annual meeting of shareholders shall be elected for a three year

term. Except as provided in Section 3.04, each director shall be elected by a majority of the votes cast with respect to the director by the shares represented in person or by proxy and entitled to vote at any meeting for the election of directors at which a quorum is present; provided, however, that if the number of director nominees exceeds the number of directors to be elected ten days before the mailing of the definitive proxy statement, then each director shall be elected by a vote of the plurality of the shares represented in person or by proxy at such meeting and entitled to vote on the election of directors. For purposes of this Section 3.02, a majority of the votes cast means that the number of shares voted “for” a director must exceed the number of votes cast “against” that director.

The number of directors may be increased or decreased from time to time as provided herein or by amendment to these bylaws and the Articles of Incorporation of the corporation; provided, however, that any amendment to the bylaws by the Board of Directors which increases or decreases the number of directors of the corporation must be approved by the affirmative vote of at least two-thirds (2/3) of the entire Board of Directors; provided further, that the total number of directors at any time shall not be less than two (2) provided further, that no decrease in the number of directors shall have the effect of shortening the term of an incumbent director. In the event of any increase or decrease in the authorized number of directors, each director then serving shall continue as a director of the class of which he is a member until the expiration of his current term, or his earlier resignation, retirement, disqualification, removal from office or death, and the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal as possible; provided, however, that any such additional directors elected by the Board shall serve only for a term expiring at the next meeting of the shareholders called for the purpose of electing directors. Each director shall serve until his successor is elected and qualified or until his earlier resignation, retirement, disqualification, removal from office, or death.

Section 3.03 **Removal**

The shareholders may remove one or more directors only for cause and only by the affirmative vote of the holders of at least two-thirds (2/3) of all votes entitled to be cast in the election of such directors. If the director was elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove the director. The shareholders may remove a director only at a special meeting called for the purpose of removing the director, and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the director. For purposes of this Section, “cause” shall mean only (i) conviction of a felony, (ii) declaration of unsound mind by an order of a court, (iii) gross dereliction of duty, (iv) commission of an action involving moral turpitude or (v) commission of an action which constitutes intentional misconduct or a knowing violation of law if such action results in an improper substantial personal benefit and a material injury to the corporation.

Section 3.04 **Vacancies**

If a vacancy occurs on the Board of Directors, the vacancy may be filled by a majority of the directors then in office, even if fewer than a quorum, or by a sole remaining director. Each director chosen in accordance with this Section shall hold office until the next election of the class for which such director shall have been chosen, and until such director's successor is elected and qualified, or until the director's earlier death. Even if the directors remaining in office constitute fewer than a quorum of the Board of Directors, the directors may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office. If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group or the remaining directors elected by that voting group are entitled to vote to fill the vacancy.

Section 3.05 **Compensation**

Unless the Articles of Incorporation provide otherwise, the Board of Directors may determine from time to time the compensation, if any, that directors may receive for their services as directors. A director may also serve the corporation in a capacity other than that of director and receive compensation determined by the Board of Directors for services rendered in such other capacity.

Section 3.06 **Committees**

The Board of Directors by resolution may create one or more committees and appoint members of the Board of Directors to serve on such committees at the discretion of the Board of Directors. Except as limited by the Code, each committee will have the authority set forth in the resolution establishing such committee or in such committee's charter as approved by the Board.

Article IV. **MEETINGS OF THE BOARD OF DIRECTORS**

Section 4.01 **Regular Meetings**

The Board of Directors shall hold a regular meeting on the same day as or immediately after an annual shareholders' meeting or a special shareholders' meeting held in lieu of an annual meeting. In addition, the Board of Directors may schedule and hold other meetings at regular intervals throughout the year.

Section 4.02 **Special Meetings**

The Board of Directors shall hold a special meeting upon the call of the Chairman of the Board, the President or any two directors.

Section 4.03 **Place of Meetings**

The Board of Directors may hold meetings, both regular and special, at any place in or out of the state of Georgia. Regular meetings shall be held at the place established

from time to time for regular meetings. Special meetings shall be held at the place set forth in the notice of the meeting or, if the special meeting is held in accordance with a waiver of notice of the meeting, at the place set forth in the waiver of notice.

Section 4.04 Notice of Meetings

Unless Section 4.05 or the Articles of Incorporation provide otherwise, the corporation is not required to give notice of the date, time, place, or purpose of a regular meeting of the Board of Directors. Unless Section 4.05 or the Articles of Incorporation provide otherwise, the corporation shall give each member of the Board of Directors at least one (1) day's prior notice of the date, time, and place of a special meeting of the Board of Directors. Notices of special meetings shall comply with Section 5.01 and may be waived in accordance with Section 5.02.

Section 4.05 Notice of Certain Directors Meetings

Notwithstanding Section 4.04, the corporation shall give each member of the Board of Directors at least five (5) days prior written notice of any regular or special meeting at which any business combination transaction involving the corporation or any of its subsidiaries, including, without limitation, any merger, consolidation or sale of substantially all of its assets, is to be considered by the Board of Directors, which notice shall also state that such a transaction is to be considered and specify in reasonable detail the material terms of such transaction.

Section 4.06 Quorum

Unless the Code, the Articles of Incorporation, or these bylaws require a greater number, a quorum of the Board of Directors consists of a majority of the total number of directors that has been initially fixed in the Articles of Incorporation or that has been later prescribed by resolution of the shareholders or of the Board of Directors in accordance with Section 3.02.

Section 4.07 Vote Required for Action

(a) If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors unless the Code, the Articles of Incorporation, or these bylaws require the vote of a greater number of directors.

(b) A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:

(i) he or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding it or transacting business at the meeting;

(ii) his or her dissent or abstention from the action taken is entered in the minutes of the meeting; or

(iii) he or she delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting.

The right to dissent or abstain is not available to a director who votes in favor of the action taken.

Section 4.08 Participation by Conference Telephone

Any or all directors may participate in a meeting of the Board of Directors or of a committee of the Board of Directors through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means shall be deemed to be present in person at the meeting.

Section 4.09 Adjournments

A majority of the directors present at a meeting may adjourn the meeting from time to time. This right to adjourn exists whether or not a quorum is present at the meeting and applies to regular as well as special meetings, including any meetings that are adjourned and reconvened. If a meeting of the Board of Directors is adjourned to a different date, time, or place, the corporation is not required to give notice of the new date, time, or place or of the business to be transacted, if the new date, time, or place is announced at the meeting before adjournment. At the meeting reconvened after adjournment, the Board of Directors may transact any business that could have been transacted at the meeting that was adjourned.

Section 4.10 Action by Directors Without a Meeting

Any action required or permitted by the Code to be taken at any meeting of the Board of Directors (or a committee of the Board of Directors) may be taken without a meeting if the action is taken by all of the members of the Board of Directors (or the committee, as the case may be). The action must be evidenced by one or more written consents describing the action taken, signed by each of the directors (or each of the directors serving on the committee, as the case may be), and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

**Article V. MANNER OF NOTICE TO AND WAIVER OF NOTICE
BY SHAREHOLDERS AND DIRECTORS**

Section 5.01 Manner of Notice

(a) Whenever these bylaws require notice to be given to any shareholder or director, the notice must comply with this Section 5.01 in addition to any other section of these bylaws concerning notice and any provision in the Articles of Incorporation.

(b) Notice to shareholders shall be in writing or oral if oral notice is reasonable under the circumstances. Notice to a director may be written or oral.

(c) Except as specified in Section 4.05, notice may be communicated in person; by telephone, telegraph, teletype, facsimile, or other form of wire or wireless communication; or by mail or private carrier. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television, or other form of public broadcast communication. Unless otherwise provided in the Code, the Articles of Incorporation, or these bylaws, notice by facsimile or electronic transmission, telegraph, or teletype shall be deemed to be notice in writing.

(d) Written notice to the corporation's shareholders, if in comprehensible form, is effective when mailed, if mailed with first-class postage prepaid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders; provided, however, that if the corporation has more than 500 shareholders of record entitled to vote at a meeting, it may utilize a class of mail other than first class if the notice of meeting is mailed, with adequate postage prepaid, not less than 30 days before the date of the meeting.

(e) Except as provided in subsection 5.01(d), written notice, if in a comprehensible form, is effective at the earliest of the following unless otherwise required by law:

(i) when received, or when delivered, properly addressed, to the addressee's last known principal place of business or residence;

(ii) five (5) days after its deposit in the mail, as evidenced by the postmark, or such longer period as provided in the Articles of Incorporation or these bylaws, if mailed with first-class postage prepaid and correctly addressed; or

(iii) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

(f) Oral notice is effective when communicated if communicated in a comprehensible manner.

(g) In calculating time periods for notice, when a period of time measured in days, weeks, months, years, or other measurement of time is prescribed for

the exercise of any privilege or the discharge of any duty, the first day shall not be counted but the last day shall be counted.

Section 5.02 **Waiver of Notice**

(a) A shareholder may waive any notice before or after the date and time stated in the notice. Except as provided in subsection 5.02(b), the waiver must be in writing or by electronic transmission, be signed by the shareholder entitled to the notice, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(b) A shareholder's attendance at a meeting:

(i) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and

(ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

(c) A shareholder's waiver of notice is not required to specify the business transacted or the purpose of the meeting unless required by the Code or these bylaws.

(d) A director may waive any notice before or after the date and time stated in the notice. Except as provided in paragraph (e) of this Section 5.02, the waiver must be in writing or by electronic transmission, signed by the director entitled to the notice, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(e) A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Article VI. **OFFICERS**

Section 6.01 **Duties**

The officers of the corporation may include a Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President and Secretary and any other officers as may be appointed by the Board of Directors, as it determines, in its sole discretion, to be necessary or desirable. The officers will have the authority and will perform the duties as set forth in these bylaws. The other officers that are appointed will have the authority and will perform the duties as established by the Board of Directors from time to time.

Section 6.02 **Appointment and Term**

The Board of Directors appoints the individuals who will serve as officers of the corporation. An individual may simultaneously hold more than one office. Any officer appointed in accordance with this Article VI may appoint one or more officers or assistant officers. All officers serve at the pleasure of the Board of Directors. The Board of Directors may remove with or without cause any officer.

Section 6.03 **Compensation**

The Board of Directors or a committee thereof will fix the compensation, if any, of all corporate officers.

Section 6.04 **Chairman of the Board**

The Chairman of the Board shall preside at all meetings of shareholders and the Board of Directors. The Chairman of the Board shall have such other powers and duties as may be delegated to him or her from time to time by the Board of Directors.

Section 6.05 Chief Executive Officer

The Chief Executive Officer shall be primarily responsible for the general management of the business affairs of the Corporation and for implementing policies and directives of the board of directors. The Chief Executive Officer shall also preside at all meetings of shareholders and the Board of Directors during the absence or disability of the Chairman of the Board. Unless the Articles of Incorporation, these bylaws, or a resolution of the Board of Directors provides otherwise, the Chief Executive Officer may execute and deliver on behalf of the corporation any contract, conveyance, or similar document not requiring approval by the Board of Directors or shareholders as provided in the Code. The Chief Executive Officer shall have any other authority and will perform any other duties that the Board of Directors may delegate to him or her from time to time.

Section 6.06 President

In the absence of the Chairman of the Board and the Chief Executive Officer, or if there is none, the President shall preside at meetings of the shareholders and Board of Directors. The President shall assume and perform the duties of the Chairman of the Board in the absence or disability of the Chairman of the Board and the Chief Executive Officer or whenever the offices of the Chairman of the Board and the Chief Executive Officer are vacant. The President will have any other authority and will perform any other duties that the Board of Directors may delegate to him or her from time to time.

Section 6.07 Chief Financial Officer

The Chief Financial Officer shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors, Chief Executive Officer or the President. The Chief Financial Officer will have responsibility for the custody of all funds and securities belonging to the corporation and for the receipt, deposit, or disbursement of funds and securities under the direction of the Board of Directors. The Chief Financial Officer will cause to be maintained true accounts of all receipts and disbursements and will make reports of these to the Board of Directors, upon its request, and to the Chief Executive Officer or the President, upon his or her request. The Chief Financial Officer will have any other authority and will perform any other duties that the Board of Directors may delegate to him or her from time to time.

Section 6.08 Secretary

The Secretary will have responsibility for preparing minutes of the acts and proceedings of all meetings of the shareholders, of the Board of Directors, and of any committees of the Board of Directors, as directed by the chairperson of a particular committee. The Secretary will have authority to give all notices required by the Code, other applicable law, or these bylaws. The Secretary will have responsibility for the custody of the corporate books, records, contracts, and other corporate documents. The Secretary will have authority to affix the corporate seal to any lawfully executed document and will sign any instruments that require his or her signature. The Secretary will authenticate records of the corporation. The Secretary will have any other authority and will perform any other duties that the Board of Directors may delegate to him or her from time to time. In the case of absence or disability of the Secretary, or at the direction of the Chief Executive Officer or the President, any assistant secretary has the authority and may perform the duties of the Secretary.

Section 6.09 Bonds

The Board of Directors by resolution may require any or all of the officers, agents, or employees of the corporation to give bonds to the corporation, with sufficient surety or sureties, conditioned on the faithful performance of the duties of their respective offices or positions, and to comply with any other conditions that from time to time may be required by the Board of Directors.

Article VII. **SHARES**

Section 7.01 Authorization and Issuance of Shares

The Board of Directors may authorize shares of any class or series provided for in the Articles of Incorporation to be issued for consideration deemed valid under the provisions of the Code. In addition, before the corporation issues the shares authorized by the Board of Directors, the Board of Directors must determine that the consideration received or to be received for shares to be issued is adequate. To the extent provided in the Articles of Incorporation, the Board of Directors will determine the preferences, limitations, and relative rights of such shares before their issuance.

Section 7.02 **Share Certificates**

Shares of the corporation's stock may be certificated or uncertificated, as provided under the Code. The interest of each shareholder may be evidenced by a certificate or certificates representing shares of the corporation which, if any, shall be in such form as Board of Directors may from time to time adopt. Share certificates, if any, shall be numbered consecutively, shall be in registered form shall indicate the date of issuance, the name of the corporation and that it is organized under the laws of the State of Georgia, the name of the shareholder, and the number and class of shares and the designation of the series, if any, represented by the certificate. Each certificate shall be signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, or the Secretary, provided, however, that where a certificate is signed (either manually or by facsimile) by a transfer agent, or registered by a registrar, the signatures of those officers may be facsimiles. If a certificate is signed in facsimile, then it must be countersigned by a transfer agent or registered by a registrar other than the corporation itself or an employee of the corporation. The transfer agent or registrar may sign either manually or by facsimile. The corporate seal need not be affixed. The interest of a shareholder in the corporation also may be evidenced by registration in the holder's name in uncertificated, book-entry form on the books of the corporation in accordance with a direct registration system approved by the Securities and Exchange Commission and by the New York Stock Exchange (or its successor) or any securities exchange or automated quotation system on which the shares of the corporation's stock may from time to time be quoted or listed.

Section 7.03 **Registered Owner**

The corporation may treat the registered owner of any share of stock of the corporation as the person exclusively entitled to vote that share and to receive any dividend or other distribution with respect to that share and as the exclusive owner of that share for all other purposes. Accordingly, the corporation is not required to recognize any other person's equitable, or other, claim to or interest in that share, whether or not the corporation has express or other notice of the claim or interest, except as provided otherwise by law.

Section 7.04 **Transfers of Shares**

The Board of Directors shall have power and authority to make all rules and regulations as they may deem expedient concerning the transfer and registration of shares of the corporation. Transfer of shares shall be in accordance with such rules and regulations.

The Board of Directors shall have authority to appoint a transfer agent and/or a registrar for the shares of its capital stock, and to empower them or either of them in such manner and to such extent as it may deem best, and to remove such agent or agents from time to time, and to appoint another agent or other agents. Transfers of shares shall be made upon the transfer books of the corporation, kept at the office of the transfer agent designated to transfer the shares, only upon direction of the registered owner, or by an attorney lawfully constituted in writing. With respect to certificated shares, before a new certificate is issued, the old certificate shall be surrendered for cancellation or, in the case of a certificate alleged to have been lost, stolen, or destroyed, the requirements of Section 7.06 of these bylaws shall have been met. Upon transfer of uncertificated shares, the record of such person's stock shall be cancelled and shares shall be transferred to the person entitled thereto upon the issuance of a certificate or electronic transfer of such shares.

Section 7.05 **Duty of Corporation to Register Transfer**

Notwithstanding any provision in Section 7.04, the corporation is not under a duty to register the transfer of a share unless:

- (a) the certificate representing that share is endorsed by the appropriate person or persons;
 - (b) reasonable assurance is given that the endorsement or affidavit (in the case of a lost, stolen, or destroyed certificate) is genuine and effective;
 - (c) the corporation either has no duty to inquire into adverse claims or has discharged that duty;
 - (d) the requirements of any applicable law relating to the collection of taxes for the proposed transfer have been met;
- and
- (e) the transfer is in fact rightful or is to a bona fide purchaser.

Section 7.06 **Lost, Stolen, or Destroyed Certificates**

Any person claiming a share certificate has been lost, stolen, or destroyed must make an affidavit or affirmation of that fact in the manner prescribed by the Board of Directors. In addition, if the Board of Directors requires, the person must give the corporation a bond of indemnity in a form and amount, and with one or more sureties, satisfactory to the Board of Directors. Once the person has satisfactorily completed these steps, the corporation will issue an appropriate new certificate to replace the certificate alleged to have been lost, stolen, or destroyed.

Section 7.07 **Record Date with Regard to Shareholder Action**

If not otherwise fixed under Code Section 14-2-703 or 14-2-707, the record date for determining shareholders entitled to notice of and entitled to vote at an annual or special shareholders' meeting is the close of business on the day before the first notice is delivered to shareholders. The Board of Directors may fix a future date as the record date in order to determine the shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action (except an action provided for in Section 8.02). Any future date fixed as a record date may not be more than seventy (70) days before the date on which the meeting is to be held or the action requiring a determination of shareholders is to be taken. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. If the Board of Directors does not fix a future date as a record date, the corporation will determine the record date in accordance with the Code.

Article VIII. **DISTRIBUTIONS**

Section 8.01 **Authorization or Declaration**

Subject to any restriction in the Articles of Incorporation, the Board of Directors from time to time in its discretion may authorize or declare and the corporation may make distributions to the shareholders in accordance with the Code.

Section 8.02 **Record Date With Regard to Distributions**

The Board of Directors may fix a future date as the record date in order to determine shareholders entitled to a distribution (other than one involving a purchase, redemption, or other reacquisition of the corporation's shares). If the Board of Directors does not fix a future date as the record date, the corporation will determine the record date in accordance with the Code.

Article IX. **INDEMNIFICATION**

Section 9.01 **Definitions**

As used in this Article, the term:

(a) "corporation" includes any domestic or foreign predecessor entity of the corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(b) "director" or "officer" means an individual who is or was a director or board-elected officer, respectively, of the corporation or who, while a director or officer of the corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity. A director or officer is considered to be serving an employee benefit plan at the corporation's request if his or her duties to the corporation also impose duties on, or otherwise involve services by, the director or officer to the plan or to participants in or beneficiaries of the plan. "Director" or "officer" includes, unless the context otherwise requires, the estate or personal representative of a director or officer.

(c) "disinterested director" or "disinterested officer" means a director or officer, respectively who at the time of an evaluation referred to in subsection 9.05(b) is not:

(i) A party to the proceeding; or

(ii) An individual having a familial, financial, professional, or employment relationship with the person whose advance for expenses is the subject of the decision being made with respect to the proceeding, which relationship would, in the circumstances, reasonably be expected to exert an influence on the director's or officer's judgment when voting on the decision being made.

(d) "expenses" includes counsel fees.

(e) "liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(f) "party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(g) "proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitral or investigative and whether formal or informal.

(h) "Reviewing Party" shall mean the person or persons making the determination as to reasonableness of expenses pursuant to Section 9.05 of this Article, and shall not include a court making any determination under this Article or otherwise.

Section 9.02 **Basic Indemnification Arrangement**

(a) The corporation shall indemnify an individual who is a party to a proceeding because he or she is or was a director or officer against liability incurred in the proceeding; provided, however that the corporation shall not indemnify a director or officer under this Article for any liability incurred in a proceeding in which the director or officer

is adjudged liable to the corporation or is subjected to injunctive relief in favor of the corporation:

- (i) For any appropriation, in violation of his or her duties, of any business opportunity of the corporation;
- (ii) For acts or omissions which involve intentional misconduct or a knowing violation of law;
- (iii) For the types of liability set forth in Section 14-2-832 of the Code; or
- (iv) For any transaction from which he or she received an improper personal benefit.

(b) If any person is entitled under any provision of this Article to indemnification by the corporation for some portion of liability incurred by him or her, but not the total amount thereof, the corporation shall indemnify such person for the portion of such liability to which he or she is entitled.

Section 9.03 Advances for Expenses

(a) The corporation shall, before final disposition of a proceeding, advance funds to pay for or reimburse the reasonable expenses incurred by a director or officer who is a party to a proceeding because he or she is a director or officer if he or she delivers to the corporation:

(i) A written affirmation of his or her good faith belief that his or her conduct does not constitute behavior of the kind described in subsection 9.02(a) above; and

(ii) His or her written undertaking (meeting the qualifications set forth below in subsection 9.03(b)) to repay any funds advanced if it is ultimately determined that he or she is not entitled to indemnification under this Article or the Code.

(b) The undertaking required by subsection 9.03(a)(ii) above must be an unlimited general obligation of the proposed indemnitee but need not be secured and shall be accepted without reference to the financial ability of the proposed indemnitee to make repayment. If a director or officer seeks to enforce his or her rights to indemnification in a court pursuant to Section 9.04 below, such undertaking to repay shall not be applicable or enforceable unless and until there is a final court determination that he or she is not entitled to indemnification, as to which all rights of appeal have been exhausted or have expired.

Section 9.04 Court-Ordered Indemnification and Advances for Expenses

(a) A director or officer who is a party to a proceeding because he or she is a director or officer may apply for indemnification or advance for expenses to the court conducting the proceeding or to another court of competent jurisdiction. For purposes of this Article, the corporation hereby consents to personal jurisdiction and venue in any court in which is pending a proceeding to which a director or officer is a party. Regardless of any determination by the Reviewing Party as to the reasonableness of expenses, and regardless of any failure by the Reviewing Party to make a determination as to the reasonableness of expenses, such court's review shall be a *de novo* review. After receipt of an application and after giving any notice it considers necessary, the court shall:

(i) Order indemnification or advance for expenses if it determines that the director or officer is entitled to indemnification or advance for expenses; or

(ii) Order indemnification or advance for expenses if it determines, in view of all the relevant circumstances, that it is fair and reasonable to indemnify the director or officer, or to advance expenses to the director or officer, even if the director or officer failed to comply with the requirements for advance of expenses, or was adjudged liable in a proceeding referred to in subsection 9.02(a)(iv) above.

(b) If the court determines that the director or officer is entitled to indemnification or advance for expenses, the corporation shall pay the director's or officer's reasonable expenses to obtain court-ordered indemnification or advance for expenses.

Section 9.05 **Determination of Reasonableness of Expenses**

(a) The corporation acknowledges that indemnification of a director or officer under Section 9.02 has been pre-authorized by the corporation as permitted by Section 14-2-859(a) of the Code, and that pursuant to authority exercised under Section 14-2-856 of the Code, no determination need be made for a specific proceeding that indemnification of the director or officer is permissible in the circumstances because he or she has met a particular standard of conduct. Nevertheless, except as set forth in subsection 9.05(b) below, evaluation as to reasonableness of expenses of a director or officer for a specific proceeding shall be made as follows:

(i) If there are two or more disinterested directors, by the board of directors of the corporation by a majority vote of all disinterested directors (a majority of whom shall for such purpose constitute a quorum) or by a majority of the members of a committee of two or more disinterested directors appointed by such a vote; or

(ii) If there are fewer than two disinterested directors, by the board of directors (in which determination directors who do not qualify as disinterested directors may participate); or

(iii) By the shareholders, but shares owned by or voted under the control of a director or officer who at the time does not qualify as a disinterested director or disinterested officer may not be voted on the determination.

(b) Notwithstanding the requirement under subsection 9.05(a) that the Reviewing Party evaluate the reasonableness of expenses claimed by the proposed indemnitee, any expenses claimed by the proposed indemnitee shall be deemed reasonable if the Reviewing Party fails to make the evaluation required by subsection 9.05(a) within sixty (60) days following the later of:

- (1) the corporation's receipt of the affirmative undertaking required by Section 9.03 (a); or
- (2) the corporation's receipt of invoices for specific expenses to be reimbursed or advance.

Section 9.06 Indemnification of Employees and Agents

The corporation may indemnify and advance expenses under this Article to an employee or agent of the corporation who is not a director or officer to the same extent and subject to the same conditions that a Georgia corporation could, without shareholder approval under Section 14-2-856 of the Code, indemnify and advance expenses to a director, or to any lesser extent (or greater extent if permitted by law) determined by the Board of Directors, in each case consistent with public policy.

Section 9.07 Liability Insurance

The corporation may purchase and maintain insurance on behalf of an individual who is a director, officer, employee or agent of the corporation or who, while a director, officer, employee or agent of the corporation, serves at the corporation's request as a director, officer, partner, trustee, employee or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity against liability asserted against or incurred by him or her in that capacity or arising from his or her status as a director, officer, employee, or agent, whether or not the corporation would have power to indemnify or advance expenses to him or her against the same liability under this Article or the Code.

Section 9.08 Witness Fees

Nothing in this Article shall limit the corporation's power to pay or reimburse expenses incurred by a person in connection with his or her appearance as a witness in a proceeding at a time when he or she is not a party.

Section 9.09 Report to Shareholders

To the extent and in the manner required by the Code from time to time, if the corporation indemnifies or advances expenses to a director or officer in connection with a proceeding by or in the right of the corporation, the corporation shall report the indemnification or advance to the shareholders.

Section 9.10 **Security for Indemnification Obligations**

The corporation may at any time and in any manner, at the discretion of the board of directors, secure the corporation's obligations to indemnify or advance expenses to a person pursuant to this Article.

Section 9.11 **No Duplication of Payments**

The corporation shall not be liable under this Article to make any payment to a person hereunder to the extent such person has otherwise actually received payment (under any insurance policy, agreement or otherwise) of the amounts otherwise payable hereunder.

Section 9.12 **Subrogation**

In the event of payment under this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the corporation effectively to bring suit to enforce such rights.

Section 9.13 **Contract Rights.**

The right to indemnification and advancement of expenses conferred hereunder to directors and officers shall be a contract right and shall not be affected adversely to any director or officer by any amendment of these bylaws with respect to any action or inaction occurring prior to such amendment; provided, however, that this provision shall not confer upon any indemnitee or potential indemnitee (in his or her capacity as such) the right to consent or object to any subsequent amendment of these bylaws.

Section 9.14 **Specific Performance**

In any proceeding brought by or on behalf of an officer or director to specifically enforce the provisions of this Article, the corporation hereby waives the claim or defense therein that the plaintiff or claimant has an adequate remedy at law, and the corporation shall not urge in any such proceeding the claim or defense that such remedy at law exists. The provisions of this Section 9.14, however, shall not prevent the officer or director from seeking a remedy at law in connection with any breach of the provisions of this Article.

Section 9.15 **Non-exclusivity, Etc.**

The rights of a director or officer hereunder shall be in addition to any other rights with respect to indemnification, advancement of expenses or otherwise that he or she may have under contract or the Georgia Business Corporation Code or otherwise.

Section 9.16 Amendments

It is the intent of the corporation to indemnify and advance expenses to its directors and officers to the full extent permitted by the Georgia Business Corporation Code, as amended from time to time. To the extent that the Georgia Business Corporation Code is hereafter amended to permit a Georgia business corporation to provide to its directors greater rights to indemnification or advancement of expenses than those specifically set forth hereinabove, this Article shall be deemed amended to require such greater indemnification or more liberal advancement of expenses to the corporation's directors and officers, in each case consistent with the Georgia Business Corporation Code as so amended from time to time. No amendment, modification or rescission of this Article, or any provision hereof, the effect of which would diminish the rights to indemnification or advancement of expenses as set forth herein shall be effective as to any person with respect to any action taken or omitted by such person prior to such amendment, modification or rescission.

Section 9.17 Severability

To the extent that the provisions of this Article are held to be inconsistent with the provisions of Part 5 of Article 8 of the Georgia Business Corporation Code, such provisions of such Code shall govern. In the event that any of the provisions of this Article (including any provision within a single section, subsection, division or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions of this Article shall remain enforceable to the fullest extent permitted by law.

Article X. MISCELLANEOUS

Section 10.01 Inspection of Records

The Board of Directors may determine what corporate records, other than those specifically required by the Code to be made open to inspection, will be made open to the right of inspection by the shareholders. In addition, the Board of Directors may fix reasonable rules not in conflict with the Code regarding the inspection of corporate records that are required by the Code or are permitted by determination of the Board of Directors to be made open to inspection. The right of inspection granted in Section 14-2-1602(c) of the Code is not available to any shareholder owning two percent (2%) or less of the shares outstanding, unless the Board of Directors in its discretion grants prior approval for the inspection to the shareholder.

Section 10.02 Fiscal Year

The Board of Directors may determine the fiscal year of the corporation and may change the fiscal year from time to time as the Board of Directors deems appropriate.

Section 10.03 Corporate Seal

If the Board of Directors determines that the corporation should have a corporate seal for the corporation, the corporate seal will be in the form the Board of Directors from time to time determines.

Section 10.04 Financial Statements

In accordance with the Code, the corporation shall prepare and provide to the shareholders such financial statements as may be required by the Code.

Section 10.05 Conflict with Articles of Incorporation

In the event that any provision of these bylaws conflicts with any provision of the Articles of Incorporation, the provision in the Articles of Incorporation will govern.

Article XI. AMENDMENTS

Section 11.01 Power to Amend Bylaws.

Except as otherwise explicitly provided in this Section 11.01, the bylaws may be altered, amended or repealed, and new bylaws may be adopted, by (a) the affirmative vote of the holders of two-thirds (2/3) of the shares of stock then outstanding and entitled to vote in the election of directors, or (b) the Board of Directors of the Corporation, but any bylaw adopted by the Board of Directors may be altered, amended, or replaced, or new bylaws may be adopted, by the affirmative vote of the holders of two-thirds (2/3) of the shares of stock entitled to vote in the election of directors. The shareholders may prescribe, by so expressing in the action they take in amending or adopting any bylaw or bylaws, that the bylaw or bylaws so amended or adopted by them shall not be altered, amended or repealed by the Board of Directors. Notwithstanding the foregoing, Section 4.05 may not be modified, amended or repealed except by the affirmative vote of the holders of a majority of the shares of stock then outstanding and entitled to vote in the election of directors.

Article XII. CERTAIN PROVISIONS OF GEORGIA LAW

Section 12.01 Business Combinations.

All of the requirements of Article 11, Part 3, of the Code, included in Sections 14-2-1131 through 1133 (and any successor provisions thereto), shall be applicable to the corporation in connection with any business combination, as defined therein, with any interested shareholder, as defined therein.

Article XIII. **EMERGENCY BYLAWS**

Section 13.01 **Emergency Bylaws.**

This Article shall be operative during any emergency resulting from some catastrophic event that prevents a quorum of the Board of Directors or any committee thereof from being readily assembled (an "emergency"), notwithstanding any different or conflicting provisions set forth elsewhere in these bylaws or in the Articles of Incorporation. To the extent not inconsistent with the provisions of this Article, the bylaws set forth elsewhere herein and the provisions of the Articles of Incorporation shall remain in effect during such emergency, and upon termination of such emergency, the provisions of this Article shall cease to be operative.

Section 13.02 **Meetings.**

During any emergency, a meeting of the Board of Directors or any committee thereof may be called (a) by any director or (b) by the Chief Executive Officer, President, Chief Financial Officer, or the Secretary (the "Designated Officers") of the corporation. Notice of the time and place of the meeting shall be given by any available means of communication by the person calling the meeting to such of the directors and/or Designated Officers as may be feasible to reach. Such notice shall be given at such time in advance of the meeting as, in the judgement of the person calling the meeting, circumstances permit.

Section 13.03 **Quorum**

At any meeting of the Board of Directors or any committee thereof called in accordance with this Article, the presence or participation of two directors, one director and a Designated Officer, or two Designated Officers shall constitute a quorum for the transaction of business.

Section 13.04 **Bylaws**

At any meeting called in accordance with this Article, the Board of Directors or a committee thereof, as the case may be, may modify, amend or add to the provisions of this Article so as to make any provision that may be practical or necessary for the circumstance of the emergency.

Section 13.05 **Liability**

Corporate action taken in good faith in accordance with the emergency bylaws may not be used to impose liability on a director, officer, employee or agent of the Company.

Section 13.06 **Repeal or Change**

The provisions of this Article shall be subject to repeal or change by further action of the Board of Directors or by action of shareholders, but no such repeal or change shall modify the provisions of Section 13.05 with regard to action taken prior to the time of such repeal or change.

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

I, Paul R. Garcia, certify that:

1. I have reviewed this 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.

Date: April 2, 2013 By: /s/ Paul R. Garcia

Paul R. Garcia
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, David E. Mangum, 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.

Date: April 2, 2013 By: /s/ DAVID E. MANGUM

David E. Mangum
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 February 28, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Paul R. Garcia, Chief Executive Officer of Global Payments Inc. (the "Company"), and David E. Mangum, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Paul R. Garcia

Paul R. Garcia
Chief Executive Officer
Global Payments Inc.

April 2, 2013

/s/ David E. Mangum

David E. Mangum
Chief Financial Officer
Global Payments Inc.

April 2, 2013

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.

