



GLOBAL CASH ACCESS HOLDINGS, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 15, 2014

TIME 9:00 a.m., Pacific Daylight Time, on May 15, 2014

LOCATION Global Cash Access Holdings, Inc.
7250 S. Tenaya Way, Suite 100
Las Vegas, NV 89113

- PROPOSALS**
1. To elect two (2) Class III directors to serve until the 2017 annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal.
 2. To approve, on an advisory (non-binding) basis, the compensation of Global Cash Access Holdings, Inc.'s named executive officers as disclosed in the accompanying proxy statement.
 3. To approve the 2014 Equity Incentive Plan of Global Cash Access Holdings, Inc.
 4. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for Global Cash Access Holdings, Inc. for the fiscal year ending December 31, 2014.
 5. To consider such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

These items of business are more fully described in the proxy statement which is attached and made a part hereof.

RECORD DATE Our Board of Directors has fixed March 21, 2014 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders (the "Annual Meeting") or any adjournment or postponement thereof. Accordingly, you are entitled to notice of and to vote at the 2014 Annual Meeting and any adjournment or postponement thereof if you were a stockholder at the close of business on March 21, 2014.

VOTING **YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, YOU ARE URGED TO VOTE PROMPTLY TO ENSURE YOUR PRESENCE AND THE PRESENCE OF A QUORUM AT THE ANNUAL MEETING.** You may vote your shares by using the Internet or the telephone. Instructions for using these services are set forth on the enclosed proxy card. You may also vote your shares by marking, signing, dating and returning the proxy card in the enclosed postage-prepaid envelope. If you send in your proxy card and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

INTERNET AVAILABILITY . Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 15, 2014. Our Proxy Statement is attached. Financial and other information concerning Global Cash Access Holdings, Inc. is contained in our Annual Report to Stockholders for the fiscal year ended December 31, 2013. A complete set of proxy materials relating to our Annual Meeting is available on the Internet. These materials, consisting of the Notice of Annual Meeting, Proxy Statement, Proxy Card and Annual Report to Stockholders are available and may be viewed at www.proxyvote.com.

By Order of the Board of Directors,

By: /s/ RAM CHARY

Ram Chary

President and Chief Executive Officer

Las Vegas, Nevada
April 8, 2014

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GLOBAL CASH ACCESS HOLDINGS, INC.
7250 South Tenaya Way, Suite 100
Las Vegas, Nevada 89113
(800) 833-7110

PROXY STATEMENT
GENERAL INFORMATION

Why am I receiving these proxy materials?

The Board of Directors (the “Board”) of Global Cash Access Holdings, Inc., a Delaware corporation (the “Company”), is furnishing these proxy materials to you in connection with the Company’s 2014 annual meeting of stockholders (the “Annual Meeting”). The Annual Meeting will be held at the Company’s headquarters located at 7250 S. Tenaya Way, Suite 100, Las Vegas, Nevada 89113 at 9:00 a.m., Pacific Daylight Time. You are invited to attend the Annual Meeting and are entitled and requested to vote on the proposals outlined in this proxy statement (“Proxy Statement”).

This Proxy Statement and enclosed form of proxy are first being mailed to stockholders on or about April 9, 2014.

What proposals will be voted on at the Annual Meeting?

There are four proposals scheduled to be voted on at the Annual Meeting:

1. To elect two (2) Class III directors to serve until the 2017 annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal.
2. To approve, on an advisory (non-binding) basis, the compensation of Global Cash Access Holdings, Inc.’s named executive officers as disclosed in this Proxy Statement.
3. To approve the 2014 Equity Incentive Plan of Global Cash Access Holdings, Inc.
4. To ratify the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm (hereinafter referred to as “independent auditors”) for the fiscal year ending December 31, 2014.
5. To consider such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

As to any other business which may properly come before the Annual Meeting, the person named on the enclosed proxy card will vote according to his best judgment. The Company does not know now of any other matters to be presented or acted upon at the Annual Meeting.

What are the recommendations of the Board?

The Board’s voting recommendations with respect to the proposals that will be presented are as follows:

<u>Proposal</u>	<u>Board’s Voting Recommendation</u>
1. To elect two (2) Class III directors to serve until the 2017 annual meeting of stockholders and until their successors are elected and qualified	For all nominees
2. To approve, on an advisory (non-binding) basis, the compensation of Global Cash Access Holdings, Inc.’s named executive officers as disclosed in this Proxy Statement	For
3. To approve the 2014 Equity Incentive Plan of Global Cash Access Holdings, Inc.	For
4. To ratify the appointment of Deloitte & Touche LLP as the Company’s independent auditors for the fiscal year ending December 31, 2014	For

Management does not know of any matters to be presented at the Annual Meeting other than those set forth in this Proxy Statement and in the Notice accompanying this Proxy Statement, nor have we received notice of any matter by the deadline prescribed by Securities and Exchange Commission (“SEC”) Rule 14a-4(c). Without limiting our ability to apply the advance notice provisions in our Amended and Restated Bylaws with respect to the procedures that must be followed for a matter to be properly presented at an annual meeting, if other matters should properly come before the Annual Meeting, the proxy holders will vote on such matters in accordance with their best judgment.

What is the record date and what does it mean?

The record date for the Annual Meeting is March 21, 2014. The record date is established by the Board as required by Delaware law. Holders of shares of the Company’s Common Stock, par value \$0.001 per share (“Common Stock”) at the close of business on the record date are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting and any adjournments or postponements thereof.

What shares can I vote?

Each holder of shares of Common Stock is entitled to one vote for each share of Common Stock owned as of the record date. Holders of Common Stock are referred to herein as “Stockholders.”

At the record date, 66,181,452 shares of Common Stock were issued and outstanding. Shares held in treasury by the Company are not treated as being issued or outstanding for purposes of determining the number of shares of Common Stock entitled to vote.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding and entitled to vote on the record date will constitute a quorum permitting the proposals described herein to be acted upon at the Annual Meeting.

What is the impact of not casting your vote?

Under the General Corporation Law of the State of Delaware, an abstaining vote and a broker non-vote are counted as present and are, therefore, included for purposes of determining whether a quorum of shares of Common Stock is present at the Annual Meeting.

Abstentions include shares present in person but not voting and shares represented by proxy but with respect to which the holder has abstained. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have the discretionary voting authority with respect to that item and has not received instructions from the beneficial owner.

If you are a beneficial owner of shares held in “street name” by a bank, broker or other holder of record, and such record holder does not receive instructions from you as to how to vote those shares, under the rules of the New York Stock Exchange (the “NYSE”), your record holder may exercise discretionary authority to vote on routine proposals but may not vote on non-routine proposals. Proposal 1 (election of directors), Proposal 2 (advisory vote on executive compensation) and Proposal 3 (approval of 2014 Equity Incentive Plan) are considered non-routine matters under applicable rules. Proposal 4 (the ratification of the Company’s independent registered accounting firm) is considered a routine matter under applicable rules. Accordingly, if you do not instruct your record holder how to vote with respect to Proposal 1 (election of directors), Proposal 2 (advisory vote on executive compensation) or Proposal 3 (approval of 2014 Equity Incentive Plan), no votes will be cast on your behalf with respect to such proposals. Your record holder, however, will continue to have discretion to vote any uninstructed shares on Proposal 4 (the ratification of the Company’s independent registered accounting firm). In the absence of instructions, shares subject to such broker non-votes will not be counted as voted or as present or represented on any of the proposals offered at the Annual Meeting other than ratification of our auditors and so will have no effect on the vote. We encourage you to provide instructions to your broker regarding the voting of your shares. Our stockholders have no dissenter’s or appraisal rights in connection with any of the proposals described herein.

What is the voting requirement to approve each of the proposals?

Proposal 1. The two (2) Class III Director candidates receiving the greatest number of affirmative votes of the shares of Common Stock present in person, or represented by proxy, and entitled to vote at the Annual Meeting will be elected. Stockholders do not have the right to cumulate their votes in the election of directors. Votes that are withheld, abstentions and broker non-votes will not be counted toward a nominee’s total.

Proposal 2. The proposal to approve, on an advisory (non-binding) basis, the compensation of our named executive officers will require the affirmative vote of a majority of the shares of Common Stock present in person, or represented by proxy, and entitled to vote at the Annual Meeting. Broker non-votes will have no effect on the outcome of this proposal, while abstentions will have the effect of a vote against this proposal. Although this vote is advisory and is not binding on our Board of Directors, the Board of Directors and the Compensation Committee will consider the voting results, along with other relevant factors, in connection with their ongoing evaluation of our compensation program.

Proposal 3. The proposal to approve the 2014 Equity Incentive Plan of the Company will require the affirmative vote of a majority of the shares of Common Stock present in person, or represented by proxy, and entitled to vote at the Annual Meeting. Broker non-votes will have no effect on the outcome of this proposal, while abstentions will have the effect of a vote against this proposal.

Proposal 4. The proposal to ratify the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm will require the affirmative vote of a majority of the shares of Common Stock present in person, or represented by proxy, and entitled to vote at the Annual Meeting. Broker non-votes will have no effect on the outcome of this proposal, while abstentions will have the effect of a vote against this proposal.

All shares of Common Stock represented by valid proxies will be voted in accordance with the instructions contained therein.

How do I vote my shares?

You can either attend the Annual Meeting and vote in person or give a proxy to be voted at the Annual Meeting:

- by mailing the enclosed proxy card;
- over the telephone by calling a toll-free number; or
- electronically by using the Internet.

The Internet and telephone voting procedures have been set up for your convenience and are designed to authenticate Stockholders' identities, to allow Stockholders to provide their voting instructions, and to confirm that their instructions have been recorded properly. The Company believes the procedures that have been put in place are consistent with the requirements of applicable law. Specific instructions for Stockholders who wish to use the Internet or telephone voting procedures are set forth on the enclosed proxy card. If your shares are held in an account at a brokerage firm, bank or similar organization, you will receive instructions from the registered holder that you must follow in order to have your shares voted.

Who will tabulate the votes?

An automated system administered by Broadridge Financial Solutions, Inc. ("Broadridge") will tabulate votes cast by proxy at the Annual Meeting and a representative of the Company will tabulate votes cast in person at the Annual Meeting.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual Stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except as necessary to meet applicable legal requirements or to allow for the tabulation and/or certification of the vote.

Can I change my vote after submitting my proxy?

You may revoke your proxy at any time before it is exercised at the Annual Meeting. You may do so by one of the following four ways:

- submitting another proxy card bearing a later date;
- sending a written notice of revocation to the Secretary of the Company at 7250 South Tenaya Way, Suite 100, Las Vegas, Nevada 89113;
- submitting new voting instructions via telephone or the Internet (if initially able to vote in that manner) so long as such vote or voting direction is received by the applicable date and time set forth above for stockholders of record; or
- attending AND voting in person at the Annual Meeting.

If you hold your shares in "street name," please refer to the information forwarded by your bank, broker or other holder of record for procedures on revoking or changing your proxy.

Who is paying for this proxy solicitation?

This proxy solicitation is being made by the Company. This Proxy Statement and the accompanying proxy were first sent by mail to the Stockholders on or about April 9, 2014. The Company will bear the cost of soliciting proxies, including preparation, assembly, printing and mailing of the Proxy Statement. The Company also will reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. In addition, proxies may

be solicited by certain of the Company's directors, officers and regular employees, without additional compensation, either personally, by telephone, facsimile or e-mail.

How can I find out the voting results?

The Company will report the voting results in a Form 8-K within four business days after the end of the Annual Meeting.

How do I receive electronic access to proxy materials for future annual meetings?

Stockholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies, which results in cost savings for the Company. If you are a Stockholder of record and would like to receive future Stockholder materials electronically, you can elect this option by following the instructions provided when you vote your proxy over the Internet at www.proxyvote.com.

If you chose to view future proxy statements and annual reports over the Internet, you will receive an e-mail notification next year with instructions containing the Internet address of those materials. Your choice to view future proxy statements and annual reports over the Internet will remain in effect until you contact either your broker or the Company to rescind your instructions. You do not have to elect Internet access each year.

If your shares of Common Stock are registered in the name of a brokerage firm, you still may be eligible to vote your shares of Common Stock electronically over the Internet. A large number of brokerage firms are participating in the Broadridge online program, which provides eligible Stockholders who receive a paper copy of this Proxy Statement the opportunity to vote via the Internet. If your brokerage firm is participating in Broadridge's program, your proxy card will provide instructions for voting online. If your proxy card does not reference Internet information, please complete and return your proxy card.

How can I avoid having duplicate copies of the proxy statements sent to my household?

Some brokers and other nominee record holders may be participating in the practice of "house-holding" proxy statements and annual reports, which results in cost savings for the Company. The practice of "house-holding" means that only one copy of the Proxy Statement and annual report will be sent to multiple Stockholders in a Stockholder's household. The Company will promptly deliver a separate copy of either document to any Stockholder who contacts the Company's Investor Relations department at 7250 South Tenaya Way, Suite 100, Las Vegas, Nevada 89113, (702) 855-3000, requesting such copies. If a Stockholder is receiving multiple copies of the Proxy Statement and annual report at the Stockholder's household and would like to receive a single copy of those documents for a Stockholder's household in the future, that Stockholder should contact their broker, other nominee record holder, or the Company's Investor Relations department to request mailing of a single copy of future proxy statements and annual reports.

When are stockholder proposals due for next year's annual meeting?

Requirements for Stockholder Proposals to be Brought Before an Annual Meeting. For Stockholder proposals to be considered properly brought before an annual meeting by a Stockholder, the Stockholder must have given timely notice therefore in writing to the Secretary of the Company. To be timely for the Company's 2015 Annual Meeting of Stockholders, a Stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company between January 15, 2015 and February 14, 2015. A Stockholder's notice to the Secretary must set forth as to each matter the Stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the

Company which are beneficially owned by the Stockholder, and (iv) any material interest of the Stockholder in such business.

Requirements for Stockholder Proposals to be Considered for Inclusion in the Company's Proxy Materials. Stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and intended to be presented at the Company's 2015 Annual Meeting of Stockholders must be received by the Company no later than December 10, 2014 in order to be considered for inclusion in the Company's proxy materials for that meeting.

PROPOSAL 1 ELECTION OF CLASS III DIRECTORS

Our Amended and Restated Certificate of Incorporation provides that the number of directors which shall constitute the Board shall be exclusively fixed by resolutions adopted by a majority of the authorized directors constituting the Board. The Company's Amended and Restated Bylaws state that the number of directors of the Company shall be fixed in accordance with the Company's Certificate of Incorporation, then in existence. The authorized number of directors of the Company is currently set at seven, and there is one position on the Board that is currently vacant. The Board anticipates adding an additional member to the Board in the near future to fill the current vacancy. Each Director will be elected to serve until his or her term has expired and until his or her successor has been duly elected and qualified or until his or her earlier resignation or removal. The Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that the Board shall be divided into three classes constituting the entire Board. The members of each class of directors serve staggered three-year terms. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement. Currently, the Board is composed of the following six members:

<u>Class</u>	<u>Directors</u>	<u>Term Expiration</u>
III . . .	Ram Chary and Fred C. Enlow	2014 Annual Meeting of Stockholders
I	E. Miles Kilburn	2015 Annual Meeting of Stockholders
II	Geoff Judge, Michael Rumbolz and Ronald Congemi	2016 Annual Meeting of Stockholders

The Nominating and Corporate Governance Committee of the Board has recommended, and the Board has nominated, Ram Chary and Fred Enlow, each of whom is currently a Class III Director of the Company, for election as Class III Directors of the Company, each to serve a three-year term until the 2017 annual meeting of stockholders and until a successor is duly elected and qualified or until the director's earlier resignation or removal. Each nominee has consented, if elected as a Class III Director of the Company, to serve until his term expires. The Board has no reason to believe that the nominee will not serve if elected, but if such nominee should become unavailable to serve as a director, and if the Board designates a substitute nominee, the person named as proxy in the enclosed proxy form may vote for a substitute nominee recommended by the Nominating and Corporate Governance Committee and approved by the Board.

Information regarding the business experience of each nominee for election as a Class III Director is provided below.

Ram Chary *Ram Chary* has served as President and Chief Executive Officer of the Company since January 2014 and also was appointed to our Board in January 2014. From 2007 to 2013, Mr. Chary served in various roles at Fidelity National Information Services, Inc., a banking and payments technology company, most recently as an Executive Vice President of Global Commercial Services. Mr. Chary previously led the technology division of Fidelity National Information Services, Inc. Prior to joining Fidelity National Information Services Inc., Mr. Chary led the Professional Services organization of eFunds Corporation, a payments services company. Prior to eFunds, Mr. Chary worked at IBM Global Services in infrastructure outsourcing and technology consulting. The Board believes Mr. Chary is qualified to serve as a member of our Board due to his management experience in the payments and information technology industries.

Fred Enlow *Fred C. Enlow* has served as a member of the Board since October 2006. Since 2000, Mr. Enlow has been a consultant to various financial institutions, primarily involving international consumer financial business. He is currently a director, Chairman of the Board and Chairman of the Audit Committee of Prudential Vietnam Finance Company. Previously, he was a group executive director of Standard Chartered Bank PLC, a Vice Chairman and director of MBNA America Bank, Chairman of MasterCard International's Asia Pacific region and member of the Board of Directors and Executive Committee of MasterCard International. The Board believes Mr. Enlow is qualified to serve as a member of our Board due to his experience in the financial services and payments industries.

**THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE
ELECTION TO THE BOARD OF THE NOMINEES NAMED ABOVE**

The Company’s directors listed below will continue in office for the remainder of their terms or earlier in accordance with the Company’s Amended and Restated Bylaws. Information regarding the business experience of each such director is provided below.

Class I Director Whose Term Will Expire in 2015

E. Miles Kilburn *E. Miles Kilburn* has served as a member of the Board since March 2005 and currently serves as Chairman of the Board. Mr. Kilburn is the co-founder and a partner of Mosaik Partners, LLC, a venture capital firm focused on commerce enabling technology. He has been a private investor focused on the electronic payments sector since June 2004 and serves as a director of a number of privately held companies. Prior to that, Mr. Kilburn was Executive Vice President and Chief Strategy Officer of Concord EFS, Inc., a payment and network services company (which was acquired by First Data Corporation in February 2004) from 2003 to 2004, and Senior Vice President of Business Strategy and Corporate Development from 2001 to 2003. He served as Chief Executive Officer of Primary Payment Systems, Inc. (now Early Warning), from 2002 to 2003, and Chief Financial Officer from 1997 to 1999. From 1995 to 2001, Mr. Kilburn served in various roles at Star Systems, Inc., ultimately as Group Executive Vice President and Chief Financial Officer. The Board believes Mr. Kilburn is qualified to serve as a member on our Board due to his management and investment experience in the financial technology and payments industry, as well as his status as an “audit committee financial expert”.

Age 51

Class II Directors Whose Terms Will Expire in 2016

Geoff Judge *Geoff Judge* has served as a member of the Board since September 2006. Since 2010, Mr. Judge has been a Partner at iNovia Capital, a manager of early stage venture capital funds. Prior to joining iNovia, he was an early stage private investor. From 2003 to 2005, he was an investor in and the Chief Operating Officer of Precllick, a digital photography software firm. In 2002, he was the Chief Operating Officer of Media Solution Services, Inc., a provider of credit card billing insert media. From 1997 to 2002, Mr. Judge was a co-founder and Senior Vice President and General Manager of the media division of 24/7 Real Media. From 1995 to 1997 he was a Vice President of Marketing for iMarket, Inc., a software company. From 1985 to 1995, Mr. Judge was a Vice President and General Manager in the credit card division of American Express. Mr. Judge also serves as a director of numerous privately held companies. The Board believes Mr. Judge is qualified to serve as a member of our Board due to his knowledge of the Company’s business and his experience in the financial services and payments industries primarily from his tenure at American Express.

Age 60

Michael Rumbolz *Michael Rumbolz* has served as a member of the Board since August 2010. From August 2008 to August 2010, Mr. Rumbolz served as a consultant to the Company advising the Company upon various strategic, product development and customer relation matters. Mr. Rumbolz served as the Chairman and Chief Executive Officer of Cash Systems, Inc., a provider of cash access services to the gaming industry, from January 2005 until August 2008 when Global Cash Access, Inc. acquired Cash Systems, Inc. Mr. Rumbolz also has provided various consulting services and held various public and private sector employment positions in the gaming industry, including serving as Chairman of the Nevada Gaming Control Board from June 1987 to December 1988. Mr. Rumbolz currently serves as a member of the Board of Directors of Employers Holdings, Inc. (NYSE: EIG). The Board believes Mr. Rumbolz is qualified to serve as a member of our Board due to his experience in the cash access and gaming industries.

Ronald Congemi *Ronald Congemi* has served as a member of the Board since February 2013. Mr. Congemi currently serves as a member of the Board of Directors of Clearent LLC, a privately held merchant processing company; a consultant to Acxsys Corporation of Canada, the operating arm of the Interact debit network of Canada; a consultant to the Gerson Lehman Group, a global advisory firm; and a member of the Philadelphia Federal Reserve's Payments Advisor Council. Mr. Congemi previously served as the Chief Executive Officer of First Data's Debit Services Group from 2004 until his retirement at the end of 2008. Mr. Congemi also served as Senior Vice President of Concord EFS, Inc. and Concord's Network Services Group. Mr. Congemi founded Star Systems, Inc., an ATM and PIN debit network in the United States and served as the President and Chief Executive Officer from 1984 to 2008. The Board believes Mr. Congemi is qualified to serve as a member of our Board due to his management experience in the payments industry.

BOARD AND CORPORATE GOVERNANCE MATTERS

Board Leadership Structure and the Board's Role in Risk Oversight

We separate the roles and responsibilities of the Chief Executive Officer (“CEO”) and Chairman of the Board. The CEO formulates our strategic direction and oversees the day to day management and performance of the Company, while the Chairman of the Board provides general guidance to the CEO, sets the agenda for Board meetings and presides over meetings of the Board. Ram Chary serves as our CEO and E. Miles Kilburn serves as the Chairman of the Board. The Board believes that Mr. Kilburn’s role as Chairman ensures a greater role for the non-management directors in the oversight of the Company and encourages greater participation of the non-management directors in setting agendas and establishing priorities and procedures for the work of the Board.

Our Board of Directors is responsible for oversight of our risk assessment process. The Board’s role in the Company’s risk oversight process includes receiving regular reports from members of our management team with respect to material risks that the Company faces, including operational, financial, legal and regulatory, strategic and reputational risks. The Board, or the applicable committee of the Board, receives these reports from members of our management team to enable it to identify material risks and assess management’s risk management and mitigation strategies. As part of its charter, the Audit Committee assesses risks relating to the Company’s financial statements, oversees both the Company’s external and internal audit function and oversees the Company’s compliance with all applicable laws and regulations. The Company’s Compensation Committee is responsible for overseeing the management of risks relating to the Company’s executive compensation plans and arrangements. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

Board Meetings and Attendance

During fiscal 2013, the Board held five meetings. Each director attended at least 75% of the total number of the meetings of the Board and meetings of the committees of the Board on which he served. The Company encourages, but does not require, its Board members to attend annual stockholders meetings. All of the Company’s Board members attended the Company’s 2013 annual meeting of stockholders.

Committees of the Board

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Each director of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee attended at least 75%

of the meetings of each committee on which he served. The members of the committees during fiscal 2013 are identified in the following table:

<u>DIRECTOR</u>	<u>AUDIT</u>	<u>COMPENSATION</u>	<u>NOMINATING AND CORPORATE GOVERNANCE</u>
Ram Chary*			
E. Miles Kilburn	Chair	Chair	X
Geoff Judge	X		Chair
Fred C. Enlow	X	X	
Michael Rumbolz	X	X	
Ronald Congemi	X		X
Scott Betts**			

* Mr. Chary has served as President and Chief Executive Officer of the Company since January 2014 and also was appointed to our Board in January 2014.

** Mr. Betts resigned from the Board in March 2014.

The Audit Committee met four times in fiscal 2013. The Audit Committee has delegated responsibility for, among other things:

- conducting and supervising internal audit investigations, retaining independent legal, accounting or other advisors to carry out its duties and if necessary, to institute special investigations related to the Company’s internal audit functions;
- reviewing policies and procedures adopted by management regarding fair and accurate presentation of financial statements in accordance with generally accepted accounting principles and applicable rules and regulations of the SEC;
- overseeing the Company’s accounting and financial reporting processes, overseeing audits of the Company’s financial statements and reviewing the Company’s audited financial statements with management, including a review of major issues regarding accounting and auditing principles and practices, and evaluating the adequacy and effectiveness of internal controls that could significantly affect the Company’s financial statements, as well as the adequacy and effectiveness of the Company’s disclosure controls and procedures and management’s reports thereon;
- reviewing and discussing reports from the Company’s independent auditor regarding: (i) all critical accounting policies and practices to be used by the Company; (ii) all alternative treatments of financial information within GAAP that have been discussed with management; and (iii) other material written communications between the Company’s independent auditor and management;
- reviewing major changes to the Company’s auditing and accounting principles and practices as suggested by the Company’s independent auditor, internal auditors or management, and reviewing the significant reports to management prepared by the Company’s internal auditing department and management’s responses;
- establishing procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- advising the Board with respect to the Company’s policies and procedures regarding compliance with applicable laws and regulations; and

- overseeing the work of the registered public accounting firm engaged in audit, review or attest services for the Company, overseeing the appointment, compensation and retention of the registered public accounting firm, and overseeing and ensuring the independence of the Company's independent auditor, and reviewing and pre-approving of all audit services and permissible non-audit services to be performed by the Company's independent auditor.

The Board has determined that Mr. Kilburn is an "audit committee financial expert" as defined by Item 407(d)(5)(ii) of Regulation S-K and is independent under applicable NYSE rules. The Audit Committee operates under a written charter setting forth the functions and responsibilities of the committee. A copy of the Audit Committee charter can be viewed at the Company's website at www.gcainc.com.

The Compensation Committee met two times during 2013, either separately or in conjunction with full Board meetings. The Compensation Committee has delegated responsibility for, among other things:

- assisting the Board in discharging its responsibilities relating to compensation of the Company's directors and executive officers;
- reviewing and approving goals and objectives for CEO compensation and recommending to the Board non-CEO compensation and incentive compensation plans and equity based plans that are subject to Board approval;
- administering the Company's incentive compensation plans and equity based plans, approving new equity compensation plans or material changes to an existing plan where Stockholder approval has not been obtained, and approving awards as determined by the Board; and
- ensuring corporate performance measures and goals are set and determining the extent that established goals have been achieved and any related compensation earned.

The Compensation Committee operates under a written charter setting forth the functions and responsibilities of the committee. A copy of the Compensation Committee charter can be viewed at the Company's website at www.gcainc.com.

The Nominating and Corporate Governance Committee met two times in fiscal 2013. The Nominating and Corporate Governance Committee has the delegated responsibility for, among other things:

- developing and recommending to the Board, and implementing, a set of corporate governance principles and procedures;
- developing and recommending to the Board, and implementing and monitoring compliance with, a code of business conduct and ethics for directors, officers and employees, and promptly disclosing any waivers for directors or executive officers;
- assessing the adequacy of the code of business conduct and ethics and recommending any changes;
- assisting the Board in assessing Board composition, selecting nominees for election to the Board consistent with criteria approved by the Board, and advising the Board on each Committee of the Board regarding member qualifications, Committee appointments and removals, Committee structure and operations and Committee reporting;
- determining the compensation of members of the Board and its Committees;
- advising the Board on candidates for executive offices, and advising the Board on candidates for the position of Chairman of the Board and CEO; and
- establishing and monitoring a process of assessing the Board's effectiveness and overseeing the evaluation of the Board and management.

The Nominating and Corporate Governance Committee operates under a written charter setting forth the functions and responsibilities of the committee. A copy of the charter can be viewed at the Company's website at www.gcainc.com.

Director Nomination Process

As provided in the charter of the Nominating and Corporate Governance Committee, nominations for director may be made by the Nominating and Corporate Governance Committee or by a Stockholder of record entitled to vote. The Nominating and Corporate Governance Committee will consider and make recommendations to the Board regarding any Stockholder recommendations for candidates to serve on the Board. Stockholders wishing to recommend candidates for consideration by the Nominating and Corporate Governance Committee may do so by writing to the Company's Investor Relations Department—Attention Nominating and Corporate Governance Committee at 7250 South Tenaya Way, Suite 100, Las Vegas, NV 89113 providing the candidate's name, biographical data and qualifications, a document indicating the candidate's willingness to act if elected, and evidence of the nominating Stockholder's ownership of Common Stock at least 120 days prior to the next annual meeting to assure time for meaningful consideration by the Nominating and Corporate Governance Committee. There are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by the committee or a Stockholder. The Company does not pay any third party to identify or assist in identifying or evaluating potential nominees.

In reviewing potential nominees for the Board, the Nominating and Corporate Governance Committee considers the individual's experience in the Company's industry, the general business or other experience of the candidate, the needs of the Company for an additional or replacement director, the personality of the candidate, and the candidate's interest in the business of the Company, as well as numerous other subjective criteria. Of greatest importance is the individual's integrity, willingness to be involved and ability to bring to the Company experience and knowledge in areas that are most beneficial to the Company. The Board intends to continue to evaluate candidates for election to the Board on the basis of the foregoing criteria. A detailed description of the criteria used by the Nominating and Corporate Governance Committee in evaluating potential candidates may be found in the charter of the Nominating and Corporate Governance Committee which is posted on the Company's website at www.gcainc.com. In general, the Nominating and Corporate Governance Committee seeks prospective nominees with a broad diversity of experience, professions, skills and backgrounds but has no formal policies and procedures for assessing, and does not assign any specific weights to, any particular criteria. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis prohibited by law.

Director Independence

Under independence standards established by the Board in accordance with the rules and regulations of the SEC and the NYSE, a director does not qualify as independent unless the Board affirmatively determines that the director does not have any material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company, which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment by the director in carrying out the responsibilities of a director. The Board considers such facts and circumstances as it deems relevant to the determination of director independence. To assist in making its determination regarding independence, the Board considers, at a minimum, the following categorical standards:

- a director who is an employee, or whose immediate family member is an executive officer, of the Company or any of its subsidiaries is not independent until three years after the end of such employment relationship;

- a director who receives, or whose immediate family member receives, more than \$120,000 per year in direct compensation from the Company or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$120,000 per year in such compensation;
- a director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company or any of its subsidiaries is not “independent” until three years after the end of the affiliation or the employment or auditing relationship;
- a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company’s or any of its subsidiaries present executives serve on that company’s compensation committee is not “independent” until three years after the end of such service or the employment relationship;
- a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company (which does not include charitable entities) that makes payments to, or receives payments from, the Company or any of its subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1.0 million, or 2% of such other company’s consolidated gross revenues, is not “independent” until three years after falling below such threshold; and
- any director that has a material relationship with the Company shall not be independent. Any relationship not required to be disclosed pursuant to Item 404 of Regulation S-K of the Securities Exchange Act of 1934, as amended, shall be presumptively not material. For relationships not covered by the preceding sentence, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the Board. The Company shall explain in the next proxy statement the basis for any board determination that a relationship is immaterial despite the fact that it does not meet the categorical standards of immateriality set forth above.

The Board has determined that the following directors have no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company), which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment by the director in carrying out the responsibilities of a director, and that each is independent within the meaning of independence as set forth in the rules and regulations of the SEC and the NYSE: E. Miles Kilburn, Geoff Judge, Fred C. Enlow, Michael Rumbolz and Ronald Congemi.

Executive Sessions of Non-Management Directors

Mr. Kilburn has been selected as the Presiding Director to preside over meetings of our non-management directors in executive session with no management or employees present. Our independent directors met in executive session with no management directors or employees present three times last year.

Communication between Interested Parties and Directors

Stockholders and other interested parties may communicate with individual directors (including the Presiding Director), the members of a committee of the Board, the independent directors as a group or the Board as a whole by addressing the communication to the named director, the committee, the independent directors as a group or the Board as a whole c/o Secretary, Global Cash Access Holdings, Inc., 7250 South Tenaya Way, Suite 100, Las Vegas, NV 89113 or via electronic mail to secretary@gcmail.com. The Company’s Secretary will forward all correspondence to the named director, committee, independent directors as a group or the Board as a whole, except for spam, junk mail, mass mailings, product complaints

or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. The Company’s Secretary may forward certain correspondence, such as product-related inquiries, elsewhere within the Company for review and possible response.

Relationships Among Directors or Executive Officers

There are no family relationships among any of the Company’s directors or executive officers.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics for its directors, officers and other employees. The Company will post on its website any amendments to, or waivers from, any provision of its Code of Business Conduct and Ethics. A copy of the Code of Business Conduct and Ethics is available on the Company’s website at www.gcainc.com.

TRANSACTIONS WITH RELATED PERSONS

Review, Approval or Ratification of Transactions with Related Persons

Corporate governance guidelines adopted by the Board provide that any transaction that is required to be reported under Item 404(a) of Regulation S-K promulgated by the SEC must be reviewed, approved or ratified by the Audit Committee, the Nominating and Corporate Governance Committee or another committee consisting entirely of independent directors under applicable NYSE rules. The types of transactions covered by this policy include but are not limited to (i) the purchase, sale or lease of assets to or from a related person, (ii) the purchase or sale of products or services to or from a related person, or (iii) the lending or borrowing of funds from or to a related person. Approval of transactions with related persons shall be at the discretion of the reviewing body, but the reviewing body shall consider (A) the consequences to the Company of consummating or not consummating the transaction, (B) the extent to which the Company has a reasonable opportunity to obtain the same or a substantially similar benefit of the transaction from a person or entity other than the related person, and (C) the extent to which the terms and conditions of such transaction are more or less favorable to the Company and its stockholders than the terms and conditions upon which the Company could reasonably be expected to negotiate with a person or entity other than the related person. Further, our code of ethics requires our directors, officers and employees to raise with our Chief Compliance Officer any material transaction or relationship that could reasonably be expected to give rise to a personal conflict of interest.

EXECUTIVE OFFICERS

The following sets forth certain information regarding the Company’s executive officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ram Chary	43	President, Chief Executive Officer and Director
Randy Taylor	51	Executive Vice President and Chief Financial Officer
Juliet A. Lim	51	Executive Vice President, General Counsel and Corporate Secretary
David Johnson	62	Executive Vice President of Government Relations
Michael S. Dowty	46	Executive Vice President, Sales and Chief Marketing Officer
Robert Myhre	51	Executive Vice President and Chief Information Officer
David Lucchese	55	Executive Vice President, Client Operations

Ram Chary has served as President and Chief Executive Officer of GCA since January 2014 and also was appointed to our Board in January 2014. From 2007 to 2013, Mr. Chary served in various roles at Fidelity National Information Services, Inc., a banking and payments technology company, most recently as an

Executive Vice President of Global Commercial Services. Mr. Chary previously led the technology division of Fidelity National Information Services, Inc. Prior to joining Fidelity National Information Services Inc., Mr. Chary led the Professional Services organization of eFunds Corporation, a payments services company. Prior to eFunds, Mr. Chary worked at IBM Global Services in infrastructure outsourcing and technology consulting.

Randy Taylor has served as our Executive Vice President and Chief Financial Officer since March 2014. Prior to his appointment as Executive Vice President and Chief Financial Officer, Mr. Taylor had served as the Company's Senior Vice President and Controller since November 2011. Prior to joining the Company, Mr. Taylor served in various positions for Citadel Broadcasting Corporation, a radio broadcasting company, from April 1999 to September 2005 and September 2006 to September 2011, including most recently, from 2008 to 2011, as Chief Financial Officer. Mr. Taylor also served as the Vice President of Finance and Corporate Controller of Bally Technologies, Inc. from September 2005 to September 2006.

Juliet Lim has served as our Executive Vice President, General Counsel and Corporate Secretary since March 2014. Ms. Lim served as General Counsel of Clear Energy Systems, Inc. from June 2013 until February 2014. From January 2010 to May 2013, Ms. Lim served as the General Counsel of Arizona State University Foundation. Ms. Lim served as the Senior Vice President and Deputy General Counsel and other senior legal positions at Fidelity National Information Services, Inc. and eFunds Corporation (which was acquired by Fidelity National in 2007), from June 2003 to November 2009.

David Johnson joined the Company in April 2011 and served as Executive Vice President and General Counsel until March 2014. In March 2014, Mr. Johnson assumed the role of Executive Vice President of Government Relations. From 2003 to 2010, Mr. Johnson served as Executive Vice President, General Counsel and Secretary to International Game Technology (NYSE: IGT), a multi-national gaming technology company, where he was responsible for the direction of all legal, regulatory and governmental affairs. From 2002 to 2003, Mr. Johnson was a partner with the Las Vegas law firm of Bernhard, Bradley & Johnson. From 2000 to 2002, Mr. Johnson served as General Counsel to Anchor Gaming, Inc. (NASDAQ: SLOT), a diversified gaming company. From 1995 to 2000, Mr. Johnson served as Senior Vice President, General Counsel and Secretary to Bally Technologies, Inc. (NYSE: BYI), a Nevada-based gaming machine and technology company. Mr. Johnson also served as the Chief Deputy Attorney General of the Gaming Division of the Nevada Attorney General's Office, where he acted as Senior Legal Counsel to the Nevada Gaming Commission and Nevada Gaming Control Board.

Michael S. Dowty joined the Company in October 2005 and currently serves as the Executive Vice President, Chief Marketing Officer, a position he was promoted to in March 2013. Mr. Dowty served as Executive Vice President, Global Sales and Marketing from August 2012 through March 2013 and Executive Vice President, Business Development from July 2008 through August 2012. Prior to serving as the Company's Executive Vice President, Business Development, from October 2005 through May 2007, Mr. Dowty was the Vice President of International Sales of the Company and from May 2007 through July 2008, Mr. Dowty was the Senior Vice President, International Business of the Company. Prior to joining the Company, from September 2000 through October 2005 Mr. Dowty was the General Manager of First Data Loan Company, Canada, a provider of merchant processing services.

Robert Myhre joined the Company in October 2012 and has served as Executive Vice President and Chief Information Officer since that time. Mr. Myhre served as a Group Head—Integrated Processing Solutions at MasterCard, where he oversaw product development for debit and prepaid processing solutions, from November 2009 until September 2012. Prior to his position at MasterCard, Mr. Myhre served as a Senior Vice President and/or General Manager of various payments business divisions at Fidelity National Information Services, Inc. (FIS) and eFunds Corporation (which was acquired by FIS in September 2007), from 2005 until 2009. Mr. Myhre served as a Vice President of Product Management at eFunds Corporation from 2001 until 2005 and as a Director of Business Development from 1998 until 2001.

David Lucchese has served as our Executive Vice President, Client Operations since March 2014. Prior to his appointment as Executive Vice President, Client Operation, Mr. Lucchese served as our Executive Vice President, Sales since joining the Company in April 2010. From April 2005 to April 2010, Mr. Lucchese served as Vice President of Sales, Games for Bally Technologies, Inc. and Senior Vice President of Sales, Systems from April 2003 to April 2005. Mr. Lucchese served as Vice President of Sales for Aristocrat Technologies, Inc. from July 2001 to February 2003.

PROPOSAL 2
ADVISORY VOTE TO APPROVE NAMED EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, enacted in 2010, requires that companies provide their stockholders with the opportunity to vote, on an advisory basis, whether to approve the compensation of companies' named executive officers, commonly referred to as a "say-on-pay" vote, at least once every three years.

Pursuant to this Proposal 2, we are requesting your approval, on an advisory basis, of the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosure regarding such compensation in this Proxy Statement. It is not a vote to approve our general compensation policies, the compensation of our Board of Directors, or our compensation policies as they relate to risk management.

Our Compensation Committee, which is responsible for designing and administering our executive compensation program, has designed our executive compensation program to provide a competitive and internally equitable compensation and benefits package that reflects company performance, job complexity and strategic value of the position, while ensuring long-term retention, motivation and alignment with the long-term interests of the Company's stockholders. We encourage you to carefully review the "Compensation Discussion and Analysis" of this Proxy Statement for additional details on the Company's executive compensation, including our compensation philosophy and objectives and the processes our Compensation Committee and the Board used to determine the structure and amounts of the compensation of our named executive officers for the year ended December 31, 2013.

The vote solicited by this Proposal No. 2 is advisory, and therefore is not binding on us, our Board of Directors or our Compensation Committee, nor will its outcome require us, our Board of Directors or our Compensation Committee to take any action. Moreover, the outcome of the vote will not be construed as overruling any decision by us or our Board of Directors. Furthermore, because this non-binding, advisory vote primarily relates to the compensation of our named executive officers that we have already paid or are otherwise contractually committed to pay, there is generally no opportunity for us to revisit these decisions. However, our Board of Directors, including our Compensation Committee, values the opinions of our stockholders and, to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders' concerns and evaluate what actions, if any, may be appropriate for us to take in the future to address those concerns.

We are asking you to indicate your support for the compensation of our named executive officers as described in this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we are asking you to vote, on an advisory basis, "For" the following resolution at the Annual Meeting:

"RESOLVED, that the stockholders of Global Cash Access Holdings, Inc. approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative disclosure regarding such compensation set forth in the Company's definitive proxy statement for the 2014 Annual Meeting of Stockholders."

While the results of this advisory vote are not binding, the Compensation Committee and Board will consider the outcome of the vote in deciding whether to take any action as a result of the vote and when making future compensation decisions for named executive officers.

We have adopted a frequency of obtaining “say-on-pay” votes on an annual basis. Accordingly, the next opportunity for stockholders to participate in a “say-on-pay” vote after our May 15, 2014 annual meeting is expected to occur in connection with our annual meeting of stockholders to be held in 2015.

THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THE RESOLUTION APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

EXECUTIVE COMPENSATION

The Company is a holding company, the principal asset of which is the capital stock of Global Cash Access, Inc. The executive officers of the Company are employees of Global Cash Access, Inc. and all references in this Proxy Statement to executive compensation relate to the executive compensation paid by Global Cash Access, Inc. to such executive officers.

Compensation Discussion and Analysis

Objectives of Compensation Policies. The principal objective of the Company’s executive compensation policies is to align the executives’ incentives with the achievement of the Company’s strategic goals, which are in turn designed to enhance stockholder value. In order to achieve that objective, the Company’s executive compensation policies must help the Company attract and retain key personnel who possess the necessary leadership and management skills, motivate key employees to achieve specified goals and ensure that compensation provided to key employees is both fair and reasonable in light of performance and competitive with the compensation paid to executives of similarly situated companies. While the Company has attempted to design its executive compensation to incent its executives to achieve the Company’s strategic goals, it also believes it has designed its executive compensation policies to discourage executives and other employees from taking excessive risk as described below.

The Compensation Committee has the responsibility to approve the overall compensation strategy, administer the Company’s annual and long-term compensation plans, and make all decisions with respect to executive compensation. The Compensation Committee is responsible for establishing, implementing and continually monitoring adherence with the objectives described above. The Compensation Committee may form and delegate authority to subcommittees when appropriate.

Risk Considerations in our Compensation Policies

The Compensation Committee has reviewed and discussed the concept of risk as it relates to the Company’s compensation policies and the Compensation Committee does not believe that the Company’s compensation policies encourage excessive or inappropriate risk taking for the following reasons:

- Our compensation structure consists of both salary and incentive-based compensation. The salary component of our compensation structure is designed to provide a steady income regardless of our Company’s stock price so that executives are not overly focused on our stock price or potentially distracted from focusing on other important business metrics and strategic goals.
- Our cash incentive bonuses are not guaranteed and are based equally on an achievement of both Company-wide and individual goals. The Company-wide performance component consists of achieving a pre-established Adjusted EBITDA performance target, while the individual’s goals component consists of satisfying individual goals that are established for each named executive officer. We believe that this Company-wide performance component encourages executives to focus on the overall profitability and financial condition of the Company. We also believe that having a

subjective component based on the achievement of individual goals properly incentivizes executives to focus on non-financial goals and objectives that are important to the ability of the Company to achieve its long term strategic goals.

- The amount of the cash incentive bonus payable to an executive based on the Company-wide financial performance goals and the subjective individual performance goals components is capped at a percentage of each executive officer's base salary. In addition, with respect to the Company-wide performance-component of the cash incentive bonuses, the Company must achieve a certain minimum threshold performance target before an executive is eligible to receive any cash incentive bonus relating to such Company-wide performance component.
- Our stock-based compensation and incentive programs focus on the long term performance of the Company. Our equity awards generally vest over a period of four years and increase in value as our stock price increases over time.

Design of Compensation Policies. The Company's executive compensation policies are designed to reward executives in a manner that is proportionate to the achievement of, or performance above, established goals. These goals may be expressed in terms of Company-wide performance, operating segment performance or individual performance, and their achievement may be measured by either operating metrics or financial metrics. In certain cases, the achievement of goals may be subjective in nature. Where an individual executive has responsibility for a particular business segment, the performance goals of that individual are heavily weighted toward the operational performance of that business segment. Where an individual executive has broader corporate responsibility, the goals are tailored to his or her objectives for the period. Goals may be annual or longer term in nature; correspondingly, elements of compensation may be annual (i.e. base salaries and bonuses) or longer term in nature (i.e. stock-based compensation and incentives).

Elements of Executive Compensation. The Compensation Committee evaluates both performance and compensation to ensure that executive compensation is serving the objectives of attracting, retaining and motivating key executives, including the senior key executive officers identified in the Summary Compensation Table below (the "Named Executive Officers"). To that end, the Compensation Committee believes executive compensation packages provided by the Company to its key executives should include both cash and stock-based compensation and incentives. Under the Company's executive compensation policies, cash compensation consists of annual base salaries and bonuses, and stock-based compensation and incentives consist of stock options or awards of restricted stock or a combination of both stock options and restricted stock.

Base Salaries. We want to provide our key executives with base salaries that provide an appropriate level of assured cash compensation that is sufficient to retain their services. The base salary of each executive officer is determined based upon his or her position, responsibility, qualifications and experience, and reflects consideration of both external comparison to available market data and internal comparison to other executive officers, as well as the individual performance of the executive in the prior period. Base salary amounts are initially determined through the recruitment process and are typically reconsidered annually as part of the Company's performance review process. The amount of the base salary paid to Mr. Lopez in 2013 was fixed pursuant to the terms of his written employment agreement with the Company. Amounts paid to Named Executive Officers as base salaries are included in the column captioned "Salary (\$)" in the Summary Compensation Table below.

Cash Incentive Bonuses. Each Named Executive Officer's annual incentive cash bonus for 2013 was established as a target percentage of such Named Executive Officer's base salary. Such target cash bonus percentage was either negotiated and set forth in the Named Executive Officer's employment agreement or otherwise established by the Company. The actual potential bonus which each of these officers could earn ranged from 0% to 150% of the Named Executive Officer's target bonus. Thus, if a Named Executive

Officer had a target cash bonus percentage of 25% of his or her base salary, such Named Executive Officer could receive a maximum cash incentive bonus equal to 37.5% of his or her base salary.

The Company's cash incentive bonus plan consists of a combination of Company-based and individual-based performance targets and goals. For 2013, the Compensation Committee established the following performance targets and goals in connection with the payment of annual incentive cash bonuses to the Company's Named Executive Officers for the year ended December 31, 2013 (amounts in thousands):

		<u>Minimum</u>		<u>Target</u>		<u>Maximum</u>		<u>Maximum %</u>
Adjusted EBITDA target (50% weight)		\$67,000 to \$67,999		\$70,000 to \$74,999		\$79,000 or Greater		75%
Payout percentage of Adjusted EBITDA target		25%		50%		60%		
Individual targets and goals personal and specific to each Named Executive Officer (50% weight)	Vary by individual executive officer	N/A	N/A	N/A	N/A	N/A	N/A	75%

The Company's performance targets for the year ended December 31, 2013 relating to Adjusted EBITDA were weighted fifty percent and individual performance goals specific to each Named Executive Officer were weighted fifty percent in calculating the amount of annual incentive cash bonuses payable to the Company's Named Executive Officers. A Named Executive Officer would not receive any bonus compensation if the Company failed to meet the minimum threshold for the Adjusted EBITDA performance target and the Named Executive Officer failed to meet the individual targets and goals specific to each Named Executive Officer. The actual amount payable under the Adjusted EBITDA performance target increases proportionately assuming the minimum threshold amount is achieved. The maximum percentage amount for the objective and subjective performance targets is equal to 150% of the target percentage amount.

The Compensation Committee established the individual performance goals for the Company's Chief Executive Officer and the Chief Executive Officer established the individual performance goals of each other Named Executive Officer, which were approved by the Compensation Committee. In general, the individual performance goals of each Named Executive Officer were tied to achieving specific goals or objectives in the areas for which such Named Executive Officers had oversight responsibility and that were deemed important and material to achieving the Company's overall strategic and financial goals. These personal targets and goals included both objective criteria such as completing specific projects as well as subjective targets and goals such as improving or developing certain skills. The actual amount of bonus payable under these individual performance targets and goals was not tied to any specific formula given the subjective nature of many of the performance targets and goals. The Compensation Committee and the Board determined the amount of bonus allocable to the Company's Chief Executive Officer with respect to the Chief Executive's personal targets and goals, and the Chief Executive Officer determined the amount of bonus allocable to the other Named Executive Officers' personal targets and goals with such amounts also being approved by the Compensation Committee.

For 2013, the Company established an Adjusted EBITDA target goal of \$70.0 to \$74.9 million with a minimum threshold of \$67.0 million. The Company had Adjusted EBITDA of \$71.2 million for the year ended December 31, 2013 resulting in a 50% payout percentage with respect to the Company's Adjusted EBITDA objective performance target. The actual amount of bonuses payable to the Named Executive Officers set forth in the Summary Compensation Table below include amounts attributable to the individual performance targets and goals established for each Named Executive Officer plus the total amount of cash incentive compensation received by each Named Executive Officer for 2013 based on the Adjusted EBITDA payout percentage described above.

Stock-Based Compensation and Incentives. We believe that the award of stock-based compensation and incentives is an effective way of aligning the executives' interests with the goal of enhancing stockholder value. To that end, stock options and awards of restricted stock may be granted to executives and other employees under the Company's 2005 Stock Incentive Plan.

Due to the direct relationship between the value of an equity award, on the one hand, and the stock price, on the other, we believe that equity awards motivate executives to manage the Company's business in a manner that is consistent with stockholder interests. Equity awards are intended to focus the attention of the recipient on the Company's long-term performance which we believe results in improved stockholder value. Through the grant of stock options and restricted stock grants that vest over time, we can align executives' interests with the long-term interests of our stockholders who seek appreciation in the value of our common stock. To that end, the equity awards that we grant to executives typically vest and become fully-exercisable over a four-year period, subject, in certain cases, to accelerated vesting upon the occurrence of certain events such as termination of employment without cause or changes in control of the Company. The grant of equity awards also provides significant long-term earnings potential in a competitive market for executive talent.

In the past, we have typically granted stock options to executives shortly following the commencement of their employment, and restricted stock awards as part of our regular performance review process. Our policy is to award stock options with an exercise price equal to, or to grant restricted stock at a value equal to, the closing price of our stock on the NYSE on the date of grant. The principal factors considered in granting stock options or restricted stock awards to executives are prior performance, level of responsibility, the amounts of other compensation attainable by the executive and the executive's ability to influence the Company's long-term growth and profitability. However, the 2005 Stock Incentive Plan does not provide any quantitative method for weighing these factors and a decision to grant an award is primarily based upon a subjective evaluation of the past as well as anticipated future performance. The compensation associated with stock options and restricted stock awards granted to Named Executive Officers is included in the Summary Compensation Table and other tables below.

Retirement Plans. We have established and maintain a retirement savings plan under Section 401(k) of the Internal Revenue Code of 1986 (the "Code") to cover our eligible employees, including our executive officers. The Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a tax deferred basis through contributions to the 401(k) plan. Our 401(k) plan is intended to constitute a qualified plan under Section 401(a) of the Code and its associated trust is intended to be exempt from federal income taxation under Section 501(a) of the Code. We make contributions to the 401(k) plan for the benefit of certain executive officers.

Severance Benefits and Change in Control Payments. In order to retain the ongoing services of certain of the Named Executive Officers, we have provided the assurance and security of severance benefits and change in control payments. As described more fully below under the caption "Employment Contracts, Termination of Employment and Change in Control Arrangements," certain of the Named Executive Officers are entitled to the payment of salary continuation and the payment of target bonus amounts in the event of the termination of employment without cause, payment of severance payments and tax "gross up" payments in the event of the termination of employment without cause within 12 months after a change in control of the Company and accelerated vesting of stock options and restricted stock awards in such events. Our employment agreements with such Named Executive Officers also provide for payments in respect of continued health and other welfare benefits during the salary continuation period following termination of employment. We believe that these severance benefits and change in control payments reflect the fact that it may be difficult for such executives to find comparable employment within a short period of time and that providing such benefits should eliminate, or at least reduce, the reluctance of senior executives to pursue potential change in control transactions that may be in the best interests of stockholders. We believe that these benefits are appropriate in size relative to the overall value of the Company.

Other Compensation Plans. The Company has adopted general employee benefit plans in which Named Executive Officers are permitted to participate on parity with other employees. The Named Executive Officers, together with other executives, are entitled to reimbursement of certain out-of-pocket payments incurred for health care.

Other Perquisites. We annually review the perquisites that our Named Executive Officers receive. During 2013, Mr. Myhre received perquisites in the aggregate amount of \$75,110 representing the reimbursement of costs associated with Mr. Myhre's relocation to the Las Vegas, NV metropolitan area. These amounts are reflected in the column captioned "All Other Compensation (\$)" in the Summary Compensation Table below.

Results of Most Recent Stockholder Advisory Vote on Executive Compensation. In response to our stockholders' non-binding approval of the compensation of the Company's named executive officers at the 2013 annual meeting of stockholders, the Company has not materially deviated from its approach to, and the structure of, its executive compensation decisions and policies.

Significant Events after December 31, 2013

Appointment of Ram Chary as President and Chief Executive Officer. The Company appointed Ram Chary as President and Chief Executive Officer in January 2014. Pursuant to Mr. Chary's agreement with the Company, Mr. Chary is entitled to receive an annual base salary of \$700,000 and is eligible for an annual bonus in an amount of up to 150% of his then current base salary depending upon the achievement of certain performance criteria and goals to be determined. The target amount of the bonus, assuming the achievement of performance criteria and goals, is 100% of his then current base salary. In the event of the termination of Mr. Chary's employment in certain circumstances, he is entitled to a lump sum payment of two times his then current base salary plus two times the then target amount of his bonus, together with payments in respect of eighteen months of continued group health insurance for him and his eligible dependents. In the event that Mr. Chary suffers an incapacity during the term of his employment, he is entitled to disability payments at an annual rate of 60% of his then current base salary. The Company has agreed to provide Mr. Chary with furnished corporate housing in the Las Vegas metropolitan area for six months and to reimburse him for certain travel and other relocation costs during this transition period.

Upon his hire, Mr. Chary was awarded an option under the Company's 2005 Stock Incentive Plan to purchase an aggregate of 2,000,000 shares of common stock at an exercise price of \$8.92 per share, which was the closing price of the Common Stock on the NYSE on the date of grant. Subject to Mr. Chary's continued employment with the Company, 1,000,000 shares subject to the option (the "Time-Vesting Shares") will vest over a four-year period, 333,333 of the shares subject to the option will vest upon the conclusion of any period of 30 consecutive trading days on the NYSE prior to January 27, 2018 over which the average of the closing prices of the Common Stock is at least \$12 per share, 333,333 of the shares subject to the option will vest upon the conclusion of any period of 30 consecutive trading days on the NYSE prior to January 27, 2018 over which the average of the closing prices of the Common Stock is at least \$14 per share, and 333,334 of the shares subject to the option will vest upon the conclusion of any period of 30 consecutive trading days on the NYSE prior to January 27, 2018 over which the average of the closing prices of the Common Stock is at least \$16 per share. All of the shares subject to the option will vest if Mr. Chary is terminated without cause or upon an acquisition of or change in control of the Company. In the event of Mr. Chary's death or incapacity during the term of his employment, the Time-Vesting Shares subject to the option will vest.

REPORT OF COMPENSATION COMMITTEE

The information contained in the following report shall not be deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the 1934 Securities Exchange Act, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth in this Proxy Statement. Based upon such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

MEMBERS OF THE COMPENSATION COMMITTEE

E. Miles Kilburn (Chair)
Fred Enlow
Michael Rumbolz

Summary Compensation Table

The following table sets forth the total compensation earned for services rendered by our principal executive officer, our principal financial officer, and our three other most highly compensated executive officers whose total compensation for the fiscal year ended December 31, 2013 was in excess of \$100,000 and who were serving as executive officers at the end of that fiscal year. The listed individuals are referred to herein as the “Named Executive Officers.”

Name and principal position	Year	Salary	Bonus	Stock awards(1)	Option awards(2)	Non-equity incentive plan compensation(3)	All other compensation	Total
David Lopez*	2013	\$500,000	\$—	\$337,498	\$337,489	\$375,000	\$26,247(4)	\$1,576,234
Former Chief Executive Officer	2012	269,231(5)	—	430,300	758,760	156,762	1,796	1,616,849
Mary E. Higgins*	2013	375,000	—	187,502	187,493	236,250	15,069(6)	1,001,314
Former Chief Financial Officer	2012	375,000	—	—	322,480	230,937	10,533	938,950
	2011	375,000	—	—	205,030	93,750	6,604	680,384
Robert Myhre	2013	330,000	—	148,500	148,495	173,250	84,173(7)	884,418
Executive Vice President, Chief Information Officer	2012	76,154(8)	—	147,600	420,140	46,660	4,194	694,748
Michael S. Dowty	2013	350,000	—	157,497	157,497	183,750	7,639(9)	856,383
Executive Vice President, Sales and Chief Marketing Officer	2012	328,462	—	—	322,480	185,149	9,958	846,049
	2011	293,462	—	—	205,030	73,517	19,436	591,445
David Lucchese	2013	340,000	—	127,499	127,497	170,000	26,390(10)	791,386
Executive Vice President, Sales	2012	340,000	—	—	322,480	182,750	17,519	862,749
	2011	340,000	—	—	205,030	85,000	33,844	663,874

* The employment of Mr. Lopez and Ms. Higgins terminated in January 2014 and March 2014, respectively.

- (1) Represents the fair value of the Named Executive Officers’ restricted stock grants, as calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in determining the valuation of the restricted stock awards, see Note 12 to the financial statements in our Annual Report on Form 10-K for the years ended December 31, 2013 and 2012; and see Note 2 to the financial statements in our Annual Reports on Form 10-K for the year ended December 31, 2011.
- (2) Represents the fair value of the Named Executive Officers’ stock option grants, as calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in determining the valuation of the stock option awards, see Note 12 to the financial statements in our Annual Report on Form 10-K for the years ended December 31, 2013 and 2012; and see Note 2 to the financial statements in our Annual Reports on Form 10-K for the year ended December 31, 2011.
- (3) Represents the amount of cash bonus earned under the Company’s cash incentive bonus program for the applicable fiscal year. Amounts earned for a particular fiscal year are typically paid out to the Named Executive Officers in the first quarter of the following calendar year.
- (4) Includes \$19,247 of reimbursement for out-of-pocket health care expenses, and contributions made by the Company under its 401(k) for the benefit of Mr. Lopez in fiscal year 2013.
- (5) Mr. Lopez joined the Company in June 2012 as President. He became Chief Executive Officer effective January 1, 2013. Represents amount paid to Mr. Lopez from June 11, 2012 through December 31, 2012.
- (6) Amounts in this column for Ms. Higgins for 2013, 2012 and 2011 include reimbursement for out-of-pocket health care expenses and contributions made by the Company under its 401(k) for the benefit of Ms. Higgins.
- (7) Amounts in this column for Mr. Myhre for 2013 and 2012 include reimbursement of expenses for relocating to the Las Vegas metropolitan area (\$75,110 in 2013) and contributions made by the Company under its 401(k) for the benefit of Mr. Myhre.
- (8) Mr. Myhre joined the Company in October 2012 as Executive Vice President, Chief Information Officer. Represents the amount paid to Mr. Myhre from October 1, 2012 through December 31, 2012.
- (9) Amounts in this column for Mr. Dowty for 2013, 2012 and 2011 include reimbursement for out-of-pocket health care expenses, and contributions made by the Company under its 401(k) for the benefit of Mr. Dowty.
- (10) Amounts in this column for Mr. Lucchese for 2013, 2012 and 2011 include reimbursement for out-of-pocket health care expenses (including \$17,190, \$13,269, and \$30,846 for 2013, 2012 and 2011, respectively) and contributions made by the Company under its 401(k) for the benefit of Mr. Lucchese.

Grants of Plan Based Awards in 2013

The following table sets forth certain information concerning grants of awards made to each Named Executive Officer during the fiscal year ended December 31, 2013:

Name	Grant Date	Estimated future payments under non-equity incentive plan awards(1)			All other stock awards: number of shares of stock or units	All other option awards: number of securities underlying options	Exercise or base price of option awards	Grant date fair value of stock and option awards(4)
		Threshold(2)	Target	Maximum(3)				
David Lopez	3/6/2013	\$93,750	\$375,000	\$562,500	47,602	101,641	\$7.09	\$674,987
Mary E. Higgins	3/6/2013	56,250	225,000	337,500	26,446	56,467	7.09	374,995
Robert Myhre	3/6/2013	41,250	165,000	247,500	20,945	44,722	7.09	296,995
Michael S. Dowty	3/6/2013	43,750	175,000	262,500	22,214	47,433	7.09	314,994
David Lucchese	3/6/2013	42,500	170,000	255,000	17,983	38,398	7.09	254,996

- (1) Represents amounts potentially payable under the Company's cash incentive bonus program. A more detailed discussion of how the threshold, target and maximum amounts are determined and calculated is found in the Compensation Discussion and Analysis section of this Proxy Statement. The actual amount realized by each Named Executive Officer under the Company's cash incentive bonus program is set forth in the Non-Equity Incentive Compensation column of the Summary Compensation Table for such Named Executive Officer.
- (2) Represents the maximum amount payable to the Named Executive Officer at the threshold level.
- (3) Represents the maximum amount payable to the Named Executive Officer under the Company's cash incentive program.
- (4) Represents the total fair value of the Named Executive Officers' restricted stock grants and stock option grants, as calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in the valuation, please see Note 12 to the financial statements in our Annual Report on Form 10-K for the year ended December 31, 2013.

Employment Contracts, Termination of Employment and Change in Control Arrangements

Employment Agreements

Lopez Employment Agreement

The Company was a party to an amended and restated employment agreement, effective as of March 29, 2013 with Mr. Lopez, our former President and Chief Executive Officer. Mr. Lopez resigned from his positions of President, Chief Executive Officer and a Director of the Company, in January 2014. Pursuant to the terms of his Employment Agreement, Mr. Lopez was entitled to receive an annual base salary of \$500,000 and was eligible for an annual bonus in an amount of up to 112.5% of his then current base salary depending upon the achievement of certain performance criteria and goals. The target amount of the bonus, assuming the achievement of performance criteria and goals, was 75% of his then current base salary. Based on the achievement of the applicable performance criteria and goals, Mr. Lopez received a cash incentive bonus for the year ended December 31, 2013 in an amount equal to \$375,000 as set forth in the Summary Compensation Table set forth above.

Higgins Employment Agreement

Although the Company did not have a formal employment agreement with Ms. Higgins, the Company agreed to provide Ms. Higgins with a severance benefit such that she was entitled to receive twelve months salary continuation and an amount equal to 50% of her base salary if her employment was terminated without cause or for good reason as defined in such severance policy. Ms. Higgins was eligible for a bonus of up to 90% of her then current base salary depending upon achievement of certain performance criteria and goals to be determined. The target amount of Ms. Higgins' bonus was 60% of her then current salary. Based on the achievement of the applicable performance criteria and goals, Ms. Higgins received a cash incentive bonus for the year ended December 31, 2013 in an amount equal to \$236,250 as set forth in the Summary Compensation Table set forth above.

Employment Agreements with Myhre, Dowty and Lucchese.

Although the Company does not have any other formal employment agreements with any of the other Named Executive Officers, the Company has agreed to provide Mr. Myhre, Mr. Dowty and Mr. Lucchese with a severance benefit such that each of them is entitled to receive twelve months base salary and a bonus in an amount of 50% of such officer's base salary if his employment is terminated without cause or for good reason as defined in such severance policy. Mr. Myhre, Mr. Dowty and Mr. Lucchese are eligible for a bonus in an amount of up to 75% of their current base salary depending upon the achievement of certain performance criteria and goals to be determined. The target amount of each of these other executive officers' bonus is 50% of their current base salary.

Acceleration of Vesting of Stock Options and Restricted Stock Bonus Agreements

Change of Control

The agreements pursuant to which the Company granted stock options and shares of restricted stock to the Named Executive Officers provide for full acceleration of vesting of the unvested portion of stock options and restricted stock, as applicable, upon an acquisition or change of control of the Company.

Termination without Cause or For Good Reason

The agreements pursuant to which the Company granted stock options to the Named Executive Officers provide for acceleration of the unvested portions of stock options or restricted stock, as applicable, if they are terminated without cause or for good reason as such terms are defined in their employment agreements or severance agreements.

The following table sets forth the estimated payments and benefits to the Named Executive Officers based upon (A) a hypothetical termination without cause of each such executive's employment on December 31, 2013 that is not in connection with a change in control of us, (B) a hypothetical change in control of us on December 31, 2013, and (C) a hypothetical termination without cause of each executive's employment on December 31, 2013 in connection with a change in control of us:

	<u>Mr. Lopez</u>	<u>Ms. Higgins</u>	<u>Mr. Myhre</u>	<u>Mr. Dowty</u>	<u>Mr. Lucchese</u>
Termination without cause					
Salary continuation and bonus	\$ 875,000	\$ 600,000	\$495,000	\$525,000	\$510,000
Lump sum severance payments	—	—	—	—	—
Accelerated vesting of stock options and restricted stock(1)	1,597,410	966,012(2)	665,339	819,175	755,609
Continued group medical insurance(3) . . .	37,050	22,200	15,727	6,427	34,765
Change in control(4)					
Accelerated vesting of stock options and restricted stock(1)	1,597,410	1,050,387	665,339	819,175	755,609
Termination without cause in connection with change in control					
Accelerated vesting of stock options and restricted stock(1)	1,597,410	1,050,387	665,339	819,175	755,609

(1) The value attributed to the hypothetical acceleration of the vesting of any restricted stock awards held by a Named Executive Officer is determined by multiplying the number of shares of restricted stock accelerated by \$9.99 (the closing price of the Common Stock on December 31, 2013). The value attributed to the hypothetical acceleration of vesting of any stock option awards held by a Named Executive Officer is determined by multiplying (i) the difference between the exercise price of the applicable stock option award and the closing price of the Common Stock on December 31, 2013 and (ii) the number of unvested shares

underlying the applicable stock option award. The equity awards held by the Named Executive Officers that are subject to possible acceleration are described as unexercisable or not vested in the table entitled “Outstanding Equity Awards at December 31, 2013” appearing later in this Proxy Statement.

- (2) In the event of termination without cause or for good reason for Ms. Higgins, 100% of the unvested shares underlying her stock option grants in 2011, 2012 and 2013 would be accelerated and become fully vested; while 50% of the unvested shares underlying her stock option grant in 2010 would be accelerated and become fully vested.
- (3) Estimated value of continued coverage under group health insurance plans and other healthcare-related prerequisites through the end of the applicable severance period.
- (4) Assumes that the party acquiring control of the Company has assumed the Company’s obligations under the 2005 Stock Incentive Plan.

Outstanding Equity Awards at December 31, 2013

The following table sets forth certain information concerning unexercised stock options and restricted stock under the Company’s equity incentive plan for each Named Executive Officer outstanding as of the end of the fiscal year ended December 31, 2013:

Name	Option awards(1)				Stock awards(1)	
	Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised options unexercisable	Option exercise price	Option expiration date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested
David Lopez	74,999	125,001	\$ 6.62	6/11/22(2)	—	—
	—	101,641	7.09	3/6/23(2)	—	—
					40,626	405,854
					47,602	475,544
Mary E. Higgins	93,375	28,125	3.99	9/14/20(3)	—	—
	38,750	31,250	3.41	3/1/21(3)	—	—
	43,750	56,250	5.58	3/2/22(3)	—	—
	—	56,467	7.09	3/6/23(3)	—	—
					26,446	264,196
Robert Myhre	29,166	70,834	7.38	10/25/22	—	—
	—	44,722	7.09	3/6/23	—	—
					14,167	141,528
					20,945	209,241
Michael S. Dowty	25,000	—	15.48	2/7/16	—	—
	25,000	—	18.94	4/27/16	—	—
	—	2,709	7.77	2/16/20	—	—
	—	31,250	3.41	3/1/21	—	—
	—	56,250	5.58	3/2/22	—	—
	—	47,433	7.09	3/6/23	—	—
					22,214	221,918
David Lucchese	91,666	8,334	8.68	4/30/20	—	—
	31,250	31,250	3.41	3/1/21	—	—
	43,750	56,250	5.58	3/2/22	—	—
	—	38,398	7.09	3/6/23	—	—
					17,983	179,650

- (1) All option and restricted stock awards reflected above vest over four years from the date of grant, with 25% of the shares subject to such awards vesting on the first anniversary of the date of grant and the remainder vesting monthly for the succeeding 36 months thereafter.
- (2) Upon the termination of employment of Mr. Lopez, the Company extended the expiration date on his outstanding vested options from a standard 90 days following termination of employment to approximately 150 days following termination of employment. All shares of restricted stock that remained unvested following termination of employment were canceled.
- (3) Upon the termination of employment of Ms. Higgins, the Company extended the expiration date on her outstanding vested options from a standard 90 days following termination of employment to approximately 180 days following termination of employment. All unvested shares of restricted stock granted to Ms. Higgins were accelerated and became fully vested upon the date of termination of her employment with the Company.

Option Exercises and Stock Vested

The following table sets forth certain information concerning the exercise of stock options, and the vesting of restricted stock, for each Named Executive Officer during the fiscal year ended December 31, 2013:

Name	Number of shares acquired on exercise	Value realized on exercise(1)	Number of shares acquired on vesting	Value realized on vesting(2)
David Lopez	—	\$ —	24,374	\$170,306
Mary E. Higgins	39,000	158,823	—	—
Robert Myhre	—	—	5,833	47,018
Michael S. Dowty	145,625	349,701	2,084	15,515
David Lucchese	—	—	—	—

- (1) The value realized equals the closing price of the Common Stock on the date of exercise minus the exercise price of options exercised multiplied by the number of shares that were exercised.
- (2) The value realized equals the closing price of the Common Stock on the vesting date multiplied by the number of shares that vested.

Director Compensation in 2013

All non-employee directors receive an annual cash fee of \$40,000 except for the chair of the Board who receives an annual cash fee of \$60,000. In addition, each member of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee that does not serve as the chairperson of such committee receives an additional annual cash fee of \$7,500. The chairperson of each of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee also receives an additional annual cash fee of \$20,000, \$10,000 and \$10,000, respectively.

In addition, each non-employee director that was not affiliated with a principal stockholder of the Company was granted, upon the director's initial appointment to the Board, an option to purchase 100,000 shares of Common Stock under the Company's 2005 Stock Incentive Plan. The exercise price for these options is set at the closing market price of the Common Stock at of the date of grant. For each grant, one eighth of the options vest after six months of service as a director, and the remainder vest ratably in equal monthly installments over the succeeding forty-two months; provided, however, that the options will vest in their entirety upon a change of control of the Company. The options have a term of ten years. Non-employee directors are typically granted additional options to purchase shares of Common Stock or awards of restricted shares of Common Stock under the Company's 2005 Stock Incentive Plan on an annual basis. Such options and restricted stock vest according to the same schedule as the initial grants.

The following table sets forth certain information concerning the compensation of our non-employee directors for the fiscal year ended December 31, 2013:

<u>Name</u>	<u>Fees earned or paid in cash</u>	<u>Option awards(1)</u>	<u>Stock awards(1)</u>	<u>Total</u>
E. Miles Kilburn(2)	\$97,500	\$ 96,740	\$96,743	\$290,983
Fred Enlow(2)	55,000	64,495	64,498	183,993
Geoff Judge(2)	57,500	64,495	64,498	186,493
Michael Rumbolz(2)(3)	65,000	64,495	64,498	193,993
Ronald Congemi(2)	46,161	332,510	—	378,671
Scott Betts(2)(4)	30,000	64,495	64,498	158,993

- (1) Represents the fair value of the directors' equity awards in fiscal year 2013, as calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in the valuation of the directors' stock option and restricted stock awards, see Note 12 to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.
- (2) At December 31, 2013, our directors had the following aggregate numbers of option awards and unvested stock awards outstanding: (i) for Mr. Kilburn, 499,135 and 11,087, respectively; (ii) for Mr. Enlow, 329,424 and 7,392, respectively; (iii) for Mr. Judge, 374,424 and 7,392, respectively; (iv) for Mr. Rumbolz, 299,424 and 7,392, respectively; (v) for Mr. Congemi, 100,000 and 0, respectively; and (vi) for Mr. Betts, 2,409,424 and 7,392, respectively.
- (3) Mr. Rumbolz received an additional \$10,000 in fees for services related to compliance matters.
- (4) Mr. Betts became a non-employee director in March 2013 and resigned from the Board in March 2014.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or was formerly an officer or employee of the Company or its subsidiaries. No interlocking relationship exists between any member of the Company's Board or Compensation Committee and any member of the Board or Compensation Committee of any other companies, nor has such interlocking relationship existed in the past.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to the Company with respect to the beneficial ownership as of February 28, 2014, (except as otherwise noted in the footnotes to the table) by (i) all persons who are beneficial owners of five percent (5%) or more of our Common Stock, (ii) each director and nominee, (iii) the Named Executive Officers, and (iv) all current directors and executive officers as a group.

There were 66,036,033 shares of Common Stock issued and outstanding as of the close of business on February 28, 2014. The amounts and percentages of Common Stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power", which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of securities as to which such person has no economic interest. Unless otherwise noted the address of each beneficial owner in the table is 7250 South Tenaya Way, Suite 100, Las Vegas, Nevada 89113.

Number of Shares Beneficially Owned as of February 28, 2014

	Shares Beneficially Owned	
	Number	Percentage(1)
Principal stockholders		
BlackRock, Inc.(2)	5,541,497	8.4%
Huber Capital Management, LLC(3)	5,051,851	7.7%
Ameriprise Financial, Inc.(4)	4,319,998	6.5%
Directors and named executive officers(5)		
Scott H. Betts	2,404,357	3.5%
E. Miles Kilburn(6)	559,035	*
Geoff Judge	374,648	*
Fred Enlow	341,023	*
Michael Rumbolz	255,606	*
Mary E. Higgins	246,780	*
Michael S. Dowty(7)	113,870	*
David Lopez	97,781	*
David Johnson	95,580	*
Robert Myhre(8)	91,839	*
Ronald Congemi	36,666	*
Randy Taylor(9)	15,884	*
Ram Chary(10)	15,000	*
Juliet Lim(11)	5,000	*
Directors and executive officers as a group (14 persons) .	4,653,069	6.6%

* Represents beneficial ownership of less than 1%.

- (1) The percentage of beneficial ownership as to any person as of a particular date is calculated by dividing the number of shares beneficially owned by such person, which includes the number of shares as to which such person has the right to acquire voting or investment power within 60 days after such date, by the sum of the number of shares outstanding as of such date plus the number of shares as to which such person has the right to acquire voting or investment power within 60 days after such date. Consequently, the numerator and denominator for calculating beneficial ownership percentages may be different for each beneficial owner.
- (2) As reported on Schedule 13G/A, filed on January 29, 2014, for shares held by BlackRock, Inc. on its own behalf and on behalf of the following subsidiaries: (a) BlackRock Fund Advisors, (b) BlackRock Advisors, LLC, (c) BlackRock Investment Management, LLC, (d) BlackRock Japan Co. Ltd. and (e) BlackRock Investment Management (UK) Ltd. The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.
- (3) As reported on Schedule 13G, filed on February 10, 2014, for shares held by Huber Capital Management LLC. The address of Huber Capital Management LLC is 2321 Rosecrans Ave., Suite 3245, El Segundo, CA 90245.
- (4) As reported on Schedule 13G/A, filed on February 13, 2014, for shares held by Ameriprise Financial, Inc. on its own behalf and on behalf of the following subsidiary: Columbia Management Investment Advisers, LLC. The address of each of these entities is as follows: (a) Ameriprise Financial, Inc., 145 Ameriprise Financial Center, Minneapolis, MN 55474;

and (b) Columbia Management Investment Advisers, LLC, 225 Franklin St., Boston, MA 02110.

- (5) Includes shares of common stock issuable upon exercise of vested stock options and unrestricted and restricted stock awards.
- (6) Includes the purchase of 10,000 shares of common stock in March 2014.
- (7) Includes the purchase of 10,000 shares of common stock in March 2014.
- (8) Includes the purchase of 5,000 shares of common stock in March 2014.
- (9) Mr. Taylor was appointed Executive Vice President and Chief Financial Officer effective as of March 3, 2014 and purchased 5,000 shares of common stock in March 2014.
- (10) Mr. Chary was appointed President, Chief Executive Officer and Director effective as of January 27, 2014 and purchased 15,000 shares of common stock in March 2014.
- (11) Ms. Lim was appointed Executive Vice President, General Counsel and Corporate Secretary effective as of March 3, 2014 and purchased 5,000 shares of common stock in March 2014.

**PROPOSAL 3
APPROVAL OF
2014 EQUITY INCENTIVE PLAN**

At the Annual Meeting, the stockholders will be asked to approve the Global Cash Access Holdings, Inc. 2014 Equity Incentive Plan (the “2014 Plan”). The Board of Directors adopted the 2014 Plan on February 25, 2014, subject to and effective upon its approval by our stockholders. The 2014 Plan is intended to replace our 2005 Stock Incentive Plan (the “Predecessor Plan”), which would otherwise terminate automatically in January 2015. If our stockholders approve the 2014 Plan, it will become effective on the day of the Annual Meeting, and no further awards will be granted under the Predecessor Plan, which will be terminated.

Background for the Current Request to Approve the 2014 Equity Incentive Plan

Overview and Purpose

We operate in a challenging marketplace in which our success depends to a great extent on our ability to attract and retain employees, directors and other service providers of the highest caliber. One of the tools our Board of Directors regards as essential in addressing these human resource challenges is a competitive equity incentive program. Our employee stock incentive program provides a range of incentive tools and sufficient flexibility to permit the Board’s Compensation Committee to implement them in ways that will make the most effective use of the shares our stockholders authorize for incentive purposes. We intend to use these incentives to attract new key employees and to continue to retain existing key employees, directors and other service providers for the long-term benefit of the Company and its stockholders.

As of February 28, 2014, options were outstanding under the Predecessor Plan for a total of 10,535,690 shares of our common stock with a weighted average exercise price of \$7.82 per share and weighted average expected remaining term of approximately 6.4 years, and a total of 312,506 shares remained subject to unvested awards of restricted stock outstanding under the Predecessor Plan. As of that date, a total of 4,707,568 shares remained available for the future grant of awards under the Predecessor Plan. The Predecessor Plan will be terminated upon stockholder approval of the 2014 Plan.

The 2014 Plan authorizes the Compensation Committee to provide incentive compensation in the form of stock options, stock appreciation rights, restricted stock and stock units, performance shares and units, other stock-based awards and cash-based awards. Under the 2014 Plan, we will be authorized to issue up to 15,000,000 shares, increased by not more than 4,370,000 shares comprised of:

- the aggregate number of shares of stock anticipated to remain available for the future grant of awards under the Predecessor Plan immediately prior to its termination; and
- the number of shares subject to any option or other award outstanding under the Predecessor Plan that expires or is forfeited for any reason after the date of the annual meeting.

Significant Historical Award Information

Common measures of a stock plan’s cost include burn rate, dilution and overhang. The burn rate, or run rate, refers to how fast a company uses the supply of shares authorized for issuance under its stock plan. Over the last three years, the Company has maintained an average equity run rate of only 3% of shares of Common Stock outstanding per year. Dilution measures the degree to which our stockholders’ ownership has been diluted by stock-based compensation awarded under our Predecessor Plan and also includes shares that may be awarded under the 2014 Plan in the future (“overhang”).

The following table shows how our key equity metrics have changed over the past two years:

<u>Key Equity Metrics:</u>	<u>2013</u>	<u>2012</u>
Equity Run Rate(1)	2.4%	3.7%
Overhang(2)	20.6%	18.2%
Dilution(3)	14.0%	14.3%

- (1) Equity run rate is calculated by dividing the number of shares subject to equity awards granted during the year by the weighted-average number of shares outstanding during the year.
- (2) Overhang is calculated by dividing (a) the sum of (x) the number of shares subject to equity awards outstanding at the end of the year and (y) the number of shares available for future grants, by (b) the number of shares outstanding at the end of the year.
- (3) Dilution is calculated by dividing the number of shares subject to equity awards outstanding at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.

Authorized Shares Requested

The maximum aggregate number of shares we are requesting our stockholders to authorize under the 2014 Plan is 19,370,000. The total overhang resulting from this share request represents approximately 29% of the number of shares of our common stock outstanding on February 28, 2014 determined on a fully diluted basis.

Our Board considered several factors in determining the amount of shares requested as set forth above, including the intention to authorize sufficient shares to provide for the needs of a reasonable incentive program for the next five years.

Because the 2014 Plan has a ten year term, the Board expects that the stockholders will have future opportunities to reconsider the 2014 Plan.

Key Features of the 2014 Plan

The following is a summary of the key features of the 2014 Plan of particular interest to our stockholders that we believe reflect best practices:

- Unlike the Predecessor Plan, there is no “evergreen” annual share increase provision.
- Requires all equity awards issued under the 2014 Plan to be approved by the Compensation Committee and does not permit authority to grant equity awards to be delegated to individual officers of the Company.
- Stock options and stock appreciation rights may not be repriced without the approval of our stockholders.
- No discount from fair market value is permitted in setting the exercise price of stock options and stock appreciation rights.
- Each share subject to a “full value” award (i.e., an award settled in stock, other than an option, stock appreciation right or other award that requires the participant to purchase shares for monetary consideration equal to their fair market value at grant) will reduce the number of shares remaining available for grant under the 2014 Plan by 2.5 shares.
- The number of shares remaining for grant under the 2014 Plan is reduced by the gross number of shares subject to options and stock appreciation rights settled on a net basis, and shares withheld for taxes in connection with options or stock appreciation rights or tendered in payment of an option’s exercise price are not recycled.
- The number of shares for which awards may be granted to any nonemployee member of our Board of Directors in a fiscal year is limited.
- The 2014 Plan establishes a list of measures of business and financial performance from which the Compensation Committee may construct predetermined performance goals that must be met for an award to vest.
- The 2014 Plan has a fixed term of ten years.

The 2014 Plan is designed to preserve the Company’s ability to deduct in full for federal income tax purposes the compensation recognized by its executive officers in connection with certain types of awards. Section 162(m) of the Internal Revenue Code (the “Code”) generally denies a corporate tax deduction for annual compensation exceeding \$1 million paid to any of the “covered employees,” consisting of the chief executive officer and any of the three other most highly compensated officers of a publicly held company other than the chief financial officer. However, qualified performance-based compensation is excluded from this limit. To enable compensation in connection with stock options, stock appreciation rights, certain restricted stock and restricted stock unit awards, performance shares, performance units and certain other stock-based awards and cash-based awards granted under the 2014 Plan to qualify as “performance-based” within the meaning of Section 162(m), the stockholders are being asked to approve certain material terms of the 2014 Plan. By approving the 2014 Plan, the stockholders will be specifically approving, among other things:

- the eligibility requirements for participation in the 2014 Plan;
- the maximum numbers of shares for which stock-based awards intended to qualify as performance-based may be granted to an employee in any fiscal year;
- the maximum dollar amount that a participant may receive under a cash-based award intended to qualify as performance-based for each fiscal year contained in the performance period; and

- the performance measures that may be used by the Compensation Committee to establish the performance goals applicable to the grant or vesting of awards of restricted stock, restricted stock units, performance shares, performance units, other stock-based awards and cash-based awards that are intended to result in qualified performance-based compensation.

While we believe that compensation provided by such awards under the 2014 Plan generally will be deductible by the Company for federal income tax purposes, under certain circumstances, such as a change in control of the Company, compensation paid in settlement of certain awards may not qualify as performance-based. Further, the Compensation Committee will retain the discretion to grant awards to covered employees that are not intended to qualify for deduction in full under Section 162(m).

The Board of Directors believes that the 2014 Plan will serve a critical role in attracting and retaining the high caliber employees, consultants and directors essential to our success and in motivating these individuals to strive to meet our goals. Therefore, the Board urges you to vote to approve the adoption of the 2014 Plan.

Summary of the 2014 Plan

The following summary of the 2014 Plan is qualified in its entirety by the specific language of the 2014 Plan, a copy of which is attached to this proxy statement as Appendix A.

General. The purpose of the 2014 Plan is to advance the interests of the Company and its stockholders by providing an incentive program that will enable the Company to attract and retain employees, consultants and directors and to provide them with an equity interest in the growth and profitability of the Company. These incentives are provided through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, other stock-based awards and cash-based awards.

Authorized Shares. The maximum aggregate number of shares authorized for issuance under the 2014 Plan is the sum of 15,000,000 shares plus up to 4,370,000 additional shares, comprised of the number of shares remaining available for grant under the Predecessor Plan on the date of the Annual Meeting and the number of shares subject to any option or other award outstanding under the Predecessor Plan that expires or is forfeited for any reason after the date of the annual meeting.

Share Counting. Each share subject to a stock option, stock appreciation right, or other award that requires the participant to purchase shares for their fair market value determined at the time of grant will reduce the number of shares remaining available for grant under the 2014 Plan by one share. However, each share subject to a “full value” award (i.e., an award settled in stock, other than an option, stock appreciation right, or other award that requires the participant to purchase shares for their fair market value determined at grant) will reduce the number of shares remaining available for grant under the 2014 Plan by 2.5 shares.

If any award granted under the 2014 Plan expires or otherwise terminates for any reason without having been exercised or settled in full, or if shares subject to forfeiture or repurchase are forfeited or repurchased by the Company for not more than the participant’s purchase price, any such shares reacquired or subject to a terminated award will again become available for issuance under the 2014 Plan. Shares will not be treated as having been issued under the 2014 Plan and will therefore not reduce the number of shares available for issuance to the extent an award is settled in cash. Shares that are withheld or reacquired by the Company in satisfaction of a tax withholding obligation in connection with an option or a stock appreciation right or that are tendered in payment of the exercise price of an option will not be made available for new awards under the 2014 Plan. Upon the exercise of a stock appreciation right or net-exercise of an option, the number of shares available under the 2014 Plan will be reduced by the gross number of shares for which the award is exercised.

Adjustments for Capital Structure Changes. Appropriate and proportionate adjustments will be made to the number of shares authorized under the 2014 Plan, to the numerical limits on certain types of awards described below, and to outstanding awards in the event of any change in our common stock through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares or similar change in our capital structure, or if we make a distribution to our stockholders in a form other than common stock (excluding regular, periodic cash dividends) that has a material effect on the fair market value of our common stock. In such circumstances, the Compensation Committee also has the discretion under the 2014 Plan to adjust other terms of outstanding awards as it deems appropriate.

Nonemployee Director Award Limits. A nonemployee director may not be granted awards under the 2014 Plan in any fiscal year for more than 300,000 shares.

Other Award Limits. To enable compensation provided in connection with certain types of awards intended to qualify as “performance-based” within the meaning of Section 162(m) of the Code, the 2014 Plan establishes a limit on the maximum aggregate number of shares or dollar value for which such awards may be granted to an employee in any fiscal year, as follows:

- No more than 4,000,000 shares under stock-based awards.
- No more than \$3,000,000 for each full fiscal year contained in the performance period under cash-based awards.

In addition, to comply with applicable tax rules, the 2014 Plan also limits to 19,370,000, the number of shares that may be issued upon the exercise of incentive stock options granted under the 2014 Plan.

Administration. The 2014 Plan generally will be administered by the Compensation Committee of the Board of Directors, although the Board of Directors retains the right to appoint another of its committees to administer the 2014 Plan or to administer the 2014 Plan directly. In the case of awards intended to qualify for the performance-based compensation exemption under Section 162(m) of the Code, administration of the 2014 Plan must be by a compensation committee comprised solely of two or more “outside directors” within the meaning of Section 162(m). (For purposes of this summary, the term “Committee” will refer to either such duly appointed committee or the Board of Directors.) Subject to the provisions of the 2014 Plan, the Committee determines in its discretion the persons to whom and the times at which awards are granted, the types and sizes of awards, and all of their terms and conditions. The Committee may, subject to certain limitations on the exercise of its discretion required by Section 162(m) or otherwise provided by the 2014 Plan, amend, cancel or renew any award, waive any restrictions or conditions applicable to any award, and accelerate, continue, extend or defer the vesting of any award.

The 2014 Plan provides, subject to certain limitations, for indemnification by the Company of any director, officer or employee against all reasonable expenses, including attorneys’ fees, incurred in connection with any legal action arising from such person’s action or failure to act in administering the 2014 Plan. All awards granted under the 2014 Plan will be evidenced by a written or digitally signed agreement between the Company and the participant specifying the terms and conditions of the award, consistent with the requirements of the 2014 Plan. The Committee will interpret the 2014 Plan and awards granted thereunder, and all determinations of the Committee generally will be final and binding on all persons having an interest in the 2014 Plan or any award.

Prohibition of Option and SAR Repricing. The 2014 Plan expressly provides that, without the approval of a majority of the votes cast in person or by proxy at a meeting of our stockholders, the Committee may not provide for any of the following with respect to underwater options or stock appreciation rights: (1) either the cancellation of such outstanding options or stock appreciation rights in exchange for the grant of new options or stock appreciation rights at a lower exercise price or the amendment of outstanding options or stock appreciation rights to reduce the exercise price, (2) the issuance of new full value awards in exchange

for the cancellation of such outstanding options or stock appreciation rights, or (3) the cancellation of such outstanding options or stock appreciation rights in exchange for payments in cash.

Eligibility. Awards may be granted to employees, directors and consultants of the Company or any present or future parent or subsidiary corporation or other affiliated entity of the Company. Incentive stock options may be granted only to employees who, as of the time of grant, are employees of the Company or any parent or subsidiary corporation of the Company. As of February 28, 2014, we had approximately 149 employees, including 6 executive officers, and 6 non-employee directors who would be eligible under the 2014 Plan.

Stock Options. The Committee may grant nonstatutory stock options, incentive stock options within the meaning of Section 422 of the Code, or any combination of these. The exercise price of each option may not be less than the fair market value of a share of our common stock on the date of grant. However, any incentive stock option granted to a person who at the time of grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary corporation of the Company (a “10% Shareholder”) must have an exercise price equal to at least 110% of the fair market value of a share of common stock on the date of grant. On February 28, 2014, the closing price of our common stock as reported on the New York Stock Exchange was \$8.40 per share.

The 2014 Plan provides that the option exercise price may be paid in cash, by check, or cash equivalent; by means of a broker-assisted cashless exercise; by means of a net-exercise procedure; to the extent legally permitted, by tender to the Company of shares of common stock owned by the participant having a fair market value not less than the exercise price; by such other lawful consideration as approved by the Committee; or by any combination of these. Nevertheless, the Committee may restrict the forms of payment permitted in connection with any option grant. No option may be exercised unless the participant has made adequate provision for federal, state, local and foreign taxes, if any, relating to the exercise of the option, including, if permitted or required by the Company, through the participant’s surrender of a portion of the option shares to the Company.

Options will become vested and exercisable at such times or upon such events and subject to such terms, conditions, performance criteria or restrictions as specified by the Committee. The maximum term of any option granted under the 2014 Plan is ten years, provided that an incentive stock option granted to a 10% Shareholder must have a term not exceeding five years. Unless otherwise permitted by the Committee, an option generally will remain exercisable for three months following the participant’s termination of service, provided that if service terminates as a result of the participant’s death or disability, the option generally will remain exercisable for 12 months, but in any event the option must be exercised no later than its expiration date, and provided further that an option will terminate immediately upon a participant’s termination for cause (as defined by the 2014 Plan).

Options are nontransferable by the participant other than by will or by the laws of descent and distribution, and are exercisable during the participant’s lifetime only by the participant. However, an option may be assigned or transferred to certain family members or trusts for their benefit to the extent permitted by the Committee and, in the case of an incentive stock option, only to the extent that the transfer will not terminate its tax qualification.

Stock Appreciation Rights. The Committee may grant stock appreciation rights either in tandem with a related option (a “Tandem SAR”) or independently of any option (a “Freestanding SAR”). A Tandem SAR requires the option holder to elect between the exercise of the underlying option for shares of common stock or the surrender of the option and the exercise of the related stock appreciation right. A Tandem SAR is exercisable only at the time and only to the extent that the related stock option is exercisable, while a Freestanding SAR is exercisable at such times or upon such events and subject to such terms, conditions, performance criteria or restrictions as specified by the Committee. The exercise price of each stock appreciation right may not be less than the fair market value of a share of our common stock on the date of grant.

Upon the exercise of any stock appreciation right, the participant is entitled to receive an amount equal to the excess of the fair market value of the underlying shares of common stock as to which the right is exercised over the aggregate exercise price for such shares. Payment of this amount upon the exercise of a Tandem SAR may be made only in shares of common stock whose fair market value on the exercise date equals the payment amount. At the Committee's discretion, payment of this amount upon the exercise of a Freestanding SAR may be made in cash or shares of common stock. The maximum term of any stock appreciation right granted under the 2014 Plan is ten years.

Stock appreciation rights are generally nontransferable by the participant other than by will or by the laws of descent and distribution, and are generally exercisable during the participant's lifetime only by the participant. If permitted by the Committee, a Tandem SAR related to a nonstatutory stock option and a Freestanding SAR may be assigned or transferred to certain family members or trusts for their benefit to the extent permitted by the Committee. Other terms of stock appreciation rights are generally similar to the terms of comparable stock options.

Restricted Stock Awards. The Committee may grant restricted stock awards under the 2014 Plan either in the form of a restricted stock purchase right, giving a participant an immediate right to purchase common stock, or in the form of a restricted stock bonus, in which stock is issued in consideration for services to the Company rendered by the participant. The Committee determines the purchase price payable under restricted stock purchase awards, which may be less than the then current fair market value of our common stock. Restricted stock awards may be subject to vesting conditions based on such service or performance criteria as the Committee specifies, including the attainment of one or more performance goals similar to those described below in connection with performance awards. Shares acquired pursuant to a restricted stock award may not be transferred by the participant until vested. Unless otherwise provided by the Committee, a participant will forfeit any shares of restricted stock as to which the vesting restrictions have not lapsed prior to the participant's termination of service. Unless otherwise determined by the Committee, participants holding restricted stock will have the right to vote the shares and to receive any dividends paid, except that dividends or other distributions paid in shares will be subject to the same restrictions as the original award and dividends paid in cash may be subject to such restrictions.

Restricted Stock Units. The Committee may grant restricted stock units under the 2014 Plan, which represent rights to receive shares of our common stock at a future date determined in accordance with the participant's award agreement. No monetary payment is required for receipt of restricted stock units or the shares issued in settlement of the award, the consideration for which is furnished in the form of the participant's services to the Company. The Committee may grant restricted stock unit awards subject to the attainment of one or more performance goals similar to those described below in connection with performance awards, or may make the awards subject to vesting conditions similar to those applicable to restricted stock awards. Unless otherwise provided by the Committee, a participant will forfeit any restricted stock units which have not vested prior to the participant's termination of service. Participants have no voting rights or rights to receive cash dividends with respect to restricted stock unit awards until shares of common stock are issued in settlement of such awards. However, the Committee may grant restricted stock units that entitle their holders to dividend equivalent rights, which are rights to receive cash or additional restricted stock units whose value is equal to any cash dividends the Company pays.

Performance Awards. The Committee may grant performance awards subject to such conditions and the attainment of such performance goals over such periods as the Committee determines in writing and sets forth in a written agreement between the Company and the participant. These awards may be designated as performance shares or performance units, which consist of unfunded bookkeeping entries generally having initial values equal to the fair market value determined on the grant date of a share of common stock in the case of performance shares and a monetary value established by the Committee at the time of grant in the case of performance units. Performance awards will specify a predetermined amount of performance shares or performance units that may be earned by the participant to the extent that one or

more performance goals are attained within a predetermined performance period. To the extent earned, performance awards may be settled in cash, shares of common stock (including shares of restricted stock that are subject to additional vesting) or any combination of these.

Prior to the beginning of the applicable performance period or such later date as permitted under Section 162(m) of the Code, the Committee will establish one or more performance goals applicable to the award. Performance goals will be based on the attainment of specified target levels with respect to one or more measures of business or financial performance of the Company and each subsidiary corporation consolidated with the Company for financial reporting purposes, or such division or business unit of the Company as may be selected by the Committee. The Committee, in its discretion, may base performance goals on one or more of the following such measures: revenue; sales; expenses; operating income; gross margin; operating margin; earnings before any one or more of: stock-based compensation expense, interest, taxes, depreciation and amortization; pre-tax profit; net operating income; net income; economic value added; free cash flow; operating cash flow; balance of cash, cash equivalents and marketable securities; stock price; earnings per share; return on stockholder equity; return on capital; return on assets; return on investment; total stockholder return, employee satisfaction; employee retention; market share; customer satisfaction; product development; research and development expense; completion of an identified special project and completion of a joint venture or other corporate transaction.

The target levels with respect to these performance measures may be expressed on an absolute basis or relative to an index, budget or other standard specified by the Committee. The degree of attainment of performance measures will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, if applicable, or other methodology established by the Committee, but prior to the accrual or payment of any performance award for the same performance period, and, according to criteria established by the Committee, excluding the effect (whether positive or negative) of changes in accounting standards or any extraordinary, unusual or nonrecurring item occurring after the establishment of the performance goals applicable to a performance award.

Following completion of the applicable performance period, the Committee will certify in writing the extent to which the applicable performance goals have been attained and the resulting value to be paid to the participant. The Committee retains the discretion to eliminate or reduce, but not increase, the amount that would otherwise be payable on the basis of the performance goals attained to a participant who is a "covered employee" within the meaning of Section 162(m) of the Code. However, no such reduction may increase the amount paid to any other participant. The Committee may make positive or negative adjustments to performance award payments to participants other than covered employees to reflect the participant's individual job performance or other factors determined by the Committee. In its discretion, the Committee may provide for a participant awarded performance shares to receive dividend equivalent rights with respect to cash dividends paid on the Company's common stock. The Committee may provide for performance award payments in lump sums or installments.

Unless otherwise provided by the Committee, if a participant's service terminates due to the participant's death or disability prior to completion of the applicable performance period, the final award value will be determined at the end of the performance period on the basis of the performance goals attained during the entire performance period but will be prorated for the number of months of the participant's service during the performance period. If a participant's service terminates prior to completion of the applicable performance period for any other reason, the 2014 Plan provides that, unless otherwise determined by the Committee, the performance award will be forfeited. No performance award may be sold or transferred other than by will or the laws of descent and distribution prior to the end of the applicable performance period.

Cash-Based Awards and Other Stock-Based Awards. The Committee may grant cash-based awards or other stock-based awards in such amounts and subject to such terms and conditions as the Committee determines. Cash-based awards will specify a monetary payment or range of payments, while other stock-

based awards will specify a number of shares or units based on shares or other equity-related awards. Such awards may be subject to vesting conditions based on continued performance of service or subject to the attainment of one or more performance goals similar to those described above in connection with performance awards. Settlement of awards may be in cash or shares of common stock, as determined by the Committee. A participant will have no voting rights with respect to any such award unless and until shares are issued pursuant to the award. The committee may grant dividend equivalent rights with respect to other stock-based awards. The effect on such awards of the participant's termination of service will be determined by the Committee and set forth in the participant's award agreement.

Change in Control. Unless otherwise defined in a participant's award or other agreement with the Company, the 2014 Plan provides that a "Change in Control" occurs upon (a) a person or entity (with certain exceptions described in the 2014 Plan) becoming the direct or indirect beneficial owner of more than 50% of the Company's voting stock; (b) stockholder approval of a liquidation or dissolution of the Company; or (c) the occurrence of any of the following events upon which the stockholders of the Company immediately before the event do not retain immediately after the event direct or indirect beneficial ownership of more than 50% of the voting securities of the Company, its successor or the entity to which the assets of the company were transferred: (i) a sale or exchange by the stockholders in a single transaction or series of related transactions of more than 50% of the Company's voting stock; (ii) a merger or consolidation in which the Company is a party; or (iii) the sale, exchange or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).

If a Change in Control occurs, the surviving, continuing, successor or purchasing entity or its parent may, without the consent of any participant, either assume or continue outstanding awards or substitute substantially equivalent awards for its stock. If so determined by the Committee, stock-based awards will be deemed assumed if, for each share subject to the award prior to the Change in Control, its holder is given the right to receive the same amount of consideration that a stockholder would receive as a result of the Change in Control. Any awards which are not assumed or continued in connection with a Change in Control or exercised or settled prior to the Change in Control will terminate effective as of the time of the Change in Control.

Subject to the restrictions of Section 409A of the Code, the Committee may provide for the acceleration of vesting or settlement of any or all outstanding awards upon such terms and to such extent as it determines. The vesting of all awards held by non-employee directors will be accelerated in full upon a Change in Control.

The 2014 Plan also authorizes the Committee, in its discretion and without the consent of any participant, to cancel each or any award denominated in shares of stock upon a Change in Control in exchange for a payment to the participant with respect each vested share (and each unvested share if so determined by the Committee) subject to the cancelled award of an amount equal to the excess of the consideration to be paid per share of common stock in the Change in Control transaction over the exercise price per share, if any, under the award.

Awards Subject to Section 409A of the Code. Certain awards granted under the 2014 Plan may be deemed to constitute "deferred compensation" within the meaning of Section 409A of the Code, providing rules regarding the taxation of nonqualified deferred compensation plans, and the regulations and other administrative guidance issued pursuant to Section 409A. Any such awards will be required to comply with the requirements of Section 409A. Notwithstanding any provision of the 2014 Plan to the contrary, the Committee is authorized, in its sole discretion and without the consent of any participant, to amend the 2014 Plan or any award agreement as it deems necessary or advisable to comply with Section 409A.

Amendment, Suspension or Termination. The 2014 Plan will continue in effect until its termination by the Committee, provided that no awards may be granted under the 2014 Plan following the tenth anniversary

of the 2014 Plan's effective date, which will be the date on which it is approved by the stockholders. The Committee may amend, suspend or terminate the 2014 Plan at any time, provided that no amendment may be made without stockholder approval that would increase the maximum aggregate number of shares of stock authorized for issuance under the 2014 Plan, change the class of persons eligible to receive incentive stock options or require stockholders approval under any applicable law. No amendment, suspension or termination of the 2014 Plan may affect any outstanding award unless expressly provided by the Committee, and, in any event, may not have a materially adverse effect on an outstanding award without the consent of the participant unless necessary to comply with any applicable law, regulation or rule, including, but not limited to, Section 409A of the Code.

Summary of U.S. Federal Income Tax Consequences

The following summary is intended only as a general guide to the U.S. federal income tax consequences of participation in the 2014 Plan and does not attempt to describe all possible federal or other tax consequences of such participation or tax consequences based on particular circumstances.

Incentive Stock Options. A participant recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Section 422 of the Code. Participants who neither dispose of their shares within two years following the date the option was granted nor within one year following the exercise of the option will normally recognize a capital gain or loss upon the sale of the shares equal to the difference, if any, between the sale price and the purchase price of the shares. If a participant satisfies such holding periods upon a sale of the shares, we will not be entitled to any deduction for federal income tax purposes. If a participant disposes of shares within two years after the date of grant or within one year after the date of exercise (a "disqualifying disposition"), the difference between the fair market value of the shares on the option exercise date and the exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. Any ordinary income recognized by the participant upon the disqualifying disposition of the shares generally should be deductible by us for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Code.

In general, the difference between the option exercise price and the fair market value of the shares on the date of exercise of an incentive stock option is treated as an adjustment in computing the participant's alternative minimum taxable income and may be subject to an alternative minimum tax which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to participants subject to the alternative minimum tax.

Nonstatutory Stock Options. Options not designated or qualifying as incentive stock options are nonstatutory stock options having no special tax status. A participant generally recognizes no taxable income upon receipt of such an option. Upon exercising a nonstatutory stock option, the participant normally recognizes ordinary income equal to the difference between the exercise price paid and the fair market value of the shares on the date when the option is exercised. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the exercise date, will be taxed as capital gain or loss. We generally should be entitled to a tax deduction equal to the amount of ordinary income recognized by the participant as a result of the exercise of a nonstatutory stock option, except to the extent such deduction is limited by applicable provisions of the Code.

Stock Appreciation Rights. A Participant recognizes no taxable income upon the receipt of a stock appreciation right. Upon the exercise of a stock appreciation right, the participant generally will recognize ordinary income in an amount equal to the excess of the fair market value of the underlying shares of common stock on the exercise date over the exercise price. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant in connection with the exercise of the stock appreciation right, except to the extent such deduction is limited by applicable provisions of the Code.

Restricted Stock. A participant acquiring restricted stock generally will recognize ordinary income equal to the excess of the fair market value of the shares on the “determination date” over the price paid, if any, for such shares. The “determination date” is the date on which the participant acquires the shares unless the shares are subject to a substantial risk of forfeiture and are not transferable, in which case the determination date is the earlier of (i) the date on which the shares become transferable or (ii) the date on which the shares are no longer subject to a substantial risk of forfeiture (e.g., when they become vested). If the determination date follows the date on which the participant acquires the shares, the participant may elect, pursuant to Section 83(b) of the Code, to designate the date of acquisition as the determination date by filing an election with the Internal Revenue Service no later than 30 days after the date on which the shares are acquired. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the determination date, will be taxed as capital gain or loss. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

Restricted Stock Unit, Performance, Cash-Based and Other Stock-Based Awards. A participant generally will recognize no income upon the receipt of a restricted stock unit, performance share, performance unit, cash-based or other stock-based award. Upon the settlement of such awards, participants normally will recognize ordinary income in the year of settlement in an amount equal to the cash received and the fair market value of any substantially vested shares of stock received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the participant receives shares of restricted stock, the participant generally will be taxed in the same manner as described above under “Restricted Stock.” Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the determination date (as defined above under “Restricted Stock”), will be taxed as capital gain or loss. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

New 2014 Plan Benefits

No awards will be granted under the 2014 Plan prior to its approval by the stockholders of the Company. All awards will be granted at the discretion of the Committee, and, accordingly, are not yet determinable.

Required Vote and Board of Directors Recommendation

Approval of this proposal requires a number of votes “For” the proposal that exceeds the number of votes “Against” the proposal, provided that a quorum is present and that the shares voting “For” the proposal constitute at least a majority of a quorum. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but otherwise will have no effect on the outcome of the vote.

The Board believes that the proposed adoption of the 2014 Plan is in the best interests of the Company and its stockholders for the reasons stated above.

**THEREFORE, THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE
“FOR” APPROVAL OF THE ADOPTION OF THE 2014 PLAN.**

EQUITY COMPENSATION PLANS

The following table sets forth information about shares of common stock that may be issued under the Company’s equity compensation plans, including compensation plans that were approved by the Company’s stockholders as well as compensation plans that were not approved by the Company’s stockholders. Information in the table is as of December 31, 2013.

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining active for future issuance under equity compensation plans</u>
Equity compensation plans approved by stockholders(1)(2)	8,872,408	\$7.54	4,397,638
Equity compensation plans not approved by stockholders	—	—	—
Total/weighted average/total	<u>8,872,408</u>		<u>4,397,638</u>

- (1) Represents shares of common Stock issuable upon exercise of options outstanding under the Company’s 2005 Stock Incentive Plan.
- (2) As of December 31, 2013, the Company had reserved 21,353,584 shares of common stock for the grant of stock options and other equity incentive awards under the 2005 Plan. On the first business day of each fiscal year beginning with the fiscal year commencing on January 1, 2006, annual increases will be added to the 2005 Plan equal to 3% of all outstanding shares of our common stock immediately prior to such increase, or a lesser amount determined by our Board of Directors.

**PROPOSAL 4
RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Deloitte & Touche LLP has served as the Company’s independent registered public accounting firm since 2000 and has been appointed by the Board to continue as the Company’s independent registered public accounting firm for the Company’s fiscal year ending December 31, 2014. Although the Company is not required to seek stockholder approval of its selection of independent registered public accounting firm, the Board believes it to be sound corporate governance to do so. If the appointment is not ratified, the Board will investigate the reasons for stockholder rejection and will reconsider its selection of its independent registered public accounting firm. However, because of the difficulty in making any substitution so long after the beginning of the current year, the appointment of Deloitte & Touche LLP for fiscal 2014 will stand, unless the Audit Committee finds other good reason for making a change. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the fiscal year if the Audit Committee determines that such a change would be in the Company’s and its stockholders’ best interests. Proxies solicited by our Board of Directors will, unless otherwise directed, be voted to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

A representative of Deloitte & Touche LLP is expected to be present at the Annual Meeting. The representative will have an opportunity to make a statement if he or she desires to do so, although we do not expect him or her to do so. The representative is expected to be available to respond to appropriate questions.

THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2014

Audit and Non-Audit Fees

The following table presents, for the years ended December 31, 2013 and 2012, fees invoiced for professional audit services rendered by Deloitte & Touche LLP for the audit of the Company's annual financial statements and fees invoiced for other services rendered by Deloitte & Touche LLP (amounts in thousands):

	Year Ended December 31,	
	2013	2012
Audit fees(1)	\$1,001	\$1,160
Tax fees(2)	248	320
Total	\$1,249	\$1,480

(1) Audit fees include fees for the following professional services:

- audit of the Company's annual financial statements for fiscal years 2013 and 2012;
- attestation services, technical consultations and advisory services in connection with Section 404 of the Sarbanes-Oxley Act of 2002;
- reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q;
- statutory and regulatory audits, consents and other services related to SEC matters; and
- professional services provided in connection with other statutory and regulatory filings.

(2) Tax fees include fees for tax planning (domestic and international), tax advisory and tax compliance.

In making its recommendation to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2014, the Audit Committee has considered whether services other than audit and audit-related services provided by Deloitte & Touche LLP are compatible with maintaining the independence of Deloitte & Touche LLP.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee pre-approves all audit and permissible non-audit services provided by its independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by its independent registered public accounting firm. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. For each proposed service, the independent registered public accounting firm is required to provide detailed back-up documentation at the time of approval. None of the hours expended on the engagement to audit the Company's financial statements for 2013 were attributed to work performed by persons other than Deloitte & Touche LLP's full-time, permanent employees.

REPORT OF THE AUDIT COMMITTEE

The information contained in the following report shall not be deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the 1934 Securities Exchange Act, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The Audit Committee of the Board consists of Mssrs. Kilburn, Enlow, Judge, Rumbolz and Congemi. Mr. Kilburn serves as Chairman of the Committee. The Board has determined that each member of the Audit Committee meets the experience requirements of the rules and regulations of the NYSE and the SEC, as currently applicable to the Company. The Board has also determined that each member of the Audit Committee meets the independence requirements of the rules and regulations of the NYSE and the SEC, as currently applicable to the Company.

The Audit Committee operates under a written charter approved by the Board. A copy of the charter is available on our website at www.gcainc.com.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing financial reports and other financial information provided by the Company to any governmental body or the public, the Company’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established, and the Company’s auditing, accounting and financial reporting processes generally. The Audit Committee annually recommends to the Board the appointment of an independent registered public accounting firm to audit the consolidated financial statements and internal controls over financial reporting of the Company and meets with such personnel of the Company to review the scope and the results of the annual audits, the amount of audit fees, the Company’s internal controls over financial reporting, the Company’s consolidated financial statements in the Company’s Annual Report on Form 10-K and other related matters.

The Audit Committee has reviewed and discussed with management the consolidated financial statements for fiscal year 2013 audited by Deloitte & Touche LLP, the Company’s independent registered public accounting firm, and management’s assessment of internal controls over financial reporting. The Audit Committee has discussed with Deloitte & Touche LLP various matters related to the financial statements, including those matters required to be discussed by Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380) as adopted by the Public Accounting Oversight Board in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from Deloitte & Touche LLP required by the Public Company Accounting Oversight Board, regarding Deloitte & Touche LLP’s communications with the Audit Committee concerning independence and has discussed with Deloitte & Touche LLP its independence. Based upon such review and discussions, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013 for filing with the SEC.

The Audit Committee and the Board also have recommended, subject to stockholder ratification, the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2014.

MEMBERS OF THE AUDIT COMMITTEE

E. Miles Kilburn (Chair)
Fred C. Enlow
Geoff Judge
Michael Rumbolz
Ronald Congemi

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and any persons who directly or indirectly hold more than 10 percent of common Stock ("Reporting Persons") to file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received and written representations from certain Reporting Persons that no such forms were required, the Company believes that during fiscal 2013, all Reporting Persons complied with the applicable filing requirements on a timely basis.

OTHER MATTERS

As of the date of this Proxy Statement, the Company knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is intended that proxies in the enclosed form will be voted in respect thereof in accordance with the judgments of the person voting the proxies.

ANNUAL REPORT ON FORM 10-K AND ANNUAL REPORT TO STOCKHOLDERS

UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, GLOBAL CASH ACCESS HOLDINGS, INC., 7250 SOUTH TENAYA WAY, SUITE 100, LAS VEGAS, NEVADA, 89113, THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON SOLICITED A COPY OF THE FISCAL 2013 REPORT, INCLUDING FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES FILED THEREWITH.

By Order of the Board of Directors,

By: /s/ RAM CHARY

Ram Chary
President, Chief Executive Officer and Director

April 8, 2014
Las Vegas, Nevada

APPENDIX A
GLOBAL CASH ACCESS HOLDINGS, INC.
2014 EQUITY INCENTIVE PLAN

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Global Cash Access Holdings, Inc.
2014 Equity Incentive Plan

1. ESTABLISHMENT, PURPOSE AND TERM OF PLAN.

1.1 Establishment. The Global Cash Access Holdings, Inc. 2014 Equity Incentive Plan (the “*Plan*”) is hereby established effective as of **May 15, 2014**, the date of its approval by the stockholders of the Company (the “*Effective Date*”).

1.2 Purpose. The purpose of the Plan is to advance the interests of the Participating Company Group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group. The Plan seeks to achieve this purpose by providing for Awards in the form of Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Performance Shares, Performance Units, Cash-Based Awards and Other Stock-Based Awards.

1.3 Term of Plan. The Plan shall continue in effect until its termination by the Committee; provided, however, that all Awards shall be granted, if at all, within ten (10) years from the Effective Date.

2. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) “*Affiliate*” means (i) a parent entity, other than a Parent Corporation, that directly, or indirectly through one or more intermediary entities, controls the Company or (ii) a subsidiary entity, other than a Subsidiary Corporation, that is controlled by the Company directly or indirectly through one or more intermediary entities. For this purpose, the terms “parent,” “subsidiary,” “control” and “controlled by” shall have the meanings assigned such terms for the purposes of registration of securities on Form S-8 under the Securities Act.

(b) “*Award*” means any Option, Stock Appreciation Right, Restricted Stock Purchase Right, Restricted Stock Bonus, Restricted Stock Unit, Performance Share, Performance Unit, Cash-Based Award or Other Stock-Based Award granted under the Plan.

(c) “*Award Agreement*” means a written or electronic agreement between the Company and a Participant setting forth the terms, conditions and restrictions applicable to an Award.

(d) “*Board*” means the Board of Directors of the Company.

(e) “*Cash-Based Award*” means an Award denominated in cash and granted pursuant to Section 11.

(f) “*Cashless Exercise*” means a Cashless Exercise as defined in Section 6.3(b)(i).

(g) “*Cause*” means, unless such term or an equivalent term is otherwise defined by the applicable Award Agreement or other written agreement between a Participant and a Participating Company applicable to an Award, any of the following: (i) the Participant’s theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any Participating Company documents or records; (ii) the Participant’s material failure to abide by a Participating Company’s code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); (iii) the Participant’s unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of a Participating Company (including, without limitation, the Participant’s improper use or disclosure of a Participating Company’s confidential or proprietary information); (iv) any intentional act by the Participant which has a material detrimental effect on a Participating

Company's reputation or business; (v) the Participant's repeated failure to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure; (vi) any material breach by the Participant of any employment, service, non-disclosure, non-competition, non-solicitation or other similar agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement; or (vii) the Participant's conviction (including any plea of guilty or *nolo contendere*) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs the Participant's ability to perform his or her duties with a Participating Company.

(h) "**Change in Control**" means, unless such term or an equivalent term is otherwise defined by the applicable Award Agreement or other written agreement between the Participant and a Participating Company applicable to an Award, the occurrence of any one or a combination of the following:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total Fair Market Value or total combined voting power of the Company's then-outstanding securities entitled to vote generally in the election of Directors; provided, however, that a Change in Control shall not be deemed to have occurred if such degree of beneficial ownership results from any of the following: (A) an acquisition by any person who on the Effective Date is the beneficial owner of more than fifty percent (50%) of such voting power, (B) any acquisition directly from the Company, including, without limitation, pursuant to or in connection with a public offering of securities, (C) any acquisition by the Company, (D) any acquisition by a trustee or other fiduciary under an employee benefit plan of a Participating Company or (E) any acquisition by an entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the voting securities of the Company; or

(ii) an Ownership Change Event or series of related Ownership Change Events (collectively, a "**Transaction**") in which the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding securities entitled to vote generally in the election of Directors or, in the case of an Ownership Change Event described in Section 2.1(ee)(iii), the entity to which the assets of the Company were transferred (the "**Transferee**"), as the case may be; or

(iii) a date specified by the Committee following approval by the stockholders of a plan of complete liquidation or dissolution of the Company;

provided, however, that a Change in Control shall be deemed not to include a transaction described in subsections (i) or (ii) of this Section 2.1(h) in which a majority of the members of the board of directors of the continuing, surviving or successor entity, or parent thereof, immediately after such transaction is comprised of Incumbent Directors.

For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company or the Transferee, as the case may be, either directly or through one or more subsidiary corporations or other business entities. The Committee shall determine whether multiple events described in subsections (i), (ii) and (iii) of this Section 2.1(h) are related and to be treated in the aggregate as a single Change in Control, and its determination shall be final, binding and conclusive.

(i) “*Code*” means the Internal Revenue Code of 1986, as amended, and any applicable regulations and administrative guidelines promulgated thereunder.

(j) “*Committee*” means the Compensation Committee and such other committee or subcommittee of the Board, if any, duly appointed to administer the Plan and having such powers in each instance as shall be specified by the Board. If, at any time, there is no committee of the Board then authorized or properly constituted to administer the Plan, the Board shall exercise all of the powers of the Committee granted herein, and, in any event, the Board may in its discretion exercise any or all of such powers.

(k) “*Company*” means Global Cash Access Holdings, Inc., a Delaware corporation, and any successor corporation thereto.

(l) “*Consultant*” means a person engaged to provide consulting or advisory services (other than as an Employee or a Director) to a Participating Company, provided that the identity of such person, the nature of such services or the entity to which such services are provided would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on registration on Form S-8 under the Securities Act.

(m) “*Covered Employee*” means, at any time the Plan is subject to Section 162(m), any Employee who is or may reasonably be expected to become a “covered employee” as defined in Section 162(m), or any successor statute, and who is designated, either as an individual Employee or a member of a class of Employees, by the Committee no later than the earlier of (i) the date that is ninety (90) days after the beginning of the Performance Period, or (ii) the date on which twenty-five percent (25%) of the Performance Period has elapsed, as a “Covered Employee” under this Plan for such applicable Performance Period.

(n) “*Director*” means a member of the Board.

(o) “*Disability*” means, unless such term or an equivalent term is otherwise defined by the applicable Award Agreement or other written agreement between the Participant and a Participating Company applicable to an Award, the permanent and total disability of the Participant, within the meaning of Section 22(e)(3) of the Code.

(p) “*Dividend Equivalent Right*” means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by the Plan, to receive a credit for the account of such Participant in an amount equal to the cash dividends paid on one share of Stock for each share of Stock represented by an Award held by such Participant.

(q) “*Employee*” means any person treated as an employee (including an Officer or a Director who is also treated as an employee) in the records of a Participating Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code; provided, however, that neither service as a Director nor payment of a Director’s fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual’s employment or termination of employment, as the case may be. For purposes of an individual’s rights, if any, under the terms of the Plan as of the time of the Company’s determination of whether or not the individual is an Employee, all such determinations by the Company shall be final, binding and conclusive as to such rights, if any, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination as to such individual’s status as an Employee.

(r) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

(s) “**Fair Market Value**” means, as of any date, the value of a share of Stock or other property as determined by the Committee, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) Except as otherwise determined by the Committee, if, on such date, the Stock is listed or quoted on a national or regional securities exchange or quotation system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock as quoted on the national or regional securities exchange or quotation system constituting the primary market for the Stock, as reported in *The Wall Street Journal* or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Stock has traded on such securities exchange or quotation system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded or quoted prior to the relevant date, or such other appropriate day as shall be determined by the Committee, in its discretion.

(ii) Notwithstanding the foregoing, the Committee may, in its discretion, determine the Fair Market Value of a share of Stock on the basis of the opening, closing, or average of the high and low sale prices of a share of Stock on such date or the preceding trading day, the actual sale price of a share of Stock received by a Participant, any other reasonable basis using actual transactions in the Stock as reported on a national or regional securities exchange or quotation system, or on any other basis consistent with the requirements of Section 409A. The Committee may vary its method of determination of the Fair Market Value as provided in this Section for different purposes under the Plan to the extent consistent with the requirements of Section 409A.

(iii) If, on such date, the Stock is not listed or quoted on a national or regional securities exchange or quotation system, the Fair Market Value of a share of Stock shall be as determined by the Committee in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse, and in a manner consistent with the requirements of Section 409A.

(t) “**Full Value Award**” means any Award settled in Stock, other than (i) an Option, (ii) a Stock Appreciation Right, or (iii) a Restricted Stock Purchase Right or an Other Stock-Based Award under which the Company will receive monetary consideration equal to the Fair Market Value (determined on the effective date of grant) of the shares subject to such Award.

(u) “**Incentive Stock Option**” means an Option intended to be (as set forth in the Award Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(v) “**Incumbent Director**” means a director who either (i) is a member of the Board as of the Effective Date or (ii) is elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but excluding a director who was elected or nominated in connection with an actual or threatened proxy contest relating to the election of directors of the Company).

(w) “**Insider**” means an Officer, a Director or other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

(x) “**Net Exercise**” means a Net Exercise as defined in Section 6.3(b)(iii).

(y) “**Nonemployee Director**” means a Director who is not an Employee.

(z) “**Nonemployee Director Award**” means any Award granted to a Nonemployee Director.

(aa) “*Nonstatutory Stock Option*” means an Option not intended to be (as set forth in the Award Agreement) or which does not qualify as an incentive stock option within the meaning of Section 422(b) of the Code.

(bb) “*Officer*” means any person designated by the Board as an officer of the Company.

(cc) “*Option*” means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

(dd) “*Other Stock-Based Award*” means an Award denominated in shares of Stock and granted pursuant to Section 11.

(ee) “*Ownership Change Event*” means the occurrence of any of the following with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of securities of the Company representing more than fifty percent (50%) of the total combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of Directors; (ii) a merger or consolidation in which the Company is a party; or (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).

(ff) “*Parent Corporation*” means any present or future “parent corporation” of the Company, as defined in Section 424(e) of the Code.

(gg) “*Participant*” means any eligible person who has been granted one or more Awards.

(hh) “*Participating Company*” means the Company or any Parent Corporation, Subsidiary Corporation or Affiliate.

(ii) “*Participating Company Group*” means, at any point in time, the Company and all other entities collectively which are then Participating Companies.

(jj) “*Performance Award*” means an Award of Performance Shares or Performance Units.

(kk) “*Performance Award Formula*” means, for any Performance Award, a formula or table established by the Committee pursuant to Section 10.3 which provides the basis for computing the value of a Performance Award at one or more levels of attainment of the applicable Performance Goal(s) measured as of the end of the applicable Performance Period.

(ll) “*Performance-Based Compensation*” means compensation under an Award that satisfies the requirements of Section 162(m) for certain performance-based compensation paid to Covered Employees.

(mm) “*Performance Goal*” means a performance goal established by the Committee pursuant to Section 10.3.

(nn) “*Performance Period*” means a period established by the Committee pursuant to Section 10.3 at the end of which one or more Performance Goals are to be measured.

(oo) “*Performance Share*” means a right granted to a Participant pursuant to Section 10 to receive a payment equal to the value of a Performance Share, as determined by the Committee, based upon attainment of applicable Performance Goal(s).

(pp) “*Performance Unit*” means a right granted to a Participant pursuant to Section 10 to receive a payment equal to the value of a Performance Unit, as determined by the Committee, based upon attainment of applicable Performance Goal(s).

(qq) “*Predecessor Plan*” means the Company’s 2005 Stock Incentive Plan.

(rr) “*Restricted Stock Award*” means an Award of a Restricted Stock Bonus or a Restricted Stock Purchase Right.

(ss) “*Restricted Stock Bonus*” means Stock granted to a Participant pursuant to Section 8.

(tt) “*Restricted Stock Purchase Right*” means a right to purchase Stock granted to a Participant pursuant to Section 8.

(uu) “*Restricted Stock Unit*” means a right granted to a Participant pursuant to Section 9 to receive on a future date or occurrence of a future event a share of Stock or cash in lieu thereof, as determined by the Committee.

(vv) “*Rule 16b-3*” means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(ww) “*SAR*” or “*Stock Appreciation Right*” means a right granted to a Participant pursuant to Section 7 to receive payment, for each share of Stock subject to such Award, of an amount equal to the excess, if any, of the Fair Market Value of a share of Stock on the date of exercise of the Award over the exercise price thereof.

(xx) “*Section 162(m)*” means Section 162(m) of the Code.

(yy) “*Section 409A*” means Section 409A of the Code.

(zz) “*Section 409A Deferred Compensation*” means compensation provided pursuant to an Award that constitutes nonqualified deferred compensation within the meaning of Section 409A.

(aaa) “*Securities Act*” means the Securities Act of 1933, as amended.

(bbb) “*Service*” means a Participant’s employment or service with the Participating Company Group, whether as an Employee, a Director or a Consultant. Unless otherwise provided by the Committee, a Participant’s Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders Service or a change in the Participating Company for which the Participant renders Service, provided that there is no interruption or termination of the Participant’s Service. Furthermore, a Participant’s Service shall not be deemed to have been interrupted or terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company. However, unless otherwise provided by the Committee, if any such leave taken by a Participant exceeds ninety (90) days, then on the ninety-first (91st) day following the commencement of such leave the Participant’s Service shall be deemed to have terminated, unless the Participant’s right to return to Service is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, an unpaid leave of absence shall not be treated as Service for purposes of determining vesting under the Participant’s Award Agreement. A Participant’s Service shall be deemed to have terminated either upon an actual termination of Service or upon the business entity for which the Participant performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its discretion, shall determine whether the Participant’s Service has terminated and the effective date of and reason for such termination.

(ccc) “*Stock*” means the Common Stock, par value \$0.001 per share, of the Company, as adjusted from time to time in accordance with Section 4.4.

(ddd) “*Stock Tender Exercise*” means a Stock Tender Exercise as defined in Section 6.3(b)(ii).

(eee) “*Subsidiary Corporation*” means any present or future “subsidiary corporation” of the Company, as defined in Section 424(f) of the Code.

(fff) “*Ten Percent Owner*” means a Participant who, at the time an Option is granted to the Participant, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company (other than an Affiliate) within the meaning of Section 422(b)(6) of the Code.

(ggg) “*Trading Compliance Policy*” means the written policy of the Company pertaining to the purchase, sale, transfer or other disposition of the Company’s equity securities by Directors, Officers, Employees or other service providers who may possess material, nonpublic information regarding the Company or its securities.

(hhh) “*Vesting Conditions*” mean those conditions established in accordance with the Plan prior to the satisfaction of which an Award or shares subject to an Award remain subject to forfeiture or a repurchase option in favor of the Company exercisable for the Participant’s monetary purchase price, if any, for such shares upon the Participant’s termination of Service or failure of a performance condition to be satisfied.

2.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

3. ADMINISTRATION.

3.1 Administration by the Committee. The Plan shall be administered by the Committee. All questions of interpretation of the Plan, of any Award Agreement or of any other form of agreement or other document employed by the Company in the administration of the Plan or of any Award shall be determined by the Committee, and such determinations shall be final, binding and conclusive upon all persons having an interest in the Plan or such Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or Award Agreement or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest therein. All expenses incurred in connection with the administration of the Plan shall be paid by the Company.

3.2 Authority of Officers. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election that is the responsibility of or that is allocated to the Company herein, provided that the Officer has apparent authority with respect to such matter, right, obligation, determination or election.

3.3 Administration with Respect to Insiders. With respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b-3.

3.4 Committee Complying with Section 162(m). If the Company is a “publicly held corporation” within the meaning of Section 162(m), the Board may establish a Committee of “outside directors” within the meaning of Section 162(m) to approve the grant of any Award intended to result in the payment of Performance-Based Compensation.

3.5 Powers of the Committee. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Committee shall have the full and final power and authority, in its discretion:

- (a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of shares of Stock, units or monetary value to be subject to each Award;

- (b) to determine the type of Award granted;
- (c) to determine whether an Award granted to a Covered Employee shall be intended to result in Performance-Based Compensation;
- (d) to determine the Fair Market Value of shares of Stock or other property;
- (e) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of shares pursuant to any Award, (ii) the method of payment for shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of shares of Stock, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any shares acquired pursuant thereto, (v) the Performance Measures, Performance Period, Performance Award Formula and Performance Goals applicable to any Award and the extent to which such Performance Goals have been attained, (vi) the time of expiration of any Award, (vii) the effect of any Participant's termination of Service on any of the foregoing, and (viii) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto not inconsistent with the terms of the Plan;
- (f) to determine whether an Award will be settled in shares of Stock, cash, other property or in any combination thereof;
- (g) to approve one or more forms of Award Agreement;
- (h) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any shares acquired pursuant thereto;
- (i) to accelerate, continue, extend or defer the exercisability or vesting of any Award or any shares acquired pursuant thereto, including with respect to the period following a Participant's termination of Service;
- (j) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternative versions of, the Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the laws of, or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose residents may be granted Awards; and
- (k) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

3.6 Option or SAR Repricing. Without the affirmative vote of holders of a majority of the shares of Stock cast in person or by proxy at a meeting of the stockholders of the Company at which a quorum representing a majority of all outstanding shares of Stock is present or represented by proxy, the Committee shall not approve a program providing for either (a) the cancellation of outstanding Options or SARs having exercise prices per share greater than the then Fair Market Value of a share of Stock ("*Underwater Awards*") and the grant in substitution therefore of new Options or SARs having a lower exercise price, Full Value Awards or payments in cash, or (b) the amendment of outstanding Underwater Awards to reduce the exercise price thereof. This Section shall not be construed to apply to (i) "issuing or assuming a stock option in a transaction to which Section 424(a) applies," within the meaning of Section 424 of the Code, (ii) adjustments pursuant to the assumption of or substitution for an Option or SAR in a manner that would comply with Section 409A, or (iii) an adjustment pursuant to Section 4.4.

3.7 Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or the Committee or as officers or employees of the Participating Company Group, to the extent permitted by applicable law, members of the Board or the Committee and any officers or employees of the Participating Company Group to whom authority to act for the Board, the Committee or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

4. SHARES SUBJECT TO PLAN.

4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Sections 4.2, 4.3 and 4.4, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be equal to Fifteen Million (15,000,000) shares and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof.

4.2 Adjustment for Unissued or Forfeited Predecessor Plan Shares. The maximum aggregate number of shares of Stock that may be issued under the Plan as set forth in Section 4.1 shall be cumulatively increased from time to time by:

- (a) the aggregate number of shares of Stock that remain available for the future grant of awards under the Predecessor Plan immediately prior to its termination as of the Effective Date;
- (b) the number of shares of Stock subject to that portion of any option or other award outstanding pursuant to the Predecessor Plan as of the Effective Date which, on or after the Effective Date, expires or is terminated or canceled for any reason without having been exercised or settled in full; and
- (c) the number of shares of Stock acquired pursuant to the Predecessor Plan subject to forfeiture or repurchase by the Company for an amount not greater than the Participant's purchase price which, on or after the Effective Date, is so forfeited or repurchased;

provided, however, that the aggregate number of shares of Stock authorized for issuance under the Predecessor Plan that may become authorized for issuance under the Plan pursuant to this Section 4.2 shall not exceed Four Million Three Hundred Seventy Thousand (4,370,000) shares.

4.3 Share Counting.

- (a) Each share of Stock subject to an Award other than a Full Value Award shall be counted against the limit set forth in Section 4.1 as one (1) share. Each one (1) share of Stock subject to a Full Value Award granted pursuant to the Plan or forfeited or repurchased pursuant to Section 4.3(b) shall be counted for purposes of the limit set forth in Section 4.1 as two and one-half (2.5) shares.
- (b) If an outstanding Award for any reason expires or is terminated or canceled without having been exercised or settled in full, or if shares of Stock acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by the Company for an amount not greater than the Participant's purchase price, the shares of Stock allocable to the terminated portion of such Award or such forfeited or repurchased shares of Stock shall again be available for issuance

under the Plan. Shares of Stock shall not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash. Upon payment in shares of Stock pursuant to the exercise of an SAR, the number of shares available for issuance under the Plan shall be reduced by the gross number of shares for which the SAR is exercised. If the exercise price of an Option is paid by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Participant, or by means of a Net-Exercise, the number of shares available for issuance under the Plan shall be reduced by the gross number of shares for which the Option is exercised. Shares withheld or reacquired by the Company in satisfaction of tax withholding obligations pursuant to the exercise or settlement of Options or SARs pursuant to Section 16.2 shall not again be available for issuance under the Plan. Shares withheld or reacquired by the Company in satisfaction of tax withholding obligations pursuant to the vesting or settlement of Full Value Awards pursuant to Section 16.2 shall again become available for issuance under the Plan.

4.4 Adjustments for Changes in Capital Structure. Subject to any required action by the stockholders of the Company and the requirements of Sections 409A and 424 of the Code to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (excepting regular, periodic cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number and kind of shares subject to the Plan and to any outstanding Awards, the Award limits set forth in Section 5.3 and Section 5.4, and in the exercise or purchase price per share under any outstanding Award in order to prevent dilution or enlargement of Participants' rights under the Plan. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." If a majority of the shares which are of the same class as the shares that are subject to outstanding Awards are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event) shares of another corporation (the "*New Shares*"), the Committee may unilaterally amend the outstanding Awards to provide that such Awards are for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise or purchase price per share of, the outstanding Awards shall be adjusted in a fair and equitable manner as determined by the Committee, in its discretion. Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number and the exercise or purchase price per share shall be rounded up to the nearest whole cent. In no event may the exercise or purchase price, if any, under any Award be decreased to an amount less than the par value, if any, of the stock subject to such Award. The Committee in its discretion, may also make such adjustments in the terms of any Award to reflect, or related to, such changes in the capital structure of the Company or distributions as it deems appropriate, including modification of Performance Goals, Performance Award Formulas and Performance Periods. The adjustments determined by the Committee pursuant to this Section shall be final, binding and conclusive.

4.5 Assumption or Substitution of Awards. The Committee may, without affecting the number of shares of Stock reserved or available hereunder, authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate, subject to compliance with Section 409A and any other applicable provisions of the Code.

5. ELIGIBILITY, PARTICIPATION AND AWARD LIMITATIONS.

5.1 Persons Eligible for Awards. Awards may be granted only to Employees, Consultants and Directors.

5.2 Participation in the Plan. Awards are granted solely at the discretion of the Committee. Eligible persons may be granted more than one Award. However, eligibility in accordance with this Section shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

5.3 Incentive Stock Option Limitations.

(a) **Maximum Number of Shares Issuable Pursuant to Incentive Stock Options.** Subject to adjustment as provided in Section 4.4, the maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to the exercise of Incentive Stock Options shall not exceed Nineteen Million Three Hundred Seventy Thousand (19,370,000) shares. The maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to all Awards other than Incentive Stock Options shall be the number of shares determined in accordance with Section 4.1, subject to adjustment as provided in Sections 4.2, 4.3 and 4.4.

(b) **Persons Eligible.** An Incentive Stock Option may be granted only to a person who, on the effective date of grant, is an Employee of the Company, a Parent Corporation or a Subsidiary Corporation (each being an “*ISO-Qualifying Corporation*”). Any person who is not an Employee of an ISO-Qualifying Corporation on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option.

(c) **Fair Market Value Limitation.** To the extent that options designated as Incentive Stock Options (granted under all stock plans of the Participating Company Group, including the Plan) become exercisable by a Participant for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars (\$100,000), the portion of such options which exceeds such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a limitation different from that set forth in this Section, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Upon exercise the Option, shares issued pursuant to each such portion shall be separately identified.

5.4 Section 162(m) Award Limits. Subject to adjustment as provided in Section 4.4, no Covered Employee shall be granted within any fiscal year of the Company one or more Awards intended to qualify for treatment as Performance-Based Compensation which in the aggregate are for more than Four Million (4,000,000) shares or, if applicable, which could result in such Covered Employee receiving more than Three Million Dollars (\$3,000,000.00) for each full fiscal year of the Company contained in the Performance Period for such Award.

5.5 Nonemployee Director Award Limits. Subject to adjustment as provided in Section 4.4, no Nonemployee Director shall be granted within any fiscal year of the Company one or more Nonemployee Director Awards which in the aggregate are for more than Three Hundred Thousand (300,000) shares.

6. STOCK OPTIONS.

Options shall be evidenced by Award Agreements specifying the number of shares of Stock covered thereby, in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 Exercise Price. The exercise price for each Option shall be established in the discretion of the Committee; provided, however, that (a) the exercise price per share shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option and (b) no Incentive Stock Option granted to a Ten Percent Owner shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonstatutory Stock Option) may be granted with an exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner that would qualify under the provisions of Section 409A or Section 424(a) of the Code.

6.2 Exercisability and Term of Options. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, (b) no Incentive Stock Option granted to a Ten Percent Owner shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option and (c) no Option granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable until at least six (6) months following the date of grant of such Option (except in the event of such Employee's death, disability or retirement, upon a Change in Control, or as otherwise permitted by the Worker Economic Opportunity Act). Subject to the foregoing, unless otherwise specified by the Committee in the grant of an Option, each Option shall terminate ten (10) years after the effective date of grant of the Option, unless earlier terminated in accordance with its provisions.

6.3 Payment of Exercise Price.

(a) *Forms of Consideration Authorized.* Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent; (ii) if permitted by the Committee and subject to the limitations contained in Section 6.3(b), by means of (1) a Cashless Exercise, (2) a Stock Tender Exercise or (3) a Net Exercise; (iii) by such other consideration as may be approved by the Committee from time to time to the extent permitted by applicable law, or (iv) by any combination thereof. The Committee may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) *Limitations on Forms of Consideration.*

(i) **Cashless Exercise.** A "*Cashless Exercise*" means the delivery of a properly executed notice of exercise together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by

means of a Cashless Exercise, including with respect to one or more Participants specified by the Company notwithstanding that such program or procedures may be available to other Participants.

(ii) Stock Tender Exercise. A “*Stock Tender Exercise*” means the delivery of a properly executed exercise notice accompanied by a Participant’s tender to the Company, or attestation to the ownership, in a form acceptable to the Company of whole shares of Stock owned by the Participant having a Fair Market Value that does not exceed the aggregate exercise price for the shares with respect to which the Option is exercised. A Stock Tender Exercise shall not be permitted if it would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company’s stock. If required by the Company, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Participant for a period of time required by the Company (and not used for another option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(iii) Net Exercise. A “*Net Exercise*” means the delivery of a properly executed exercise notice followed by a procedure pursuant to which (1) the Company will reduce the number of shares otherwise issuable to a Participant upon the exercise of an Option by the largest whole number of shares having a Fair Market Value that does not exceed the aggregate exercise price for the shares with respect to which the Option is exercised, and (2) the Participant shall pay to the Company in cash the remaining balance of such aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued.

6.4 Effect of Termination of Service.

(a) Option Exercisability. Subject to earlier termination of the Option as otherwise provided by this Plan and unless otherwise provided by the Committee, an Option shall terminate immediately upon the Participant’s termination of Service to the extent that it is then unvested and shall be exercisable after the Participant’s termination of Service to the extent it is then vested only during the applicable time period determined in accordance with this Section and thereafter shall terminate.

(i) Disability. If the Participant’s Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant’s Service terminated, may be exercised by the Participant (or the Participant’s guardian or legal representative) at any time prior to the expiration of twelve (12) months (or such longer or shorter period provided by the Award Agreement) after the date on which the Participant’s Service terminated, but in any event no later than the date of expiration of the Option’s term as set forth in the Award Agreement evidencing such Option (the “*Option Expiration Date*”).

(ii) Death. If the Participant’s Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant’s Service terminated, may be exercised by the Participant’s legal representative or other person who acquired the right to exercise the Option by reason of the Participant’s death at any time prior to the expiration of twelve (12) months (or such longer or shorter period provided by the Award Agreement) after the date on which the Participant’s Service terminated, but in any event no later than the Option Expiration Date. The Participant’s Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months (or such longer or shorter period provided by the Award Agreement) after the Participant’s termination of Service.

(iii) Termination for Cause. Notwithstanding any other provision of the Plan to the contrary, if the Participant's Service is terminated for Cause or if, following the Participant's termination of Service and during any period in which the Option otherwise would remain exercisable, the Participant engages in any act that would constitute Cause, the Option shall terminate in its entirety and cease to be exercisable immediately upon such termination of Service or act.

(iv) Other Termination of Service. If the Participant's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months (or such longer or shorter period provided by the Award Agreement) after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(b) Extension if Exercise Prevented by Law. Notwithstanding the foregoing, other than termination of Service for Cause, if the exercise of an Option within the applicable time periods set forth in Section 6.4(a) is prevented by the provisions of Section 14 below, the Option shall remain exercisable until the later of (i) thirty (30) days after the date such exercise first would no longer be prevented by such provisions or (ii) the end of the applicable time period under Section 6.4(a), but in any event no later than the Option Expiration Date.

6.5 Transferability of Options. During the lifetime of the Participant, an Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. An Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Notwithstanding the foregoing, to the extent permitted by the Committee, in its discretion, and set forth in the Award Agreement evidencing such Option, an Option shall be assignable or transferable subject to the applicable limitations, if any, described in the General Instructions to Form S-8 under the Securities Act or, in the case of an Incentive Stock Option, only as permitted by applicable regulations under Section 421 of the Code in a manner that does not disqualify such Option as an Incentive Stock Option.

7. STOCK APPRECIATION RIGHTS.

Stock Appreciation Rights shall be evidenced by Award Agreements specifying the number of shares of Stock subject to the Award, in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

7.1 Types of SARs Authorized. SARs may be granted in tandem with all or any portion of a related Option (a "*Tandem SAR*") or may be granted independently of any Option (a "*Freestanding SAR*"). A Tandem SAR may only be granted concurrently with the grant of the related Option.

7.2 Exercise Price. The exercise price for each SAR shall be established in the discretion of the Committee; provided, however, that (a) the exercise price per share subject to a Tandem SAR shall be the exercise price per share under the related Option and (b) the exercise price per share subject to a Freestanding SAR shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the SAR. Notwithstanding the foregoing, an SAR may be granted with an exercise price lower than the minimum exercise price set forth above if such SAR is granted pursuant to an assumption or substitution for another stock appreciation right in a manner that would qualify under the provisions of Section 409A of the Code.

7.3 Exercisability and Term of SARs.

(a) **Tandem SARs.** Tandem SARs shall be exercisable only at the time and to the extent, and only to the extent, that the related Option is exercisable, subject to such provisions as the Committee may specify where the Tandem SAR is granted with respect to less than the full number of shares of Stock subject to the related Option. The Committee may, in its discretion, provide in any Award Agreement evidencing a Tandem SAR that such SAR may not be exercised without the advance approval of the Company and, if such approval is not given, then the Option shall nevertheless remain exercisable in accordance with its terms. A Tandem SAR shall terminate and cease to be exercisable no later than the date on which the related Option expires or is terminated or canceled. Upon the exercise of a Tandem SAR with respect to some or all of the shares subject to such SAR, the related Option shall be canceled automatically as to the number of shares with respect to which the Tandem SAR was exercised. Upon the exercise of an Option related to a Tandem SAR as to some or all of the shares subject to such Option, the related Tandem SAR shall be canceled automatically as to the number of shares with respect to which the related Option was exercised.

(b) **Freestanding SARs.** Freestanding SARs shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award Agreement evidencing such SAR; provided, however, that (i) no Freestanding SAR shall be exercisable after the expiration of ten (10) years after the effective date of grant of such SAR and (ii) no Freestanding SAR granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable until at least six (6) months following the date of grant of such SAR (except in the event of such Employee's death, disability or retirement, upon a Change in Control, or as otherwise permitted by the Worker Economic Opportunity Act). Subject to the foregoing, unless otherwise specified by the Committee in the grant of a Freestanding SAR, each Freestanding SAR shall terminate ten (10) years after the effective date of grant of the SAR, unless earlier terminated in accordance with its provisions.

7.4 Exercise of SARs. Upon the exercise (or deemed exercise pursuant to Section 7.5) of an SAR, the Participant (or the Participant's legal representative or other person who acquired the right to exercise the SAR by reason of the Participant's death) shall be entitled to receive payment of an amount for each share with respect to which the SAR is exercised equal to the excess, if any, of the Fair Market Value of a share of Stock on the date of exercise of the SAR over the exercise price. Payment of such amount shall be made (a) in the case of a Tandem SAR, solely in shares of Stock in a lump sum upon the date of exercise of the SAR and (b) in the case of a Freestanding SAR, in cash, shares of Stock, or any combination thereof as determined by the Committee, in a lump sum upon the date of exercise of the SAR. When payment is to be made in shares of Stock, the number of shares to be issued shall be determined on the basis of the Fair Market Value of a share of Stock on the date of exercise of the SAR. For purposes of Section 7, an SAR shall be deemed exercised on the date on which the Company receives notice of exercise from the Participant or as otherwise provided in Section 7.5.

7.5 Deemed Exercise of SARs. If, on the date on which an SAR would otherwise terminate or expire, the SAR by its terms remains exercisable immediately prior to such termination or expiration and, if so exercised, would result in a payment to the holder of such SAR, then any portion of such SAR which has not previously been exercised shall automatically be deemed to be exercised as of such date with respect to such portion.

7.6 Effect of Termination of Service. Subject to earlier termination of the SAR as otherwise provided herein and unless otherwise provided by the Committee, an SAR shall be exercisable after a Participant's termination of Service only to the extent and during the applicable time period

determined in accordance with Section 6.4 (treating the SAR as if it were an Option) and thereafter shall terminate.

7.7 Transferability of SARs. During the lifetime of the Participant, an SAR shall be exercisable only by the Participant or the Participant's guardian or legal representative. An SAR shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Notwithstanding the foregoing, to the extent permitted by the Committee, in its discretion, and set forth in the Award Agreement evidencing such Award, a Tandem SAR related to a Nonstatutory Stock Option or a Freestanding SAR shall be assignable or transferable subject to the applicable limitations, if any, described in the General Instructions to Form S-8 under the Securities Act.

8. RESTRICTED STOCK AWARDS.

Restricted Stock Awards shall be evidenced by Award Agreements specifying whether the Award is a Restricted Stock Bonus or a Restricted Stock Purchase Right and the number of shares of Stock subject to the Award, in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

8.1 Types of Restricted Stock Awards Authorized. Restricted Stock Awards may be granted in the form of either a Restricted Stock Bonus or a Restricted Stock Purchase Right. Restricted Stock Awards may be granted upon such conditions as the Committee shall determine, including, without limitation, upon the attainment of one or more Performance Goals described in Section 10.4. If either the grant of or satisfaction of Vesting Conditions applicable to a Restricted Stock Award is to be contingent upon the attainment of one or more Performance Goals, the Committee shall follow procedures substantially equivalent to those set forth in Sections 10.3 through 10.5(a).

8.2 Purchase Price. The purchase price for shares of Stock issuable under each Restricted Stock Purchase Right shall be established by the Committee in its discretion. No monetary payment (other than applicable tax withholding) shall be required as a condition of receiving shares of Stock pursuant to a Restricted Stock Bonus, the consideration for which shall be services actually rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock subject to a Restricted Stock Award.

8.3 Purchase Period. A Restricted Stock Purchase Right shall be exercisable within a period established by the Committee, which shall in no event exceed thirty (30) days from the effective date of the grant of the Restricted Stock Purchase Right.

8.4 Payment of Purchase Price. Except as otherwise provided below, payment of the purchase price for the number of shares of Stock being purchased pursuant to any Restricted Stock Purchase Right shall be made (a) in cash, by check or in cash equivalent, (b) by such other consideration as may be approved by the Committee from time to time to the extent permitted by applicable law, or (c) by any combination thereof.

8.5 Vesting and Restrictions on Transfer. Shares issued pursuant to any Restricted Stock Award may (but need not) be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award. During any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, such shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of other than pursuant to an

Ownership Change Event or as provided in Section 8.8. The Committee, in its discretion, may provide in any Award Agreement evidencing a Restricted Stock Award that, if the satisfaction of Vesting Conditions with respect to any shares subject to such Restricted Stock Award would otherwise occur on a day on which the sale of such shares would violate the provisions of the Trading Compliance Policy, then satisfaction of the Vesting Conditions automatically shall be determined on the next trading day on which the sale of such shares would not violate the Trading Compliance Policy. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

8.6 Voting Rights; Dividends and Distributions. Except as provided in this Section, Section 8.5 and any Award Agreement, during any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, the Participant shall have all of the rights of a stockholder of the Company holding shares of Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares; provided, however, that if so determined by the Committee and provided by the Award Agreement, such dividends and distributions shall be subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid, and otherwise shall be paid no later than the end of the calendar year in which such dividends or distributions are paid to stockholders (or, if later, the 15th day of the third month following the date such dividends or distributions are paid to stockholders). In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.4, any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant is entitled by reason of the Participant's Restricted Stock Award shall be immediately subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid or adjustments were made.

8.7 Effect of Termination of Service. Unless otherwise provided by the Committee in the Award Agreement evidencing a Restricted Stock Award, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then (a) the Company shall have the option to repurchase for the purchase price paid by the Participant any shares acquired by the Participant pursuant to a Restricted Stock Purchase Right which remain subject to Vesting Conditions as of the date of the Participant's termination of Service and (b) the Participant shall forfeit to the Company any shares acquired by the Participant pursuant to a Restricted Stock Bonus which remain subject to Vesting Conditions as of the date of the Participant's termination of Service. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company.

8.8 Nontransferability of Restricted Stock Award Rights. Rights to acquire shares of Stock pursuant to a Restricted Stock Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or the laws of descent and distribution. All rights with respect to a Restricted Stock Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

9. RESTRICTED STOCK UNITS.

Restricted Stock Unit Awards shall be evidenced by Award Agreements specifying the number of Restricted Stock Units subject to the Award, in such form as the Committee shall establish. Such

Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

9.1 Grant of Restricted Stock Unit Awards. Restricted Stock Unit Awards may be granted upon such conditions as the Committee shall determine, including, without limitation, upon the attainment of one or more Performance Goals described in Section 10.4. If either the grant of a Restricted Stock Unit Award or the Vesting Conditions with respect to such Award is to be contingent upon the attainment of one or more Performance Goals, the Committee shall follow procedures substantially equivalent to those set forth in Sections 10.3 through 10.5(a).

9.2 Purchase Price. No monetary payment (other than applicable tax withholding, if any) shall be required as a condition of receiving a Restricted Stock Unit Award, the consideration for which shall be services actually rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock issued upon settlement of the Restricted Stock Unit Award.

9.3 Vesting. Restricted Stock Unit Awards may (but need not) be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award. The Committee, in its discretion, may provide in any Award Agreement evidencing a Restricted Stock Unit Award that, if the satisfaction of Vesting Conditions with respect to any shares subject to the Award would otherwise occur on a day on which the sale of such shares would violate the provisions of the Trading Compliance Policy, then the satisfaction of the Vesting Conditions automatically shall be determined on the first to occur of (a) the next trading day on which the sale of such shares would not violate the Trading Compliance Policy or (b) the last day of the calendar year in which the original vesting date occurred.

9.4 Voting Rights, Dividend Equivalent Rights and Distributions. Participants shall have no voting rights with respect to shares of Stock represented by Restricted Stock Units until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Restricted Stock Unit Award that the Participant shall be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Stock during the period beginning on the date such Award is granted and ending, with respect to each share subject to the Award, on the earlier of the date the Award is settled or the date on which it is terminated. Dividend Equivalent Rights, if any, shall be paid by crediting the Participant with a cash amount or with additional whole Restricted Stock Units as of the date of payment of such cash dividends on Stock, as determined by the Committee. The number of additional Restricted Stock Units (rounded to the nearest whole number), if any, to be credited shall be determined by dividing (a) the amount of cash dividends paid on the dividend payment date with respect to the number of shares of Stock represented by the Restricted Stock Units previously credited to the Participant by (b) the Fair Market Value per share of Stock on such date. If so determined by the Committee and provided by the Award Agreement, such cash amount or additional Restricted Stock Units shall be subject to the same terms and conditions and shall be settled in the same manner and at the same time as the Restricted Stock Units originally subject to the Restricted Stock Unit Award. In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.4, appropriate adjustments shall be made in the Participant's Restricted Stock Unit Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant would be entitled by reason of the

shares of Stock issuable upon settlement of the Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same Vesting Conditions as are applicable to the Award.

9.5 Effect of Termination of Service. Unless otherwise provided by the Committee and set forth in the Award Agreement evidencing a Restricted Stock Unit Award, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then the Participant shall forfeit to the Company any Restricted Stock Units pursuant to the Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service.

9.6 Settlement of Restricted Stock Unit Awards. The Company shall issue to a Participant on the date on which Restricted Stock Units subject to the Participant's Restricted Stock Unit Award vest or on such other date determined by the Committee in compliance with Section 409A, if applicable, and set forth in the Award Agreement one (1) share of Stock (and/or any other new, substituted or additional securities or other property pursuant to an adjustment described in Section 9.4) for each Restricted Stock Unit then becoming vested or otherwise to be settled on such date, subject to the withholding of applicable taxes, if any. If permitted by the Committee, the Participant may elect, consistent with the requirements of Section 409A, to defer receipt of all or any portion of the shares of Stock or other property otherwise issuable to the Participant pursuant to this Section, and such deferred issuance date(s) and amount(s) elected by the Participant shall be set forth in the Award Agreement. Notwithstanding the foregoing, the Committee, in its discretion, may provide for settlement of any Restricted Stock Unit Award by payment to the Participant in cash of an amount equal to the Fair Market Value on the payment date of the shares of Stock or other property otherwise issuable to the Participant pursuant to this Section.

9.7 Nontransferability of Restricted Stock Unit Awards. The right to receive shares pursuant to a Restricted Stock Unit Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to a Restricted Stock Unit Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

10. PERFORMANCE AWARDS.

Performance Awards shall be evidenced by Award Agreements in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

10.1 Types of Performance Awards Authorized. Performance Awards may be granted in the form of either Performance Shares or Performance Units. Each Award Agreement evidencing a Performance Award shall specify the number of Performance Shares or Performance Units subject thereto, the Performance Award Formula, the Performance Goal(s) and Performance Period applicable to the Award, and the other terms, conditions and restrictions of the Award.

10.2 Initial Value of Performance Shares and Performance Units. Unless otherwise provided by the Committee in granting a Performance Award, each Performance Share shall have an initial monetary value equal to the Fair Market Value of one (1) share of Stock, subject to adjustment as provided in Section 4.4, on the effective date of grant of the Performance Share, and each Performance Unit shall have an initial monetary value established by the Committee at the time of grant. The final value payable to the Participant in settlement of a Performance Award determined on the basis of the applicable Performance Award Formula will depend on the extent to which Performance Goals established by the Committee are attained within the applicable Performance Period established by the Committee.

10.3 Establishment of Performance Period, Performance Goals and Performance Award Formula.

In granting each Performance Award, the Committee shall establish in writing the applicable Performance Period, Performance Award Formula and one or more Performance Goals which, when measured at the end of the Performance Period, shall determine on the basis of the Performance Award Formula the final value of the Performance Award to be paid to the Participant. Unless otherwise permitted in compliance with the requirements under Section 162(m) with respect to each Performance Award intended to result in the payment of Performance-Based Compensation, the Committee shall establish the Performance Goal(s) and Performance Award Formula applicable to each Performance Award no later than the earlier of (a) the date ninety (90) days after the commencement of the applicable Performance Period or (b) the date on which 25% of the Performance Period has elapsed, and, in any event, at a time when the outcome of the Performance Goals remains substantially uncertain. Once established, the Performance Goals and Performance Award Formula applicable to a Performance Award intended to result in the payment of Performance-Based Compensation to a Covered Employee shall not be changed during the Performance Period. The Company shall notify each Participant granted a Performance Award of the terms of such Award, including the Performance Period, Performance Goal(s) and Performance Award Formula.

10.4 Measurement of Performance Goals. Performance Goals shall be established by the Committee on the basis of targets to be attained (“*Performance Targets*”) with respect to one or more measures of business or financial performance (each, a “*Performance Measure*”), subject to the following:

(a) *Performance Measures.* Performance Measures shall be calculated in accordance with the Company’s financial statements, or, if such measures are not reported in the Company’s financial statements, they shall be calculated in accordance with generally accepted accounting principles, a method used generally in the Company’s industry, or in accordance with a methodology established by the Committee prior to the grant of the Performance Award. As specified by the Committee, Performance Measures may be calculated with respect to the Company and each Subsidiary Corporation consolidated therewith for financial reporting purposes, one or more Subsidiary Corporations or such division or other business unit of any of them selected by the Committee. Unless otherwise determined by the Committee prior to the grant of the Performance Award, the Performance Measures applicable to the Performance Award shall be calculated prior to the accrual of expense for any Performance Award for the same Performance Period and excluding the effect (whether positive or negative) on the Performance Measures of any change in accounting standards or any extraordinary, unusual or nonrecurring item, as determined by the Committee, occurring after the establishment of the Performance Goals applicable to the Performance Award. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of Performance Measures in order to prevent the dilution or enlargement of the Participant’s rights with respect to a Performance Award. Performance Measures may be based upon one or more of the following, as determined by the Committee:

- (i) revenue;
- (ii) sales;
- (iii) expenses;
- (iv) operating income;
- (v) gross margin;
- (vi) operating margin;

(vii) earnings before any one or more of: stock-based compensation expense, interest, taxes, depreciation and amortization;

(viii) pre-tax profit;

(ix) net operating income;

(x) net income;

(xi) economic value added;

(xii) free cash flow;

(xiii) operating cash flow;

(xiv) balance of cash, cash equivalents and marketable securities;

(xv) stock price;

(xvi) earnings per share;

(xvii) return on stockholder equity;

(xviii) return on capital;

(xix) return on assets;

(xx) return on investment;

(xxi) total stockholder return;

(xxii) employee satisfaction;

(xxiii) employee retention;

(xxiv) market share;

(xxv) customer satisfaction;

(xxvi) product development;

(xxvii) research and development expenses;

(xxviii) completion of an identified special project; and

(xxix) completion of a joint venture or other corporate transaction.

(b) **Performance Targets.** Performance Targets may include a minimum, maximum, target level and intermediate levels of performance, with the final value of a Performance Award determined under the applicable Performance Award Formula by the Performance Target level attained during the applicable Performance Period. A Performance Target may be stated as an absolute value, an increase or decrease in a value, or as a value determined relative to an index, budget or other standard selected by the Committee.

10.5 Settlement of Performance Awards.

(a) **Determination of Final Value.** As soon as practicable following the completion of the Performance Period applicable to a Performance Award, the Committee shall certify in writing the extent to which the applicable Performance Goals have been attained and the resulting final value of the Award earned by the Participant and to be paid upon its settlement in accordance with the applicable Performance Award Formula.

(b) **Discretionary Adjustment of Award Formula.** In its discretion, the Committee may, either at the time it grants a Performance Award or at any time thereafter, provide for the positive or

negative adjustment of the Performance Award Formula applicable to a Performance Award granted to any Participant who is not a Covered Employee to reflect such Participant's individual performance in his or her position with the Company or such other factors as the Committee may determine. If permitted under a Covered Employee's Award Agreement, the Committee shall have the discretion, on the basis of such criteria as may be established by the Committee, to reduce some or all of the value of the Performance Award that would otherwise be paid to the Covered Employee upon its settlement notwithstanding the attainment of any Performance Goal and the resulting value of the Performance Award determined in accordance with the Performance Award Formula. No such reduction may result in an increase in the amount payable upon settlement of another Participant's Performance Award that is intended to result in Performance-Based Compensation.

(c) *Effect of Leaves of Absence.* Unless otherwise required by law or a Participant's Award Agreement, payment of the final value, if any, of a Performance Award held by a Participant who has taken in excess of thirty (30) days in unpaid leaves of absence during a Performance Period shall be prorated on the basis of the number of days of the Participant's Service during the Performance Period during which the Participant was not on an unpaid leave of absence.

(d) *Notice to Participants.* As soon as practicable following the Committee's determination and certification in accordance with Sections 10.5(a) and (b), the Company shall notify each Participant of the determination of the Committee.

(e) *Payment in Settlement of Performance Awards.* As soon as practicable following the Committee's determination and certification in accordance with Sections 10.5(a) and (b), but in any event within the Short-Term Deferral Period described in Section 15.1 (except as otherwise provided below or consistent with the requirements of Section 409A), payment shall be made to each eligible Participant (or such Participant's legal representative or other person who acquired the right to receive such payment by reason of the Participant's death) of the final value of the Participant's Performance Award. Payment of such amount shall be made in cash, shares of Stock, or a combination thereof as determined by the Committee. Unless otherwise provided in the Award Agreement evidencing a Performance Award, payment shall be made in a lump sum. If permitted by the Committee, the Participant may elect, consistent with the requirements of Section 409A, to defer receipt of all or any portion of the payment to be made to the Participant pursuant to this Section, and such deferred payment date(s) elected by the Participant shall be set forth in the Award Agreement. If any payment is to be made on a deferred basis, the Committee may, but shall not be obligated to, provide for the payment during the deferral period of Dividend Equivalent Rights or interest.

(f) *Provisions Applicable to Payment in Shares.* If payment is to be made in shares of Stock, the number of such shares shall be determined by dividing the final value of the Performance Award by the Fair Market Value of a share of Stock determined by the method specified in the Award Agreement. Shares of Stock issued in payment of any Performance Award may be fully vested and freely transferable shares or may be shares of Stock subject to Vesting Conditions as provided in Section 8.5. Any shares subject to Vesting Conditions shall be evidenced by an appropriate Award Agreement and shall be subject to the provisions of Sections 8.5 through 8.8 above.

10.6 Voting Rights; Dividend Equivalent Rights and Distributions. Participants shall have no voting rights with respect to shares of Stock represented by Performance Share Awards until the date of the issuance of such shares, if any (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Performance Share Award that the Participant shall be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Stock during the period beginning on the date the Award is granted and ending, with respect to each share

subject to the Award, on the earlier of the date on which the Performance Shares are settled or the date on which they are forfeited. Such Dividend Equivalent Rights, if any, shall be credited to the Participant either in cash or in the form of additional whole Performance Shares as of the date of payment of such cash dividends on Stock, as determined by the Committee. The number of additional Performance Shares (rounded to the nearest whole number), if any, to be so credited shall be determined by dividing (a) the amount of cash dividends paid on the dividend payment date with respect to the number of shares of Stock represented by the Performance Shares previously credited to the Participant by (b) the Fair Market Value per share of Stock on such date. Dividend Equivalent Rights, if any, shall be accumulated and paid to the extent that the related Performance Shares become nonforfeitable. Settlement of Dividend Equivalent Rights may be made in cash, shares of Stock, or a combination thereof as determined by the Committee, and may be paid on the same basis as settlement of the related Performance Share as provided in Section 10.5. Dividend Equivalent Rights shall not be paid with respect to Performance Units. In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.4, appropriate adjustments shall be made in the Participant's Performance Share Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant would be entitled by reason of the shares of Stock issuable upon settlement of the Performance Share Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same Performance Goals as are applicable to the Award.

10.7 Effect of Termination of Service. Unless otherwise provided by the Committee and set forth in the Award Agreement evidencing a Performance Award, the effect of a Participant's termination of Service on the Performance Award shall be as follows:

(a) **Death or Disability.** If the Participant's Service terminates because of the death or Disability of the Participant before the completion of the Performance Period applicable to the Performance Award, the final value of the Participant's Performance Award shall be determined by the extent to which the applicable Performance Goals have been attained with respect to the entire Performance Period and shall be prorated based on the number of months of the Participant's Service during the Performance Period. Payment shall be made following the end of the Performance Period in any manner permitted by Section 10.5.

(b) **Other Termination of Service.** If the Participant's Service terminates for any reason except death or Disability before the completion of the Performance Period applicable to the Performance Award, such Award shall be forfeited in its entirety; provided, however, that in the event of an involuntary termination of the Participant's Service, the Committee, in its discretion, may waive the automatic forfeiture of all or any portion of any such Award and determine the final value of the Performance Award in the manner provided by Section 10.7(a). Payment of any amount pursuant to this Section shall be made following the end of the Performance Period in any manner permitted by Section 10.5.

10.8 Nontransferability of Performance Awards. Prior to settlement in accordance with the provisions of the Plan, no Performance Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to a Performance Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

11. CASH-BASED AWARDS AND OTHER STOCK-BASED AWARDS.

Cash-Based Awards and Other Stock-Based Awards shall be evidenced by Award Agreements in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

11.1 Grant of Cash-Based Awards. Subject to the provisions of the Plan, the Committee, at any time and from time to time, may grant Cash-Based Awards to Participants in such amounts and upon such terms and conditions, including the achievement of performance criteria, as the Committee may determine.

11.2 Grant of Other Stock-Based Awards. The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted securities, stock-equivalent units, stock appreciation units, securities or debentures convertible into common stock or other forms determined by the Committee) in such amounts and subject to such terms and conditions as the Committee shall determine. Other Stock-Based Awards may be made available as a form of payment in the settlement of other Awards or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may involve the transfer of actual shares of Stock to Participants, or payment in cash or otherwise of amounts based on the value of Stock and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

11.3 Value of Cash-Based and Other Stock-Based Awards. Each Cash-Based Award shall specify a monetary payment amount or payment range as determined by the Committee. Each Other Stock-Based Award shall be expressed in terms of shares of Stock or units based on such shares of Stock, as determined by the Committee. The Committee may require the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award. If the Committee exercises its discretion to establish performance criteria, the final value of Cash-Based Awards or Other Stock-Based Awards that will be paid to the Participant will depend on the extent to which the performance criteria are met. The establishment of performance criteria with respect to the grant or vesting of any Cash-Based Award or Other Stock-Based Award intended to result in Performance-Based Compensation shall follow procedures substantially equivalent to those applicable to Performance Awards set forth in Section 10.

11.4 Payment or Settlement of Cash-Based Awards and Other Stock-Based Awards. Payment or settlement, if any, with respect to a Cash-Based Award or an Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash, shares of Stock or other securities or any combination thereof as the Committee determines. The determination and certification of the final value with respect to any Cash-Based Award or Other Stock-Based Award intended to result in Performance-Based Compensation shall comply with the requirements applicable to Performance Awards set forth in Section 10. To the extent applicable, payment or settlement with respect to each Cash-Based Award and Other Stock-Based Award shall be made in compliance with the requirements of Section 409A.

11.5 Voting Rights; Dividend Equivalent Rights and Distributions. Participants shall have no voting rights with respect to shares of Stock represented by Other Stock-Based Awards until the date of the issuance of such shares of Stock (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), if any, in settlement of such Award. However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Other Stock-Based Award that the Participant shall be entitled to Dividend Equivalent Rights with respect to the

payment of cash dividends on Stock during the period beginning on the date such Award is granted and ending, with respect to each share subject to the Award, on the earlier of the date the Award is settled or the date on which it is terminated. Such Dividend Equivalent Rights, if any, shall be paid in accordance with the provisions set forth in Section 9.4. Dividend Equivalent Rights shall not be granted with respect to Cash-Based Awards. In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.4, appropriate adjustments shall be made in the Participant's Other Stock-Based Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant would be entitled by reason of the shares of Stock issuable upon settlement of such Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same Vesting Conditions and performance criteria, if any, as are applicable to the Award.

11.6 Effect of Termination of Service. Each Award Agreement evidencing a Cash-Based Award or Other Stock-Based Award shall set forth the extent to which the Participant shall have the right to retain such Award following termination of the Participant's Service. Such provisions shall be determined in the discretion of the Committee, need not be uniform among all Cash-Based Awards or Other Stock-Based Awards, and may reflect distinctions based on the reasons for termination, subject to the requirements of Section 409A, if applicable.

11.7 Nontransferability of Cash-Based Awards and Other Stock-Based Awards. Prior to the payment or settlement of a Cash-Based Award or Other Stock-Based Award, the Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. The Committee may impose such additional restrictions on any shares of Stock issued in settlement of Cash-Based Awards and Other Stock-Based Awards as it may deem advisable, including, without limitation, minimum holding period requirements, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such shares of Stock are then listed and/or traded, or under any state securities laws or foreign law applicable to such shares of Stock.

12. STANDARD FORMS OF AWARD AGREEMENT.

12.1 Award Agreements. Each Award shall comply with and be subject to the terms and conditions set forth in the appropriate form of Award Agreement approved by the Committee and as amended from time to time. No Award or purported Award shall be a valid and binding obligation of the Company unless evidenced by a fully executed Award Agreement, which execution may be evidenced by electronic means.

12.2 Authority to Vary Terms. The Committee shall have the authority from time to time to vary the terms of any standard form of Award Agreement either in connection with the grant or amendment of an individual Award or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Award Agreement are not inconsistent with the terms of the Plan.

13. CHANGE IN CONTROL.

13.1 Effect of Change in Control on Awards. Subject to the requirements and limitations of Section 409A, if applicable, the Committee may provide for any one or more of the following:

- (a) **Accelerated Vesting.** In its discretion, the Committee may provide in the grant of any Award or at any other time may take such action as it deems appropriate to provide for acceleration of the exercisability, vesting and/or settlement in connection with a Change in Control of each or any outstanding Award or portion thereof and shares acquired pursuant thereto upon such

conditions, including termination of the Participant's Service prior to, upon, or following the Change in Control, and to such extent as the Committee determines.

(b) Assumption, Continuation or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "*Acquiror*"), may, without the consent of any Participant, assume or continue the Company's rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock, as applicable. For purposes of this Section, if so determined by the Committee in its discretion, an Award denominated in shares of Stock shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each share of Stock subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise or settlement of the Award, for each share of Stock subject to the Award, to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. Any Award or portion thereof which is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised or settled as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control.

(c) Cash-Out of Outstanding Stock-Based Awards. The Committee may, in its discretion and without the consent of any Participant, determine that, upon the occurrence of a Change in Control, each or any Award denominated in shares of Stock or portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested share (and each unvested share, if so determined by the Committee) of Stock subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control, reduced (but not below zero) by the exercise or purchase price per share, if any, under such Award. In the event such determination is made by the Committee, an Award having an exercise or purchase price per share equal to or greater than the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control may be canceled without payment of consideration to the holder thereof. Payment pursuant to this Section (reduced by applicable withholding taxes, if any) shall be made to Participants in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards.

13.2 Effect of Change in Control on Nonemployee Director Awards. Subject to the requirements and limitations of Section 409A, if applicable, including as provided by Section 15.4(f), in the event of a Change in Control, each outstanding Nonemployee Director Award shall become immediately exercisable and vested in full and, except to the extent assumed, continued or substituted for pursuant to Section 13.1(b), shall be settled effective immediately prior to the time of consummation of the Change in Control.

13.3 Federal Excise Tax Under Section 4999 of the Code.

(a) **Excess Parachute Payment.** If any acceleration of vesting pursuant to an Award and any other payment or benefit received or to be received by a Participant would subject the Participant to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an “excess parachute payment” under Section 280G of the Code, then, provided such election would not subject the Participant to taxation under Section 409A, the Participant may elect to reduce the amount of any acceleration of vesting called for under the Award in order to avoid such characterization.

(b) **Determination by Independent Accountants.** To aid the Participant in making any election called for under Section 13.3(a), no later than the date of the occurrence of any event that might reasonably be anticipated to result in an “excess parachute payment” to the Participant as described in Section 13.3(a), the Company shall request a determination in writing by the professional firm engaged by the Company for general tax purposes, or, if the tax firm so engaged by the Company is serving as accountant or auditor for the Acquiror, the Company will appoint a nationally recognized tax firm to make the determinations required by this Section. (the “**Tax Firm**”). As soon as practicable thereafter, the Tax Firm shall determine and report to the Company and the Participant the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Tax Firm may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Tax Firm such information and documents as the Tax Firm may reasonably request in order to make its required determination. The Company shall bear all fees and expenses the Tax Firm charge in connection with its services contemplated by this Section.

14. COMPLIANCE WITH SECURITIES LAW.

The grant of Awards and the issuance of shares of Stock pursuant to any Award shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities and the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Award may be exercised or shares issued pursuant to an Award unless (a) a registration statement under the Securities Act shall at the time of such exercise or issuance be in effect with respect to the shares issuable pursuant to the Award, or (b) in the opinion of legal counsel to the Company, the shares issuable pursuant to the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company’s legal counsel to be necessary to the lawful issuance and sale of any shares under the Plan shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to issuance of any Stock, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

15. COMPLIANCE WITH SECTION 409A.

15.1 Awards Subject to Section 409A. The Company intends that Awards granted pursuant to the Plan shall either be exempt from or comply with Section 409A, and the Plan shall be so construed. The provisions of this Section 15 shall apply to any Award or portion thereof that constitutes or provides for payment of Section 409A Deferred Compensation. Such Awards may include, without limitation:

(a) A Nonstatutory Stock Option or SAR that includes any feature for the deferral of compensation other than the deferral of recognition of income until the later of (i) the exercise or

disposition of the Award or (ii) the time the stock acquired pursuant to the exercise of the Award first becomes substantially vested.

(b) Any Restricted Stock Unit Award, Performance Award, Cash-Based Award or Other Stock-Based Award that either (i) provides by its terms for settlement of all or any portion of the Award at a time or upon an event that will or may occur later than the end of the Short-Term Deferral Period (as defined below) or (ii) permits the Participant granted the Award to elect one or more dates or events upon which the Award will be settled after the end of the Short-Term Deferral Period.

Subject to the provisions of Section 409A, the term “*Short-Term Deferral Period*” means the 2½ month period ending on the later of (i) the 15th day of the third month following the end of the Participant’s taxable year in which the right to payment under the applicable portion of the Award is no longer subject to a substantial risk of forfeiture or (ii) the 15th day of the third month following the end of the Company’s taxable year in which the right to payment under the applicable portion of the Award is no longer subject to a substantial risk of forfeiture. For this purpose, the term “substantial risk of forfeiture” shall have the meaning provided by Section 409A.

15.2 Deferral and/or Distribution Elections. Except as otherwise permitted or required by Section 409A, the following rules shall apply to any compensation deferral and/or payment elections (each, an “*Election*”) that may be permitted or required by the Committee pursuant to an Award providing Section 409A Deferred Compensation:

(a) Elections must be in writing and specify the amount of the payment in settlement of an Award being deferred, as well as the time and form of payment as permitted by this Plan.

(b) Elections shall be made by the end of the Participant’s taxable year prior to the year in which services commence for which an Award may be granted to the Participant.

(c) Elections shall continue in effect until a written revocation or change in Election is received by the Company, except that a written revocation or change in Election must be received by the Company prior to the last day for making the Election determined in accordance with paragraph (b) above or as permitted by Section 15.3.

15.3 Subsequent Elections. Except as otherwise permitted or required by Section 409A, any Award providing Section 409A Deferred Compensation which permits a subsequent Election to delay the payment or change the form of payment in settlement of such Award shall comply with the following requirements:

(a) No subsequent Election may take effect until at least twelve (12) months after the date on which the subsequent Election is made.

(b) Each subsequent Election related to a payment in settlement of an Award not described in Section 15.4(a)(ii), 15.4(a)(iii) or 15.4(a)(vi) must result in a delay of the payment for a period of not less than five (5) years from the date on which such payment would otherwise have been made.

(c) No subsequent Election related to a payment pursuant to Section 15.4(a)(iv) shall be made less than twelve (12) months before the date on which such payment would otherwise have been made.

(d) Subsequent Elections shall continue in effect until a written revocation or change in the subsequent Election is received by the Company, except that a written revocation or change in a subsequent Election must be received by the Company prior to the last day for making the subsequent Election determined in accordance the preceding paragraphs of this Section 15.3.

15.4 Payment of Section 409A Deferred Compensation.

(a) **Permissible Payments.** Except as otherwise permitted or required by Section 409A, an Award providing Section 409A Deferred Compensation must provide for payment in settlement of the Award only upon one or more of the following:

- (i) The Participant's "separation from service" (as defined by Section 409A);
- (ii) The Participant's becoming "disabled" (as defined by Section 409A);
- (iii) The Participant's death;
- (iv) A time or fixed schedule that is either (i) specified by the Committee upon the grant of an Award and set forth in the Award Agreement evidencing such Award or (ii) specified by the Participant in an Election complying with the requirements of Section 15.2 or 15.3, as applicable;
- (v) A change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company determined in accordance with Section 409A; or
- (vi) The occurrence of an "unforeseeable emergency" (as defined by Section 409A).

(b) **Installment Payments.** It is the intent of this Plan that any right of a Participant to receive installment payments (within the meaning of Section 409A) shall, for all purposes of Section 409A, be treated as a right to a series of separate payments.

(c) **Required Delay in Payment to Specified Employee Pursuant to Separation from Service.** Notwithstanding any provision of the Plan or an Award Agreement to the contrary, except as otherwise permitted by Section 409A, no payment pursuant to Section 15.4(a)(i) in settlement of an Award providing for Section 409A Deferred Compensation may be made to a Participant who is a "specified employee" (as defined by Section 409A) as of the date of the Participant's separation from service before the date (the "**Delayed Payment Date**") that is six (6) months after the date of such Participant's separation from service, or, if earlier, the date of the Participant's death. All such amounts that would, but for this paragraph, become payable prior to the Delayed Payment Date shall be accumulated and paid on the Delayed Payment Date.

(d) **Payment Upon Disability.** All distributions of Section 409A Deferred Compensation payable pursuant to Section 15.4(a)(ii) by reason of a Participant becoming disabled shall be paid in a lump sum or in periodic installments as established by the Participant's Election. If the Participant has made no Election with respect to distributions of Section 409A Deferred Compensation upon becoming disabled, all such distributions shall be paid in a lump sum upon the determination that the Participant has become disabled.

(e) **Payment Upon Death.** If a Participant dies before complete distribution of amounts payable upon settlement of an Award subject to Section 409A, such undistributed amounts shall be distributed to his or her beneficiary under the distribution method for death established by the Participant's Election upon receipt by the Committee of satisfactory notice and confirmation of the Participant's death. If the Participant has made no Election with respect to distributions of Section 409A Deferred Compensation upon death, all such distributions shall be paid in a lump sum upon receipt by the Committee of satisfactory notice and confirmation of the Participant's death.

(f) **Payment Upon Change in Control.** Notwithstanding any provision of the Plan or an Award Agreement to the contrary, to the extent that any amount constituting Section 409A Deferred Compensation would become payable under this Plan by reason of a Change in Control, such amount shall become payable only if the event constituting a Change in Control would also

constitute a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Section 409A. Any Award which constitutes Section 409A Deferred Compensation and which would vest and otherwise become payable upon a Change in Control as a result of the failure of the Acquiror to assume, continue or substitute for such Award in accordance with Section 13.1(b) shall vest to the extent provided by such Award but shall be converted automatically at the effective time of such Change in Control into a right to receive, in cash on the date or dates such award would have been settled in accordance with its then existing settlement schedule (or as required by Section 15.4(c)), an amount or amounts equal in the aggregate to the intrinsic value of the Award at the time of the Change in Control.

(g) *Payment Upon Unforeseeable Emergency.* The Committee shall have the authority to provide in the Award Agreement evidencing any Award providing for Section 409A Deferred Compensation for payment pursuant to Section 15.4(a)(vi) in settlement of all or a portion of such Award in the event that a Participant establishes, to the satisfaction of the Committee, the occurrence of an unforeseeable emergency. In such event, the amount(s) distributed with respect to such unforeseeable emergency cannot exceed the amounts reasonably necessary to satisfy the emergency need plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution(s), after taking into account the extent to which such emergency need is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by cessation of deferrals under the Award. All distributions with respect to an unforeseeable emergency shall be made in a lump sum upon the Committee's determination that an unforeseeable emergency has occurred. The Committee's decision with respect to whether an unforeseeable emergency has occurred and the manner in which, if at all, the payment in settlement of an Award shall be altered or modified, shall be final, conclusive, and not subject to approval or appeal.

(h) *Prohibition of Acceleration of Payments.* Notwithstanding any provision of the Plan or an Award Agreement to the contrary, this Plan does not permit the acceleration of the time or schedule of any payment under an Award providing Section 409A Deferred Compensation, except as permitted by Section 409A.

(i) *No Representation Regarding Section 409A Compliance.* Notwithstanding any other provision of the Plan, the Company makes no representation that Awards shall be exempt from or comply with Section 409A. No Participating Company shall be liable for any tax, penalty or interest imposed on a Participant by Section 409A.

16. TAX WITHHOLDING.

16.1 Tax Withholding in General. The Company shall have the right to deduct from any and all payments made under the Plan, or to require the Participant, through payroll withholding, cash payment or otherwise, to make adequate provision for, the federal, state, local and foreign taxes (including social insurance), if any, required by law to be withheld by any Participating Company with respect to an Award or the shares acquired pursuant thereto. The Company shall have no obligation to deliver shares of Stock, to release shares of Stock from an escrow established pursuant to an Award Agreement, or to make any payment in cash under the Plan until the Participating Company Group's tax withholding obligations have been satisfied by the Participant.

16.2 Withholding in or Directed Sale of Shares. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable to a Participant upon the exercise or settlement of an Award, or to accept from the Participant the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the tax withholding obligations of any Participating Company. The Fair Market Value of any shares of Stock

withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates. The Company may require a Participant to direct a broker, upon the vesting, exercise or settlement of an Award, to sell a portion of the shares subject to the Award determined by the Company in its discretion to be sufficient to cover the tax withholding obligations of any Participating Company and to remit an amount equal to such tax withholding obligations to such Participating Company in cash.

17. AMENDMENT, SUSPENSION OR TERMINATION OF PLAN.

The Committee may amend, suspend or terminate the Plan at any time. However, without the approval of the Company's stockholders, there shall be (a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Sections 4.2, 4.3 and 4.4), (b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the Plan that would require approval of the Company's stockholders under any applicable law, regulation or rule, including the rules of any stock exchange or quotation system upon which the Stock may then be listed or quoted. No amendment, suspension or termination of the Plan shall affect any then outstanding Award unless expressly provided by the Committee. Except as provided by the next sentence, no amendment, suspension or termination of the Plan may have a materially adverse effect on any then outstanding Award without the consent of the Participant. Notwithstanding any other provision of the Plan or any Award Agreement to the contrary, the Committee may, in its sole and absolute discretion and without the consent of any Participant, amend the Plan or any Award Agreement, to take effect retroactively or otherwise, as it deems necessary or advisable for the purpose of conforming the Plan or such Award Agreement to any present or future law, regulation or rule applicable to the Plan, including, but not limited to, Section 409A.

18. MISCELLANEOUS PROVISIONS.

18.1 Repurchase Rights. Shares issued under the Plan may be subject to one or more repurchase options, or other conditions and restrictions as determined by the Committee in its discretion at the time the Award is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

18.2 Forfeiture Events.

(a) The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of Service for Cause or any act by a Participant, whether before or after termination of Service, that would constitute Cause for termination of Service, or any accounting restatement due to material noncompliance of the Company with any financial reporting requirements of securities laws as a result of which, and to the extent that, such reduction, cancellation, forfeiture, or recoupment is required by applicable securities laws.

(b) If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, any Participant who knowingly or through gross negligence engaged in the misconduct, or who knowingly or through gross negligence failed to prevent the

misconduct, and any Participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, shall reimburse the Company for (i) the amount of any payment in settlement of an Award received by such Participant during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement, and (ii) any profits realized by such Participant from the sale of securities of the Company during such twelve- (12-) month period.

18.3 Provision of Information. Each Participant shall be given access to information concerning the Company equivalent to that information generally made available to the Company's common stockholders.

18.4 Rights as Employee, Consultant or Director. No person, even though eligible pursuant to Section 5, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee, Consultant or Director or interfere with or limit in any way any right of a Participating Company to terminate the Participant's Service at any time. To the extent that an Employee of a Participating Company other than the Company receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

18.5 Rights as a Stockholder. A Participant shall have no rights as a stockholder with respect to any shares covered by an Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 4.4 or another provision of the Plan.

18.6 Delivery of Title to Shares. Subject to any governing rules or regulations, the Company shall issue or cause to be issued the shares of Stock acquired pursuant to an Award and shall deliver such shares to or for the benefit of the Participant by means of one or more of the following: (a) by delivering to the Participant evidence of book entry shares of Stock credited to the account of the Participant, (b) by depositing such shares of Stock for the benefit of the Participant with any broker with which the Participant has an account relationship, or (c) by delivering such shares of Stock to the Participant in certificate form.

18.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

18.8 Retirement and Welfare Plans. Neither Awards made under this Plan nor shares of Stock or cash paid pursuant to such Awards may be included as "compensation" for purposes of computing the benefits payable to any Participant under any Participating Company's retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a Participant's benefit.

18.9 Beneficiary Designation. Subject to local laws and procedures, each Participant may file with the Company a written designation of a beneficiary who is to receive any benefit under the Plan to which the Participant is entitled in the event of such Participant's death before he or she receives any or all of such benefit. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. If a married Participant designates a beneficiary other than the Participant's spouse, the effectiveness of such designation may be subject to the consent of the Participant's spouse. If a Participant dies without an effective designation of a

beneficiary who is living at the time of the Participant's death, the Company will pay any remaining unpaid benefits to the Participant's legal representative.

18.10 Severability. If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

18.11 No Constraint on Corporate Action. Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or another Participating Company's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or another Participating Company to take any action which such entity deems to be necessary or appropriate.

18.12 Unfunded Obligation. Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be considered unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974. No Participating Company shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee or any Participating Company and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of any Participating Company. The Participants shall have no claim against any Participating Company for any changes in the value of any assets which may be invested or reinvested by the Company with respect to the Plan.

18.13 Choice of Law. Except to the extent governed by applicable federal law, the validity, interpretation, construction and performance of the Plan and each Award Agreement shall be governed by the laws of the State of Nevada, without regard to its conflict of law rules.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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 001-32622

GLOBAL CASH ACCESS HOLDINGS, INC.

(Exact name of Registrant as specified in our charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-0723270
(I.R.S. Employer
Identification Number)

7250 S. Tenaya Way, Suite 100, Las Vegas, Nevada 89113
(Address of principal executive offices including Zip code)

(800) 833-7110

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of June 30, 2013, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$422.1 million. There were 65,723,527 shares of the registrant's common stock issued and outstanding as of the close of business on February 28, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2014 Annual Meeting of Stockholders to be held on May 15, 2014 are incorporated by reference into this Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13, and 14. Except as expressly incorporated by reference, the registrant's Proxy Statement shall not be deemed to be a part of this Annual Report on Form 10-K.

GLOBAL CASH ACCESS HOLDINGS, INC.
ANNUAL REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED DECEMBER 31, 2013
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PART I

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Global Cash Access Holdings, Inc. is a holding company, the principal asset of which is the capital stock of Global Cash Access, Inc. (“GCA”). Unless otherwise indicated, the terms “the Company,” “we,” “us” and “our” refer to Global Cash Access Holdings, Inc. together with its consolidated subsidiaries and the term “Holdings” refers to Global Cash Access Holdings, Inc. individually.

We believe that it is important to communicate our plans and expectations about the future to our stockholders and to the public. Some of the statements we use in this report, and in some of the documents we incorporate by reference in this report, contain forward-looking statements concerning our business operations, economic performance and financial condition, including in particular: our business strategy and means to implement the strategy; the amount of future results of operations, such as revenue, certain expenses, operating margins, income tax rates, shares outstanding, capital expenditures, operating metrics, and earnings per share; our success and our timing in developing and introducing new products or services and expanding our business; and the successful integration of future acquisitions. You can sometimes identify forward-looking statements by our use of the words “believes,” “anticipates,” “expects,” “intends,” “plan,” “forecast,” “guidance” and similar expressions. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements include, but are not limited to, statements regarding the following matters: trends in gaming establishment and patron usage of our products; benefits realized by using our products; product development and regulatory approval; gaming regulatory, card association and statutory compliance; the implementation of new or amended card association and payment network rules; consumer collection activities; future competition; future tax liabilities; international expansion; resolution of litigation; dividend policy; new customer contracts and contract renewals; future results of operations (including revenue, expenses, margins, earnings, cash flow and capital expenditures); future interest rates and interest expense; future borrowings; and future equity incentive activity and compensation expense.

These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected or assumed, including but not limited to the following: the timing and the extent of a recovery in the gaming industry, if any; our ability to replace revenue associated with terminated contracts; margin degradation from contract renewals; our ability to introduce new products and services; our ability to execute on mergers, acquisitions and/or strategic alliances; gaming establishment and patron preferences; national and international economic conditions; changes in gaming regulatory, card association and statutory requirements; regulatory and licensing difficulties; competitive pressures; operational limitations; gaming market contraction; changes to tax laws; uncertainty of litigation outcomes; interest rate fluctuations; inaccuracies in underlying operating assumptions; unanticipated expenses or capital needs; technological obsolescence; and employee turnover. If any of these assumptions prove to be incorrect, the results contemplated by the forward-looking statements regarding our future results of operations are unlikely to be realized. Additional factors that could cause actual results to differ materially are included under the heading “Risk Factors.” These factors include, but are not limited to, those set forth in Item 1A—Risk Factors of this report, those set forth elsewhere in this report and those set forth in our press releases, reports and other filings made with the United States Securities and Exchange Commission (“SEC”). These cautionary statements qualify all of our forward-looking statements, and you are cautioned not to place undue reliance on these forward-looking statements.

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

ITEM 1. BUSINESS

Overview

We are a global provider of cash access services and related equipment and services to the gaming industry. Our products and services: (a) provide gaming establishment patrons access to cash through a variety of methods, including Automated Teller Machine (“ATM”) cash withdrawals, credit card cash access transactions, point-of-sale (“POS”) debit card transactions, check verification and warranty services and money transfers; (b) provide cash access devices and related services, such as slot machine ticket redemption and jackpot kiosks to the gaming industry; (c) provide products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments; and (d) provide online payment processing solutions for gaming operators in states that offer intra-state Internet-based gaming and lottery activities.

Our principal executive offices are located at 7250 S. Tenaya Way, Suite 100, Las Vegas, Nevada 89113. Our telephone number is (800) 833-7110. Our Internet website address is <http://www.gcainc.com>. The information on our website is not part of this Annual Report on Form 10-K or our other filings with the SEC.

Our Business

Our cash access products and services enable three primary types of electronic payment transactions: ATM cash withdrawals, credit card cash access transactions and POS debit card transactions. Patrons can perform any of these three transactions at many of the Casino Cash Plus 3-in-1 ATMs and full service kiosks we operate; and patrons can perform credit card cash access transactions and POS debit card transactions at any of our QuikCash kiosks, all of which we own.

We provide check verification and warranty services to gaming establishments that cash patron checks and provide various marketing services and casino patron data services to many of our gaming establishment customers.

At some of our gaming establishment customers, we provide satellite cage and booth staffing services at which GCA employees cash patron checks and complete our cash access transactions; at all other gaming establishments, our cash access transactions are completed at the casino cage by the gaming establishment’s employees or representatives.

We manufacture, sell and service cash access devices such as slot machine ticket redemption and jackpot kiosks to the gaming industry. These devices may be enabled to provide our cash access products and services. In general, our contracts with gaming establishments have an average term life of approximately three years.

We provide online payment processing services to gaming operators in states that offer intra-state, Internet-based gaming and lottery activities.

ATM Cash Withdrawals

ATM cash withdrawal transactions represent the largest category of electronic payment transactions that we process, as measured by dollar and transaction volume. In an ATM cash withdrawal, a patron directly accesses funds from a device enabled with our ATM service by either using an ATM or debit card to withdraw funds from his or her bank account or using a credit card to access his or her line of credit; in either event, the patron must use the Personal Identification Number (“PIN”) associated with such card. Our processor then routes the transaction request through an electronic funds transfer (“EFT”) network to the patron’s bank or issuer. Depending upon a number of factors, including the patron’s account balance or credit limit and daily withdrawal limit, the bank or issuer will either authorize or decline the transaction. If the transaction is authorized, then the ATM-enabled device dispenses the cash to the

patron. For a transaction using an ATM or debit card, the patron's bank account is debited by the amount of cash disbursed plus a service fee that we assess the patron for the use of the ATM service. For a transaction using a credit card with a PIN, the patron's credit account is charged by the amount of the cash disbursed plus a service fee that we assess the patron for the use of the ATM service. The service fee is currently a fixed dollar amount and not a percentage of the transaction size. We also receive a fee, which we refer to as reverse interchange, from the patron's bank for accommodating the bank's customer. In most circumstances, we pay a percentage of the service fee that we receive from the patron, and in some circumstances, a portion of the reverse interchange fees we receive, as a commission to our gaming establishment customers for the right to operate on their premises.

Credit Card Cash Access and POS Debit Card Transactions

Patrons can also perform credit card cash access transactions and POS debit card transactions using many of our enabled devices. A patron's credit card cash access limit is usually a sub-limit of the total credit line and is set by the card-issuing bank. These limits vary significantly and can be larger or smaller than the POS debit limit. A credit card cash access transaction obligates the patron to repay the issuing bank over time on terms that are preset by the cardholder agreement. A patron's POS debit card allows the patron to make cash withdrawals at the point of sale in an amount equal to the lesser of the amount of funds in the account or a daily limit that is generally five to ten times as large as the patron's daily ATM limit.

When a patron requests a credit card cash access or POS debit card transaction, our processor routes the transaction request through one of the card associations (e.g., VISA USA (together with VISA International ("VISA")) or MasterCard International ("MasterCard")) or EFT networks (e.g., Star, Interlink or Shazam) to the issuing bank. Depending upon several factors, such as the available credit or bank account balance, the transaction is either authorized or declined by the issuing bank. If authorized, the patron's bank account is debited or their credit card balance is increased, in both cases, by an amount equal to the funds requested plus a service fee that we charge the patron. The service fee is a fixed dollar amount, a percentage of the transaction size or a combination of a fixed dollar amount and percentage of the transaction size. If the transaction is authorized, the device informs the patron that the transaction has been approved. The device instructs the patron to proceed to the gaming establishment's cashier, or GCA-operated booth, to complete the transaction because credit card cash access and POS debit card transactions must, in most circumstances, be completed in face-to-face environments and a unique signature must be received in order to comply with rules of the card associations. Once at the cashier booth, the patron acknowledges acceptance of the fee. We reimburse the gaming establishment for the amount of cash that it provided to the patron by either issuing a negotiable instrument to the gaming establishment or paying the gaming establishment via wire transfer or other similar form of electronic payment. In addition, we generally pay the gaming establishment a portion of the service fee as a commission for the right to operate on their premises, although this payment as a percentage of the fee is generally smaller for credit card cash access and POS debit card transactions than for ATM withdrawals. In addition, we are obligated to pay interchange fees to the issuing bank and processing costs related to the electronic payment transaction.

Check Verification and Warranty Services

Patrons may be able to cash checks at gaming establishments to fund their gaming play. When a patron presents a check to the cashier, the gaming establishment can accept or deny the transaction based on its own customer information and at its own risk; obtain third-party verification information about the check writer and the check to manage its risk; or obtain a warranty on payment of the check which entitles the gaming establishment to reimbursement of the full face amount of the check if it is dishonored.

There are a number of check verification services. One such service we provide is through a subscription service to the database operated by our subsidiary, Central Credit, LLC ("Central Credit") which, as

discussed below, is used by gaming establishments to make credit issuing decisions. Central Credit maintains information on the check cashing and credit history of many gaming establishment patrons.

If a gaming establishment chooses to have a check warranted, it sends a request to a check warranty service provider, asking whether it would be willing to accept the risk of cashing the check. If the check warranty provider accepts the risk and warrants the check, the gaming establishment negotiates the patron's check by providing cash for the face amount of the check. If the check is dishonored by the patron's bank upon presentment, the gaming establishment invokes the warranty, and the check warranty service provider purchases the check from the gaming establishment for the full check amount and then pursues collection activities on its own.

We currently provide check warranty services through a third party check warranty service provider. Originally, we offered two platforms, but in 2012 and 2013, we migrated everything to a single third party provider. We use, and pay this third party to assist us with the warranty decision, check processing and collection activities. We charge our gaming establishment customers a fee for our check warranty services, which is typically a percentage of the face amount of the check being warranted. In our Warranty product and under our agreement with the third party check warranty service provider, we receive all of the check warranty revenue. We are exposed to risk for the losses associated with any warranted items that cannot be collected from patrons issuing the items. Warranty expenses are defined as any amounts paid by the third party provider to gaming establishments to purchase dishonored checks that will not be collectible from patrons. Additionally, we pay certain fees and operating expenses to our third party provider related to the provision of these services.

Central Credit

Gaming establishment patrons may be able to choose to access funds through credit extended by the gaming establishment. Central Credit is a gaming patron credit bureau specifically designed for the gaming industry to allow gaming establishments to improve their credit-granting decisions. Our Central Credit database contains gaming patron credit history and transaction data on gaming patrons. Our gaming credit reports are comprised of information recorded from patron credit histories at hundreds of gaming establishments. We provide such information to gaming establishments that subscribe to the service, which use that data, among other things, to determine how much credit, if any, they will grant to a gaming patron. At a gaming establishment's request, we can augment the information provided in our gaming credit reports with traditional credit reports or bank ratings provided by third-party consumer credit bureaus and bank reporting agencies. We typically charge our customers for access to gaming patron credit reports on a monthly basis and our fees are generally comprised of a fixed minimum fee plus per-transaction charges for certain requests.

Equipment Sales and Service

We sell cash access devices such as slot machine ticket redemption and jackpot kiosks, which may be enabled with our cash access services; and we provide certain professional services, software licensing, and certain other ancillary services associated with the sale, installation and maintenance of those devices.

everi™ Product Suite

We provide online payment processing solutions for gaming operators in states that offer intra-state, Internet-based gaming and lottery activities.

Several states have passed implementing legislation and/or regulations to allow certain intra-state, wager-based, online casino or lottery games such as online poker and lottery ticket purchases. These legislative efforts are partially based on the United States Department of Justice's interpretation in late 2011 that the prohibitions of the Wire Act are limited to sports-related wager-based online gaming activity. Although these states have adopted implementing legislation authorizing certain wager-based casino or lottery

games, the legislative and regulatory environment surrounding online wager-based casino and lottery games in the United States remains uncertain and complex and it is unclear how the legislative and regulatory framework governing these activities will evolve in the future. However, in anticipation of this potentially significant opportunity in the online gaming sector, we acquired an exclusive license to an end-to-end payment, patron e-wallet and management solution from a leading independent wallet, analytics and media supplier for the social gaming space worldwide that we offer, and intend, to offer to operators of online wager-based casino and lottery games. The online payment processing solution combines our casino cash management products with our Partner's monetization and virtual currency solutions for the social and play-for-fun industry. The integrated solution, everi product suite, is designed to enable our customers to easily transition gaming activities from offline to online and back and is designed to allow operators to expand their player base, broaden feature functionality and maximize patron loyalty across the gaming enterprise. The everi product suite has initially been placed into service; however, there are additional phases of development still evolving to support the Internet gaming and lottery marketplaces.

Other

We market money transfer services that allow patrons to receive money transfers at gaming establishments and provide other information services that assist in automating cashier operations and enhancing patron marketing activities.

Our Products and Services

Our customer solutions consist of cash access products and services, information services and cashless gaming products.

Cash Access Products and Services

- Casino Cash Plus 3-in-1 ATM
- Check verification and warranty
- QuikCash Kiosk

Information Services

- Central Credit
- QuikCash Plus Web and QCPXpress
- QuikReports
- QuikMarketing and Casino Share Intelligence
- Xchange Xplorer
- Xchange Xplorer Plus

Cash Handling and Access Equipment Sales and Services

- Full Service Slot Machine Ticket Redemption Kiosks
- Jackpot Kiosks

Internet Gaming Solution

- everi

Cash Access Products and Services

We provide gaming establishments with the ability to enable their patrons to access cash through a variety of products and services.

Casino Cash Plus 3-in-1 ATM is an unmanned, cash-dispensing machine that offers patrons a quick way to access cash through ATM cash withdrawals, POS debit card transactions and credit card cash access transactions directly or using our patented 3-in-1 rollover functionality. Most financial institutions that issue ATM cards impose daily ATM withdrawal limits, and, in many instances, aggregate and count Friday, Saturday, and Sunday as one day for purposes of calculating a cardholder's daily ATM withdrawal limit. If a patron attempts to access more than the applicable ATM daily withdrawal limit, the ATM transaction may be declined. Our patented 3-in-1 rollover functionality allows a gaming patron to easily convert an unsuccessful ATM cash withdrawal transaction into a POS debit card transaction or a credit card cash access transaction. When a patron is denied a standard ATM transaction, our 3-in-1 rollover functionality automatically provides the option of obtaining funds via a POS debit card transaction or a credit card cash

access transaction. For authorized ATM transactions, the Casino Cash Plus 3-in-1 ATM dispenses cash to the patron. For successful POS debit card transactions and credit card cash access transactions, once the transaction is authorized, the Casino Cash Plus 3-in-1 ATM instructs the patron to proceed to the casino cashier or GCA-operated booth, where the transaction is completed and cash is dispensed to the patron. In addition to our own ATMs, we have strategic alliances with other financial institutions and third parties pursuant to which we have incorporated our 3-in-1 rollover functionality into our strategic alliance partners' ATMs.

Check verification and warranty services allow gaming establishments to manage and reduce risk on patron checks that they cash. A gaming establishment can query our Central Credit database to review the check cashing history of a gaming establishment patron before deciding whether to cash the patron's check. If the gaming establishment desires additional protection against loss, it can seek a warranty on payment of the check. We have an exclusive relationship with a third party check warranty service provider to market check warranty services to gaming establishments.

QuikCash is the brand name of our stand-alone, non-ATM cash access kiosks. Our QuikCash kiosks are customer-activated terminals that provide patrons with access to credit card cash access and POS debit card transactions. Once the transaction is authorized, the patron is instructed to proceed to the casino cashier or GCA-operated booth, at which certain procedures are undertaken in accordance with the rules of the major card associations and cash is provided to the patron.

Cash Handling and Access Equipment Sales and Services

We sell and service specialty equipment to gaming establishments that enable their patrons to efficiently access cash in a self-service environment.

Full Service Slot Machine Ticket Redemption Kiosk is a multi-function patron kiosk, which may incorporate our 3-in-1 rollover functionality for cash access into a self-service kiosk for slot machine ticket redemption and bill breaking services provided by us or other redemption device manufacturers. When a patron presses the cash out button on a cashless slot machine, the patron receives the value of the paper slot ticket dispensed from a printer embedded in the slot machine. The ticket can then be inserted into other slot machines or exchanged for cash at a redemption device, whether ours or from another manufacturer. The availability of our cash access services on these slot ticket redemption devices provides us with additional points of contact with gaming patrons at locations that are closer to the slot machines than traditional cash access devices that are typically located on the periphery of the gaming area within the gaming establishment. These additional points of contact provide gaming patrons with more opportunities to access their cash with less cashier involvement, thereby creating labor cost savings for gaming establishments.

Jackpot Kiosk is a multi-function employee kiosk, which allows casino personnel to immediately process and dispense taxable jackpots in the form of cash, tickets or a combination of both. A taxable jackpot is a jackpot that exceeds local or federal limits and is thus taxable and results in the issuance of a W-2G or 1042-S. Typically, electronic gaming devices are configured so that they will not present a ticket to a patron when the winnings on the electronic gaming device exceed a programmed amount. Instead, a casino employee is required to facilitate payment to the patron through the casino cage or by use of an employee pouch. The jackpot kiosk automates and streamlines this process. GCA cash access services are not required on a jackpot kiosk.

Information Services

We market our information services to gaming establishments to assist in improving credit decision-making, automating cashier operations and enhancing patron marketing activities.

Improve Credit Decision-Making

Central Credit is the leading gaming patron credit bureau that allows gaming establishments to improve their credit-granting decisions. Our Central Credit database contains decades of gaming patron credit history and transaction data on millions of gaming patrons. Our gaming credit reports are comprised of information recorded from patron experiences at hundreds of gaming establishments. We provide such information to gaming establishments, who use that data, for among other things, to determine if or how much credit they will grant to a patron. To allow gaming establishments to improve their credit-granting decisions, Central Credit offers a variety of tools to assist our customers in the underwriting of gaming patron credit requests. At a gaming establishment's request, we can augment the information provided in our gaming credit reports with traditional credit reports or bank ratings obtained from third-party consumer credit bureaus and bank reporting agencies.

Automated Cashier Operations

QuikCash Plus ("QCP") Web and QCPXpress are proprietary browser-based, full service cash access transaction processing systems for gaming establishment cashier operations that run on a gaming establishment's own computer hardware. Cashiers using QCP Web and QCPXpress can process credit card cash access transactions, POS debit card transactions, check verification and warranty services and money transfer services online through a single terminal. QCP Web and QCPXpress reduce cage operating complexity, improve transaction times, save space by eliminating multiple pieces of hardware and reduce training requirements for cage operators, potentially lowering operating costs for gaming establishments. QCP Web and QCPXpress are delivered as application services with customizable user interfaces that allow gaming establishments to add additional workstations by simply connecting them to the application server. In addition, QCP Web and QCPXpress can assist gaming establishments in satisfying legal reporting requirements by providing information that may assist gaming establishments in completing required regulatory reports such as Currency Transaction Reports ("CTRs") and Suspicious Activity Reports ("SARs").

Enhance Patron Marketing

Gaming establishment marketing professionals can use our patron marketing service to develop, implement and refine their customer loyalty programs. Since we have data on patron cash access activity across multiple gaming establishments, we are uniquely positioned to help an operator understand how much of a patron's cash access activity, in aggregate, is being completed in other gaming establishments in order to gauge the patron's loyalty to the gaming establishment.

QuikReports is a browser-based reporting tool that provides marketing professionals with real-time access to, and analysis of, information on patron cash access activity. We provide this information through a secure Internet connection at user-specified levels of detail ranging from aggregated summary information to individual cash access transactions. For example, an operator may use QuikReports to focus its marketing efforts on target patrons by generating a report of the patrons who accessed the greatest amounts of cash at the operator's gaming establishment during a specified period and comparing the amounts of cash accessed at the operator's gaming establishments with the aggregate amounts of cash accessed at other gaming establishments that are part of our network. A gaming establishment may also use QuikReports to monitor or analyze the cash access activities of its patrons to determine peak periods, the relative popularity of various cash access methods or the traffic volumes at particular cash access devices in particular locations.

QuikMarketing and Casino Share Intelligence are database services that allow us to query our proprietary patron transaction database using criteria supplied by the gaming establishment. The QuikMarketing database is generally used for player acquisition and can also be used for direct marketing, market share analysis and a variety of other patron promotional uses. Our proprietary patron transaction database

includes information that is captured from transactions we process. Patrons may “opt out” of having their names included in QuikMarketing mailing lists.

Internet Gaming Solution

everi is an online payment processing solution for gaming operators in states that offer intra-state, Internet-based gaming and lottery activities.

Gaming Products and Services in Development

We continue to advance new product and service enhancements not yet marketed for our core cash access and Internet gaming platforms that continue to be in various stages of development, in connection with, but not limited to: QuikTicket, TableXchange and our everi product suite. QuikTicket is a product under development that allows a cash access transaction to be completed with a bar coded ticket in lieu of cash at an ATM or one of our full service kiosks. TableXchange is a device that connects table games to a casino’s existing Ticket In Ticket Out (“TITO”) network allowing for scanning and printing of TITO vouchers. This technology creates a common currency across the casino, creates a bridge between slots and tables, and helps casinos identify valuable crossover players. The everi product suite has initially been placed into service; however, there are additional phases of development still evolving to support the Internet gaming and lottery marketplaces.

Customer Service

We operate a customer service call center from our facility in Las Vegas, Nevada that is accessible 24 hours a day, 365 days a year. Our customer service representatives assist cashier personnel and gaming patrons in their use of our products and services. Through our use of third-party translation services, our customer service representatives can serve gaming establishment customers and patrons in several different languages.

Intellectual Property

We believe the ability to introduce and respond to technological innovation in the gaming industry will be an increasingly important qualification for the future success of any provider of cash access services. Our continued competitiveness will depend on the pace of our product development; our patent, copyright, trademark and trade secret protection; and our relationships with customers. Our business development personnel work with gaming establishments, our technology and other strategic partners and the suppliers of the financial services upon which our cash access services rely, to design and develop innovative cash access products and services and to identify potential new solutions for the delivery and distribution of cash in gaming establishments.

We rely on a combination of patents, trademarks, copyrights, trade secrets and contractual restrictions to protect our intellectual property. We have several issued patents and have applied for patent protection with respect to various products and services and proprietary processes that are incorporated in our products and services. We also have several registered trademarks relating to the names of our products and services as well as a registered trademark relating to our name.

Customers

We serve approximately 1,000 casinos and other gaming properties in the United States, Europe, Canada, the Caribbean, Central America and Asia.

In general, most of our customers procure multiple products and services from us such as cash access services and other products and services. In certain limited circumstances, we provide our products and services to non-gaming establishments such as gas stations and other retail businesses associated with gaming establishment customers, but the revenue generated from these operations is not material to our operations and we do not actively market or target non-gaming establishment customers.

For the years ended December 31, 2013, 2012 and 2011, no single customer accounted for more than 10% of our revenues. Our five largest customers accounted for approximately 33%, 34% and 28% of our total revenue in 2013, 2012 and 2011, respectively.

In 2013, we processed approximately 86.2 million transactions, which resulted in approximately \$20.2 billion in cash being distributed to gaming patrons. A summary of our segment financial information is contained in Note 16 Segment Information.

Sales and Marketing

We sell and market our products and services to gaming establishments primarily through the use of a direct sales force. The target customers of our direct sales force are gaming establishments in the United States and in international markets where gaming is conducted. Revenues from our operations outside the United States were \$13.8 million, \$10.0 million and \$8.0 million, or 2.4%, 1.7% and 1.5%, of our total revenues, for the years ended December 31, 2013, 2012 and 2011, respectively.

Our sales and marketing efforts are directed by a team of sales executives, each with business development responsibility for the gaming establishments in those regions. These sales executives target all levels of gaming establishment personnel, including senior executives, finance professionals, marketing staff and cashiers, and seek to educate them on the benefits of our cash access products and services.

The sales executives are supported by field account managers, who provide on-site customer service to most of our customers. These field account managers reside in the vicinity of the specific gaming establishments that they support to ensure that they respond to the customer service needs of those gaming establishments.

We also have joint sales efforts with a number of strategic partners, including independent sales organizations, which allow us to market our cash access services to gaming establishments through channels other than our direct sales force.

Competition

We compete with other providers of cash access services to the gaming industry. We also compete with financial institutions and other regional and local banks that operate ATMs on the premises of gaming establishments. Some of these other providers and financial institutions have also established cooperative relationships with each other to expand their service offerings. In markets outside North America, we encounter competition from banks and other financial service companies established in those markets.

We face potential competition from gaming establishments that may choose to operate their own in-house cash access systems rather than outsource to us. In the past, some gaming establishments have operated their own in-house cash access systems. We believe that almost all gaming establishments, however, outsource their cash access service to third-party providers because providing these services is not a core competency of gaming establishment operators, and because gaming establishment operators are unable to achieve the same scale that can be obtained by third-party providers that deploy cash access services across multiple gaming establishments.

We face increased competition from smaller competitors who have entered the market. These are typically independent sales organizations (“ISOs”) that tend to provide basic services and aggressive pricing. In addition, we face competition from gaming equipment manufacturers and system providers that

manufacture slot machine ticket redemption devices that directly, or through affiliates with third parties, offer ATM and other cash access products and services. This increased competition amongst these various providers of cash access services has resulted in pricing pressure and margin erosion with respect to our core cash access products and services.

We face competition from traditional transaction processors that may choose to enter the gaming patron cash access services market. In addition, we may in the future face potential competition from new entrants into the market for cash access products and related services. Some of these potential competitors may have a number of significant advantages over us, including greater name recognition and marketing power, longer operating histories, pre-existing relationships with current or potential customers and significantly greater financial, marketing and other resources and access to capital which allow them to respond more quickly to new or changing opportunities.

Regulation

Various aspects of our business are subject to gaming regulations and financial services regulations. Depending on the nature of the noncompliance, our failure to comply with these regulations may result in the suspension or revocation of any license or registration at issue, cessation of our service as well as the imposition of civil fines and criminal penalties.

Land-Based Gaming Regulation

We are subject to a variety of gaming and other regulations in the jurisdictions in which we operate. As a general matter, we are regulated by gaming commissions or similar authorities at the state or tribal level, such as the Nevada Gaming Control Board. In general, in those jurisdictions where we sell and service slot machine ticket redemption devices and jackpot kiosks, we are considered a supplier of “associated equipment” and could be required by the regulatory authorities, at their discretion, to file a license application. In such event, any of our officers, directors or beneficial owners of our securities could be required to apply for a license or a finding of suitability. Most of the jurisdictions in which we operate distinguish between gaming-related suppliers and vendors, such as manufacturers of slot machines or other gaming devices, and non-gaming suppliers and vendors, such as food and beverage purveyors, construction contractors and laundry and linen suppliers. In general, in those jurisdictions where we provide cash access and Central Credit services, but do not sell or service slot machine ticket redemption devices or jackpot kiosks, we are typically characterized as a non-gaming supplier or vendor, and we typically must obtain a non-gaming supplier’s or vendor’s license, qualification or approval with respect to the provision of our cash access and Central Credit services. The licensure, qualification and approval requirements and the regulations imposed on non-gaming suppliers and vendors are generally less stringent than for gaming-related suppliers and vendors. However, some of the jurisdictions in which we do business do not distinguish between gaming-related and non-gaming related suppliers and vendors, and other jurisdictions categorize our services and/or products as gaming related, and we are subject to the same stringent licensing, qualification or approval requirements and regulations that are imposed upon vendors and suppliers that would be characterized as gaming-related in other jurisdictions. Most state and many tribal gaming regulators require us to obtain and maintain a permit or license to provide our services to gaming establishments. The process of obtaining such permits or licenses often involves substantial disclosure of information about us, our officers, directors and beneficial owners of our securities, and involves a determination by the regulators as to our suitability as a supplier or vendor to gaming establishments.

As a provider of slot machine ticket redemption devices and jackpot kiosks, we are required to obtain and maintain a gaming-related supplier’s license in those jurisdictions where we sell and service gaming-related devices. As discussed above, the initial and ongoing licensure requirements imposed on gaming-related suppliers as compared to non-gaming related vendors or suppliers are, in general, substantially more burdensome. Such licensure requirements may include, but are not limited to the following: requiring the licensure or finding of suitability of any of our officers, directors, key employees or beneficial owners of

our securities as well as our key third party vendors, suppliers, customers and other companies with whom we conduct business; the termination or disassociation with such officer, director, key employee or beneficial owner of our securities that fails to file an application or to obtain a license or finding of suitability; the submission of detailed financial and operating reports; the submission of reports of material loans, leases and financing; and, the regulatory approval of some commercial transactions, such as the transfer or pledge of our stock or other equity interests. These regulatory burdens are imposed upon gaming-related suppliers or vendors on an ongoing basis and there is no guarantee that we will be successful in obtaining and maintaining all necessary licenses and permits and to continue to hold other necessary gaming licenses and permits to conduct our business as currently being conducted by us. The expansion of our business, the introduction of new cash access products or services or changes to applicable rules and regulations may result in additional regulatory or licensing requirements being imposed upon us. We also may be required to submit software and other key technology components of our slot machine ticket redemption devices to government or third party gaming laboratories for testing and certification prior to deploying such devices in a particular gaming jurisdiction.

The State of Nevada amended the Nevada Gaming Control Act, in 2012, to require companies that provide cash access services to gaming establishments within the State of Nevada to obtain and maintain a cash access service provider license from the Nevada Gaming Commission. In general, the licensure requirements for a cash access service provider are substantially similar to those imposed upon applicants for non-restricted gaming licenses. We were granted a cash access service provider license as well as a finding of suitability as a manufacturer and distributor of associated equipment by the Nevada Gaming Commission in March 2012.

Gaming regulatory authorities have broad discretion and can require any beneficial holder of our securities, regardless of the number of shares of common stock or amount of debt securities owned, to file an application, be investigated, and be subject to a determination of suitability. If the beneficial holder of our securities who must be found suitable is a corporation, partnership, or trust, such entity must submit detailed business and financial information, which may include information regarding its officers, directors, partners and beneficial owners. Further disclosure by those officers, directors, partners and beneficial owners may be required. Under some circumstances and in some jurisdictions, an institutional investor, as defined in the applicable gaming regulations, that acquires a specified amount of our securities may apply to the regulatory authority for a waiver of these licensure, qualification or finding of suitability requirements, provided the institutional investor holds the voting securities for investment purposes only. An institutional investor will not be deemed to hold voting securities for investment purposes unless the securities were acquired and are held in the ordinary course of its business.

The following table provides an overview of our licensing status in jurisdictions located within the United States together with the percentage of total U.S.-based revenue derived in each such jurisdiction (inclusive of revenue derived from Native American gaming establishments):

Table of Geographic Concentration and Licensing Status

Location	Revenue Percentage(1)(2)		Gaming License Required(3)(4)		Status	
	2013	2012	Kiosk Sales	GCA or Holdings	Kiosk Sales	GCA or Holdings
California	9%	9%	Yes	Yes	Pending	Pending
Florida	9%	8%	Yes	No	Granted	N/A
Illinois	3%	9%	Yes	No	Granted	N/A
Indiana	3%	8%	Yes	Yes	Granted	Granted
Mississippi	3%	8%	Yes	No	Granted	N/A
Nevada	23%	20%	Yes	Yes	Granted	Granted
New Jersey	6%	2%	Yes	No	Pending	N/A
New York	5%	4%	Yes	Yes	Pending	Pending
Oklahoma	5%	5%	No	No	N/A	N/A
Pennsylvania	6%	8%	Yes	Yes	Granted	Granted
All other	28%	19%	N/A	N/A	N/A	N/A

- (1) All other represents jurisdictions with less than 5% of our revenue based on the 2013 results.
- (2) Foreign jurisdictions are excluded from this table.
- (3) In certain jurisdictions in which gaming is undertaken by tribal gaming authorities pursuant to contracts between such tribal gaming authority and the federal and state governments, we may be required to obtain a license, approval or waiver from such tribal gaming authority in order to provide services to such tribal casino. The regulations governing such licensure, approval or waiver are distinct and separate from any licensure, approval or waiver that may be required by any state authority.
- (4) In certain jurisdictions, the applicable gaming regulations provide that entities which meet certain qualifications are exempt from obtaining otherwise required licensure. Such qualifications include, but are not limited to, such entity being currently licensed in another enumerated jurisdiction or the shares of stock of such entity being publicly traded on a recognized exchange.

Online Gaming Regulation

Several states have passed implementing legislation and/or regulations to allow certain intra-state, wager-based, online casino and lottery games such as online poker and lottery ticket purchases. These legislative efforts are partially based on the United States Department of Justice’s interpretation in late 2011 that the prohibitions of the Wire Act are limited to sports-related wager-based online gaming activity. Although these states have adopted implementing legislation authorizing certain wager-based casino and lottery games, the legislative and regulatory environment surrounding online wager-based games in the United States remains uncertain and complex and it is unclear how the legislative and regulatory framework governing these activities will evolve in the future. Many of these states have yet to introduce or finalize regulations regarding the licensing and operational requirements regarding online, wager-based activity including the licensing and technological requirements relating to the funding and processing of payments relating to online, wager-based casino and lottery games. In addition, the funding of online casino gaming activity will also be subject to the requirement of the Unlawful Internet Gaming Enforcement Act which may prohibit or significantly impede the funding of online, wager-based gaming activity.

Financial Services Regulation

Durbin Amendment. On June 29, 2011, the Federal Reserve Board issued a final rule establishing standards for debit card interchange fees, among other things, which took effect on October 1, 2011. This rule, Regulation II (Debit Card Interchange Fees and Routing) was promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (as modified by the Durbin Amendment) and establishes, among other things, standards for assessing whether debit card interchange fees received by certain debit card issuers are reasonable and proportional to the costs incurred by issuers for electronic debit transactions. Debit card interchange fees are established by payment card networks and ultimately paid by merchants to debit card issuers for each debit transaction.

Anti-Money Laundering. The USA PATRIOT Act of 2001 and its implementing federal regulations require us to establish and maintain an anti-money laundering program. Our anti-money laundering program includes: internal policies, procedures, and controls designated to identify and report money laundering; a designated compliance officer; an ongoing employee training program; and an independent audit function to test the program.

In addition, the cash access services that we provide are subject to recordkeeping and reporting obligations under the Bank Secrecy Act. We, along with our gaming establishment customers, are required to file a SAR with the U.S. Treasury Department's Financial Crimes Enforcement Network to report any suspicious transactions relevant to a possible violation of law or regulation. To be reportable, such a transaction must meet criteria that are designed to identify the hiding or disguising of funds derived from illegal activities. Our gaming establishment customers, in situations where our cash access services are provided through gaming establishment cashier personnel, and we, in situations where we provide our cash access services directly to patrons through satellite cages or booths that we staff and operate, are required to file a CTR of each deposit, withdrawal, exchange of currency or other payment or transfer by, through, or to us which involves a transaction in currency of more than \$10,000 in a single day. Our QCP Web product can assist in identifying transactions that give rise to reporting obligations. When we issue or sell drafts for currency in amounts between \$3,000 and \$10,000, we maintain a record of information about the purchaser, such as the purchaser's address, Social Security Number and date of birth.

Following the events of September 11, 2001, the United States and other governments imposed and continue to consider a variety of new regulations focused on the detection and prevention of money laundering and money transmitting to or from terrorists and other criminals. Compliance with these new regulations may impact our business operations or increase our costs.

Fund Transfers. Our POS debit card transactions and ATM services are subject to the Electronic Fund Transfer Act, which provides cardholders with rights with respect to electronic fund transfers, including the right to dispute unauthorized charges, charges that list the wrong date or amount, charges for goods and services that are not accepted or delivered as agreed, math errors and charges for which a cardholder asks for an explanation or written proof of transaction along with a claimed error or request for clarification. We believe the necessary policies and procedures have been implemented throughout the organization in order to comply with the regulatory requirements for fund transfers.

Money Transmitter. Most states require a money transmitter license in order to issue the negotiable instruments that are used to complete credit card cash access and POS debit card transactions and to offer our everi product suite of products and services. We are currently licensed as a money transmitter in each jurisdiction that requires a license where we provide credit card and POS debit card cash access services. In certain jurisdictions, we are not required to be licensed.

Credit Reporting. Our Central Credit gaming patron credit bureau services and check verification and warranty services are subject to the Fair Credit Reporting Act and the Fair and Accurate Credit Transactions Act of 2003 and their implementing rules, which require consumer credit bureaus, such as Central Credit, to provide credit report information to businesses only for certain purposes and to

otherwise safeguard credit report information; to disclose to consumers their credit report on request; and to permit consumers to dispute and correct inaccurate or incomplete information in their credit report. These laws and rules also govern the information that may be contained in a consumer credit report. We continue to implement policies and procedures as well as adapt our business practices in order to comply with these laws and regulations. In addition to federal regulations, our Central Credit gaming patron credit bureau services are subject to the state credit reporting regulations that impose similar requirements to the Fair Credit Reporting Act and the Fair and Accurate Credit Transactions Act of 2003. Our credit granting programs such as QuikCredit are also subject to federal and state credit reporting laws and rules, requiring, among other things, that we notify consumers when we deny credit based on credit report information.

Debt Collection. We currently outsource most of our debt collection efforts to third parties. However, we do engage in debt collection to collect on chargebacks on our cash access products and unpaid balances for services performed for our check services, Central Credit services, receivables relating to the sale and service of slot machine ticket redemption devices and jackpot kiosks and other amounts owing to us in connection with performing various services for our customers. All such collection practices may be subject to the Fair Debt Collections Practices Act, which prohibits unfair, deceptive or abusive debt collection practices, as well as consumer-debt-collection laws and regulations adopted by the various states.

Privacy Regulations. Our collection of information from patrons who use our financial products and services, such as our cash access services, are subject to the financial information privacy protection provisions of the Gramm-Leach-Bliley Act and its implementing federal regulations. We gather, as permitted by law, non-public, personally-identifiable financial information from patrons who use our cash access services, such as names, addresses, telephone numbers, bank and credit card account numbers and transaction information. The Gramm-Leach-Bliley Act requires us to safeguard and protect the privacy of such non-public personal information. Also, the Gramm-Leach-Bliley Act requires us to make disclosures to patrons regarding our privacy and information sharing policies and give patrons the opportunity to direct us not to disclose information about them to unaffiliated third parties in certain situations. In this regard, we provide patrons with a privacy notice, an opportunity to review our privacy policy, and an opportunity to opt out of specified types of disclosures. In addition to the federal Gramm-Leach-Bliley Act privacy regulations, we are subject to state privacy regulations. Some state privacy regulations impose more stringent limitations on access and use of personal information. We continue to implement policies and programs as well as adapt our business practices in order to comply with federal and state privacy laws and regulations.

ATM Operations. The Electronic Fund Transfer Act requires us to disclose certain notices regarding the fees that we charge for performing an ATM transaction as well as incorporating such notices on the ATM screens to notify patrons of such fees prior to completing an ATM transaction. Our ATM services are subject to applicable state banking regulations in each jurisdiction in which we operate ATMs. These regulations require, among other things, that we register with the state banking regulators as an operator of ATMs, that we provide gaming patrons with notices of the transaction fees assessed upon use of our ATMs, that our transaction fees do not exceed designated maximums, that we offer gaming patrons a means of resolving disputes with us, and that we comply with prescribed safety and security requirements. In addition, the ATMs that we operate are subject to requirements of the Americans with Disabilities Act which in general require that ATMs be accessible to individuals with disabilities, such as visually-impaired persons. New and stricter regulations under the Americans with Disabilities Act regarding accessibility to ATMs went into effect in March 2012.

Check Cashing. In jurisdictions in which we serve as a check casher or agree to defer deposit of gaming patrons' checks under our QuikCredit services, we are subject to the state licensing requirements and regulations governing check cashing activities. Generally, these regulations require us to obtain a license from the state's banking regulators to operate as a check casher. Some states also impose restrictions on

this activity such as restrictions on the amounts of service fees that may be imposed on the cashing of certain types of checks, requirements as to records that must be kept with respect to dishonored checks, and requirements as to the contents of receipts that must be delivered to gaming patrons at the time a check is cashed.

Network and Card Association Regulations. In addition to the governmental regulation described above, some of our services are also subject to rules promulgated by various payment networks, EFT networks and card associations. For example, we must comply with the Payment Card Industry (“PCI”) Data Security Standard. Since June 30, 2006 we have been designated as a compliant service provider under the PCI Data Security Standard. We must be certified to maintain our status as a compliant service provider on an annual basis.

In addition, in 1994, Europay, MasterCard, and Visa jointly developed new card security features (“EMV”) designed to deter fraudulent card transactions related to identity theft, counterfeit cards, and the misuse of lost or stolen cards via enhanced card authentication, transaction authorization, and cardholder verification using chip based smart-cards. EMV has been adopted in many regions of the world as the global standard for fraud deterrence in chip based smart-card payments.

The U.S. payments industry has until recently continued to rely on magnetic stripe cards instead of EMV compliant chip based cards, however U.S. card issuers are beginning to offer EMV capable chip based smart cards, and beginning in October 2015, MasterCard will begin shifting liability for fraudulent transactions generated through EMV capable cards onto merchants whose devices are not capable of processing chip based smart card EMV transactions. Visa will shift such liability onto merchants beginning in October 2017. This shifts the responsibility for chargebacks due to fraudulent transactions on such cards from the card issuer onto the merchant.

As a merchant in connection with our cash access transactions processed through MasterCard and Visa, we must upgrade or replace our existing fleet of U.S. based devices to accept the EMV standard. This requires us to upgrade the software on a significant portion of our currently deployed fleet of U.S. based POS, kiosk and ATM devices. Additionally, we may have to replace a portion of our devices with newer devices equipped with the minimum hardware requirements to support EMV.

Other Regulation

When contracting with gaming establishments that are owned or operated by Native American tribes, we become subject to tribal laws and regulations that may differ materially from the non-tribal laws and regulations under which we generally operate. In addition to tribal gaming laws and regulations that may require us to provide disclosures or obtain licenses or permits to conduct our business on tribal lands, we may also become subject to tribal laws or regulations that govern our contracts. These tribal governing laws and regulations may not provide us with processes, procedures and remedies that enable us to enforce our rights as effectively and advantageously as the processes, procedures and remedies that would be afforded to us under non-tribal laws, or to enforce our rights at all, and may expose us to an increased risk of contract repudiation as compared to that inherent in dealing with non-tribal customers. Many tribal laws permit redress to a tribal adjudicatory body to resolve disputes; however, such redress is largely untested in our experience. We may be precluded from enforcing our rights against a tribal body under the legal doctrine of sovereign immunity.

We are also subject to a variety of gaming regulations and other laws in the international markets in which we operate. We expect to become subject to additional gaming regulations and other laws in the jurisdictions into which we expand our operations. Our expansion into new markets is dependent upon our ability to comply with the regulatory regimes adopted by such jurisdictions. Difficulties in obtaining approvals, licenses or waivers from the monetary and gaming authorities, in addition to other potential regulatory and quasi-regulatory issues that we have not yet ascertained, may arise in other international jurisdictions into which we wish to enter.

As we develop new services and new products, we may become subject to additional federal and state regulations. For example, in the event that we form or acquire a bank or industrial loan company, we would become subject to a number of additional banking and financial institution regulations, which may include the Bank Holding Company Act. These additional regulations could substantially restrict the nature of the business in which we may engage and the nature of the businesses in which we may invest.

Employees

As of December 31, 2013, we had 427 employees. We are not subject to any collective bargaining agreements and have never been subject to a work stoppage. We believe that good relationships with our employees have been maintained.

Available Information

Our Internet address is www.gcainc.com. We make available free of charge in the “Investor Relations” portion of our website under “SEC Filings” our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding our filings at www.sec.gov.

ITEM 1A. RISK FACTORS

Risks Related to Our Business

Our business is dependent upon consumer demand for gaming and cash access services and overall economic trends specific to the gaming and cash access industries.

Our customers consist almost entirely of casinos and other gaming establishments. As a result, our business is dependent upon consumer demand for gaming. Gaming is a discretionary leisure activity, the volume of which is difficult to predict. It is also difficult to foresee consumer patterns related to the use and mix of our products and services and shifts in these patterns could have a negative impact on our business. We believe this uncertainty is primarily attributable to patrons' reduced access to credit as well as patrons' attempts to manage their overall spending patterns. These trends have had an adverse impact on our results of operations and they may continue in the future.

In addition, less than favorable economic conditions could reduce consumer disposable income and demand, which may have a material adverse effect on our business and results of operations.

If we are unable to maintain our current customers on terms that are favorable to us, our business, financial condition and operating results may suffer a material adverse effect.

We enter into contracts with our gaming establishment customers to provide our cash access products and related services. Our contracts generally have an average term of three years in duration, but some are terminable upon 30 days advance notice or are terminable by our gaming establishment customers in the event that we fail to satisfy specific covenants set forth in the contracts, including gaming regulatory compliance and service level covenants. We are typically required to renegotiate the terms of our customer contracts upon their expiration, and in some circumstances we may be forced to modify the terms of our contracts before they expire. When we have successfully renewed these contracts, these negotiations have in the past resulted in, and in the future may result in, financial and other terms that are less favorable to us than the terms of the expired contracts. In particular, we are often required to pay a higher commission rate to a gaming establishment than we previously paid in order to renew the relationship. Assuming constant transaction volume, increases in commissions or other incentives paid to gaming establishments would negatively impact our operating results. We may not succeed in renewing these contracts when they expire, which would result in a complete loss of revenue from that customer, either for an extended period of time or forever. If we are required to pay higher commission rates or agree to other less favorable terms to retain our customers or we are not able to renew our relationships with our customers upon the expiration of our contracts, our business, financial condition and operating results would be harmed.

Competition in the market for cash access services is intense, which could result in higher commissions or loss of customers to our competitors.

The market for cash access products and related services is intensely competitive and we expect competition to increase and intensify in the future. We compete with other providers of cash access products and services, financial institutions and other regional and local banks that operate ATMs on the premises of gaming establishments. In markets outside North America, we encounter competition from banks and other financial service companies established in those markets. We also face competition from gaming establishments that choose to operate cash access systems on their own behalf rather than outsource to us. We face competition from traditional transaction processors that may choose to enter the gaming patron cash services market. In addition, we may face competition from new entrants into the market for cash access products and related services, such as banks. Some of our competitors and potential competitors have significant advantages over us, including greater name recognition, longer operating histories, pre-existing relationships with current or potential customers including pre-existing relationships relating to other financial services, significantly greater financial, marketing, technological and other

resources and more ready access to capital which allow them to respond more quickly to new or changing opportunities.

We have faced increased competition from smaller companies who have entered the market. These organizations tend to provide basic services and aggressive pricing. In addition, we face competition from gaming equipment manufacturers and system providers. This increased competition amongst these various providers of cash access services has resulted in pricing pressure and margin erosion with respect to our core cash access products and services.

Other providers of cash access products and services to gaming establishments have in the past increased, and may in the future continue to increase, the commissions or other incentives they pay to gaming establishments in order to win those gaming establishments as customers and to gain market share. To the extent that competitive pressures force us to increase commissions or other incentives to establish or maintain relationships with gaming establishments, our business and operating results could be adversely affected.

Consolidation among our customers could have a material adverse effect on our revenues and profitability.

As our contracts are often executed by one corporation for the provision of services at multiple gaming establishments, the loss of a single contract often results in the loss of multiple gaming establishments. Consolidation among operators of gaming establishments may also result in the loss of a top customer to the extent that customers of ours are acquired by our competitors' customers.

We may be subject to fines, penalties, liabilities and legal claims resulting from unauthorized disclosure of cardholder and patron data, whether through a security breach of our computer systems, our third party processor's computer systems or otherwise.

We collect and store personally identifiable information about cardholders and patrons that perform certain cash access and Central Credit transactions, including names, addresses, social security numbers, driver's license numbers and account numbers and we maintain a database of cardholder and patron data relating to our cash access and Central Credit transactions, including account numbers, in order to process our cash access and Central Credit transactions. We also rely on our third party processor and certain other technology partners to process and store cardholder and patron data relating to our cash access and Central Credit transactions. As a result, we, as well as our third party processor, certain of our other technology providers and some of our gaming establishment customers, are required to comply with various federal and state privacy statutes and regulations, and the Payment Card Industry Data Security Standard, each of which may be changed at any time. Compliance with these requirements is often difficult and costly, and our failure, or the failure of these other third parties to comply, may result in significant fines or civil penalties, regulatory enforcement action, liability to our sponsor bank and termination of our agreements with our gaming establishment customers, each of which could have a material adverse effect on our financial position and/or operations. A significant security breach could result in our being prohibited from providing cash access services for any of the relevant card associations or payment networks organizations.

In addition, any data breach or failure to comply with any applicable privacy requirements could result in damage to our reputation, which could reduce and limit our ability to provide cash access and related services to our gaming establishment customers.

Furthermore, if our computer systems or those of our third party processor or other technology providers are breached by unauthorized users, we may be subject to liability, including claims for unauthorized transactions with misappropriated bank card information, impersonation or similar fraud claims. We could also be subject to liability for any failure to comply with laws governing required notifications of such a breach. These claims also could result in protracted and costly litigation. In addition, we could be subject to penalties or sanctions from the card associations and payment networks.

Our ability to effectively operate in Native American gaming markets is vulnerable to legal and regulatory uncertainties, including the ability to enforce contractual rights on Native American land.

Historically, we have derived a significant percentage of our revenue from the provision of cash access and related services on Native American lands. Because federally recognized Native American tribes are independent governments with sovereign powers, Native American tribes can enact their own laws and regulate gaming operations and contracts. Native American tribes maintain their own governmental systems and often their own judicial systems and have the right to tax persons and enterprises conducting business on Native American lands, and also have the right to require licenses and to impose other forms of regulation and regulatory fees on persons and businesses operating on their lands. In the absence of a specific grant of authority by Congress, states may regulate activities taking place on Native American lands only if the Native American tribe has a specific agreement or compact with the state. Our contracts with Native American tribal customers with respect to governing law and venue provisions vary widely. In addition, these choice-of-law and venue clauses may not be enforceable.

Native American tribes generally enjoy sovereign immunity from lawsuits similar to that of the individual states and the United States. Before we can sue or enforce contract rights with a Native American tribe, or an agency or instrumentality of a Native American tribe, the Native American tribe must effectively waive its sovereign immunity with respect to the matter in dispute, which we are not always able to obtain. Without a limited waiver of sovereign immunity, or if such waiver is held to be ineffective, we could be precluded from judicially enforcing any rights or remedies against a Native American tribe, including the right to enter Native American lands to retrieve our property in the event of a breach of contract by the tribal party to that contract. Even if the waiver of sovereign immunity by a Native American tribe is deemed effective, there could be an issue as to the forum in which a lawsuit may be brought against the Native American tribe. Federal courts are courts of limited jurisdiction and generally do not have jurisdiction to hear civil cases relating to Native American tribes and we may be unable to enforce any arbitration decision effectively.

Certain Native American tribes require us to contract with entities that are owned, controlled or managed by tribal members to provide a portion of our services. In some instances, these entities are subcontractors of us in connection with providing our services while in other instances we are a subcontractor to these entities who contract with the applicable tribal gaming casino or tribe directly to provide cash access services. Our ability to provide our services is dependent upon our relationship with these third parties and their ability to provide services in accordance with the terms of our contractual arrangement with these third parties and, in some instances, the third parties' relationship or contractual arrangement with the applicable tribal gaming casino or tribe.

Our indebtedness could materially adversely affect our operations and financial results and prevent us from obtaining additional financing, if necessary.

Our indebtedness could have important consequences. For example, it:

- increases our vulnerability to general adverse economic and industry conditions;
- requires us to dedicate a portion of our cash flow from operations to payments on our indebtedness, based on covenant requirements that may restrict us, which would reduce the availability of our cash flow to fund working capital expenditures, expansion efforts and other general corporate purposes;
- limits our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restricts our ability to pay dividends or repurchase our common stock;
- places us at a competitive disadvantage compared to our competitors that have less debt;
- restricts our ability to acquire businesses or technologies that would benefit our business;

- restricts our ability to engage in transactions with affiliates or creates liens or guarantees; and
- limits among other things, our ability to borrow additional funds.

The senior credit facility that we entered into in 2011, as amended, (the “Senior Credit Facility”) contains restrictive and financial covenants that may limit our ability to engage in activities that we may believe to be in our long-term best interests. Specifically, the Senior Credit Facility contains affirmative and negative covenants customary for financings of this type, including, among other things, limits on the creation of liens, limits on the incurrence of indebtedness, restrictions on investments, acquisitions and dispositions, and the payment of dividends and other restricted payments. In addition, the Senior Credit Facility contains financial covenants requiring us to have a maximum leverage ratio and a minimum interest coverage ratio which are discussed in more detail in the section entitled “*Borrowings under the Senior Credit Facility*” in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations. Our failure to comply with these covenants could result in an event of default, which if not cured or waived, could result in the acceleration of all of our debt under the Senior Credit Facility, which may result in our inability to satisfy our obligations with respect to our indebtedness.

To service our indebtedness we will require a significant amount of cash, and our ability to generate cash flow depends on many factors beyond our control.

Our ability to generate cash flow from operations depends on general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Due to these factors, it is possible that our business will not generate sufficient cash flow from operations to enable us to pay our indebtedness as it matures and to fund our other liquidity needs. This would cause us to have to borrow money to meet these needs and future borrowing may not be available to us at all or in an amount sufficient to satisfy these needs. In such events, we will need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. We could have to adopt one or more alternatives, such as reducing or delaying planned expenses and capital expenditures, selling assets, restructuring debt or obtaining additional equity or debt financing or joint venture partners. We may not be able to effect any of these financing strategies on satisfactory terms, if at all. Our failure to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms would have a material adverse effect on our business and our ability to satisfy our obligations with respect to our indebtedness.

The terms of our Senior Credit Facility require us to dedicate a portion of our cash flow from operations to payments on our indebtedness, which will reduce the availability of our cash flow to fund working capital, capital expenditures, expansion efforts and other general corporate purposes.

We may encounter difficulties managing our growth, including growth through acquisitions or strategic investments, or the change of any of our providers, which could adversely affect our operating results.

Growth, including growth through acquisitions or strategic investments, or the change of any of our service providers, involve various risks, such as:

- difficulty integrating the technologies, operations and personnel from the acquired business or a new service provider;
- overestimation of potential synergies or a delay in realizing those synergies;
- disruption to our ongoing business, including the diversion of management’s attention and of resources from our principal business;
- inability to obtain the desired financial and strategic benefits from the acquisition or investment;
- reduced ability to control maintenance schedules, system availability, functionality or customer service levels of a new service provider;

- loss of customers of an acquired business;
- assumption of unanticipated liabilities;
- loss of key employees of an acquired business; and
- entering into new markets in which we have limited prior experience.

Acquisitions and strategic investments could also result in substantial cash expenditures, the dilutive issuance of our equity securities, the incurrence of additional debt and contingent liabilities, and amortization expenses related to other intangible assets that could adversely affect our business, operating results and financial condition. Acquisitions and strategic investments may also be highly dependent upon the retention and performance of existing management and employees of acquired businesses for the day-to-day management and future operating results of these businesses. Our ability to consummate acquisitions may be impaired by a number of factors, including decreases in the trading price of our common stock, our inability to comply with covenants relating to our existing debt or our inability to incur additional debt that is required to consummate acquisitions or finance the post-closing operations of acquired businesses.

A material increase in market interest rates could adversely affect our business and results of operations.

We currently rely upon Wells Fargo Bank, N.A. (“Wells Fargo”) to supply us with cash for substantially all of our ATMs. We are obligated to pay a monthly cash usage fee equal to the average daily balance of funds realized multiplied by the three-month LIBOR plus a mutually agreed upon margin. Assuming no change in the amount of cash used to supply our ATMs, an increase in LIBOR will result in an increase in the monthly fee that we must pay to obtain this supply of cash, thereby increasing our ATM operating costs. Any increase in the amount of cash required to supply our ATMs would magnify the impact of an increase in LIBOR and our business could be adversely affected.

As of December 31, 2013, all of our indebtedness under our Senior Credit Facility was at a variable interest rate tied to LIBOR. Any material increases to LIBOR could increase the amount of interest we are required to pay under the Senior Credit Facility and adversely affect our business and results of operations.

An unexpectedly high level of chargebacks, as the result of fraud or otherwise, could adversely affect our cash access business.

When patrons use our cash access services, we either dispense cash or produce a negotiable instrument that can be exchanged for cash. If a completed cash access transaction is subsequently disputed, and if we are unsuccessful in establishing the validity of the transaction, we may not be able to collect payment for such transaction and such transaction becomes a chargeback. In the event that we incur chargebacks in excess of specified levels, we could lose our sponsorship into the card associations. In addition, in the event that we incur chargebacks in excess of specified levels, we could be censured by the card associations by way of fines or otherwise. Our failure to adequately manage our chargebacks could have a material adverse effect on our business.

An unexpected increase in check warranty expenses could adversely affect our check warranty business.

In our Central Credit Check Warranty product under our third party warranty agreement, we receive all of the check warranty revenue. We charge our gaming establishment customers a fee for our check warranty services, which is typically a percentage of the face amount of the check being warranted. We are exposed to risk for the losses associated with any warranted items that we cannot collect from patrons issuing the items. Warranty receivables are defined as any amounts paid by the third party warranty provider to gaming establishments to purchase dishonored checks. Additionally, we pay a fee to the third party warranty provider for its services. There is no limit on the aggregate dollar amount to which we are exposed, which is a function of the face amount of checks warranted. We manage and mitigate the risks

associated with these dishonored checks through the use of risk analytics data from third party databases and collection efforts, including the additional fees that we are entitled to collect from check writers of dishonored checks. We have full control over the decision to warrant payment on a particular check under the third party warranty platform. If we fail to make sound risk assessment decisions or our risk analytics are ineffective in the approval of checks to be warranted, we may incur an unexpectedly high level of check warranty expenses at any time.

The collection, storage, transmission, use and distribution of data regarding gaming patrons that use our services could give rise to liabilities or additional costs as a result of laws, governmental regulations or differing views of personal privacy rights.

We collect, store and transmit large volumes of data regarding gaming patrons that utilize our cash access and Central Credit services. This data includes personally identifiable information, transaction behavioral data and credit history data. In some instances, we also utilize this data in connection with providing marketing services and data intelligence services to gaming establishments. This information is increasingly subject to federal, state and card association laws and regulations as well as laws and regulations in numerous jurisdictions around the world. Governmental regulations are typically intended to protect the privacy and security of such data and information as well as to regulate the collection, storage, transmission, transfer, use and distribution of such data and information.

We could be adversely affected if domestic or international laws or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their laws or regulations in ways that negatively affect our business or even prohibit us from offering certain marketing data intelligence or other services. Similarly, if we are required to allocate significant resources to modify our internal operating systems and procedures to enable enhanced protection of patron data that we transmit store and use, our business results could be adversely affected.

We may face requirements that pose compliance challenges in new international markets that we seek to enter as various foreign jurisdictions have different laws and regulations concerning the storage, transmission and use of gaming patron data. Such variation could subject us to costs, liabilities or negative publicity that could impair our ability to expand our operations into some countries and therefore limit our future growth.

We depend on third party transaction processors, telecommunication networks and other third party technology providers to provide our cash access and related services and if we, or any of these third parties, experience system or service failures, the products and services we provide could be delayed or interrupted, which could harm our business and reputation.

We depend on third party processors, telecommunication networks and other third party technology providers to provide our cash access and related services. Our ability to provide uninterrupted and high levels of services depends upon the performance of these third party providers. Any significant interruptions or degradation of the quality of services being provided by these third parties could severely harm our business and reputation and result in a loss of revenues and damage to our reputation and business. All of these third party providers and their systems are potentially vulnerable to computer viruses, physical or electronic security breaches, natural disasters and similar disruptions, which could lead to interruptions or outages of our services, delays, loss of data, public release of confidential data, all of which could have a material adverse effect on our business and operating results.

We rely on a single third party processor to process substantially all of our cash access transactions that are processed through various card associations and payment networks and the failure of our third party processor to adequately provide such processing services could have a material adverse effect on our business and results of operations.

We rely on a single third party to provide processing services for the substantial majority of our transactions by obtaining authorizations for ATM cash withdrawal transactions, POS debit card transactions and credit card cash access transactions and to provide settlement transaction files to card associations and payment networks for some of these transactions. If our third party processor fails to adequately provide these services it could result in our systems being unable to process our cash access transactions intermittently or for extended periods of time, which could have a material adverse effect on our business and results of operations. In addition, we have elected to switch third party processors and will begin converting our cash access services to a new third party processor beginning in 2014. We anticipate that this conversion will take approximately 12-18 months to complete and our failure to successfully complete this conversion could also result in outages of our cash access services and have a material adverse effect on our business and results of operations.

If we are unable to protect our intellectual property adequately, we may lose a valuable competitive advantage or be forced to incur costly litigation to protect our rights.

Our success depends, in part, on developing and protecting our intellectual property. We have entered into license agreements with other parties for intellectual property that is critical to our business. We rely on the terms of these license agreements, as well as copyright, patent, trademark and trade secret laws to protect our intellectual property. If these agreements expire and we are unable to renew them, we may lose a valuable competitive advantage. We also rely on other confidentiality and contractual agreements and arrangements with our employees, affiliates, business partners and customers to establish and protect our intellectual property and similar proprietary rights.

We have also entered into license agreements with other parties for the exclusive use of their technology and intellectual property rights in the gaming industry, such as our license to use portions of the software infrastructure upon which our systems operate from a third party. We rely on these other parties to maintain and protect this technology and the related intellectual property rights. If our licensors fail to protect their intellectual property rights in material that we license and we are unable to protect such intellectual property rights, the value of our licenses may diminish significantly and our business could be significantly harmed.

We may have to rely on costly litigation to enforce our intellectual property rights and contractual rights. By pursuing this type of litigation, we become exposed to the risk of counterclaims and the risk that defendants will attempt to invalidate our right to the subject intellectual property or otherwise limit its scope.

In addition, we may face claims of infringement that could interfere with our ability to use technology or other intellectual property rights that are material to our business operations. In the event a claim of infringement against us is successful, we may be required to pay royalties to use technology or other intellectual property rights that we had been using or we may be required to enter into a license agreement and pay license fees, or we may be required to stop using the technology or other intellectual property rights that we had been using. We may be unable to obtain necessary licenses from third parties at a reasonable cost or within a reasonable amount of time. Any litigation of this type, whether successful or unsuccessful, could result in substantial costs to us and potentially cause a diversion of our resources.

Our business depends on our ability to introduce new, commercially viable products and services in a timely manner.

Our product development efforts are based upon a number of complex assumptions, including assumptions relating to gaming patron habits, changes in the popularity and prevalence of certain types of payment

methods, anticipated transaction volumes, the costs and time required to bring new products and services to market, and the willingness and ability of both patrons and gaming establishment personnel to use new products and services and bear the economic costs of doing so. Our new products and services may not achieve market acceptance if any of our assumptions are wrong, or for other reasons.

Our ability to introduce new products and services may also require regulatory approvals, which may significantly increase the costs associated with developing a new product or service and the time required to introduce a new product or service into the marketplace. In order to obtain these regulatory approvals we may need to modify our products and services which would increase our costs of development and may make our products or services less likely to achieve market acceptance.

Our ability to grow our business through the introduction of new products and services depends in part on our joint development activities with third parties over whom we have little or no control. We have engaged in joint development projects with third parties in the past and we expect to continue doing so in the future. Joint development can magnify several risks for us, including the loss of control over development of aspects of the jointly developed products and disputes with our joint venture partners.

We may not successfully enter new markets.

If, and, as new and developing domestic markets develop, competition among providers of cash access products and services will intensify. If we attempt to enter these markets, we will have to expand our sales and marketing presence. In competitive bidding situations, we may not enjoy the advantage of being the incumbent provider of cash access products and services to gaming establishments and developers and operators of gaming establishments in these new markets may have pre-existing relationships with our competitors. We may also face the uncertainty of compliance with new or developing regulatory regimes (including regulatory regimes relating to Internet gaming) with which we are not currently familiar and oversight by regulators that are not familiar with us or our business. Each of these risks could materially impair our ability to successfully expand our operations into these new and developing domestic markets.

Attempting to enter international markets in which we have not previously operated may expose us to political, economic, tax, legal and regulatory risks not faced by businesses that operate only in the United States. The legal and regulatory regimes of foreign markets and their ramifications on our business are less certain. Our international operations will be subject to a variety of risks, including different regulatory requirements and interpretations, trade barriers, difficulties in staffing and managing foreign operations, higher rates of fraud, fluctuations in currency exchange rates, difficulty in enforcing or interpreting contracts or legislation, political and economic instability and potentially adverse tax consequences. Difficulties in obtaining approvals, licenses or waivers from the monetary and gaming authorities of other jurisdictions, in addition to other potential regulatory and quasi-regulatory issues that we have not yet ascertained, may arise in international jurisdictions into which we attempt to enter. In these new markets, our operations will rely on an infrastructure of financial services and telecommunications facilities that may not be sufficient to support our business needs, such as the authorization and settlement services that are required to implement electronic payment transactions and the telecommunications facilities that would enable us to reliably connect our networks to our products at gaming establishments in these new markets. In these new markets, we may additionally provide services based upon interpretations of applicable law, which interpretation may be subject to regulatory or judicial review. These risks, among others, could materially and adversely affect our business and operating results. In connection with our expansion into new international markets, we may forge strategic relationships with business partners to assist us. The success of our expansion into these markets therefore may depend in part upon the success of the business partners with whom we forge these strategic relationships. If we do not successfully form strategic relationships with the right business partners or if we are not able to overcome cultural differences or differences in business practices, our ability to penetrate these new international markets will suffer.

We are subject to the risk that the domestic or international markets that we attempt to enter or expand into may not develop as quickly as anticipated, or at all. The development of new gaming markets is subject to political, social, regulatory and economic forces beyond our control. The expansion of gaming activities in new markets can be very controversial and may depend heavily on the support and sponsorship of local government. Changes in government leadership, failure to obtain requisite voter support in referendums, failure of legislators to enact enabling legislation and limitations on the volume of gaming activity that is permitted in particular markets may inhibit the development of new markets.

Our estimates of the potential future transaction volumes in new markets are based on a variety of assumptions, which may prove to be inaccurate. To the extent that we overestimate the potential of a new market, incorrectly gauge the timing of the development of a new market, or fail to anticipate the differences between a new market and our existing markets, we may fail in our strategy of growing our business by expanding into new markets. Moreover, if we are unable to meet the needs of our existing customers as they enter markets that we do not currently serve, our relationships with these customers could be harmed.

Failure to maintain an effective system of internal control over financial reporting may lead to our inability to accurately report our financial results. As a result, current and potential stockholders could lose confidence in our financial reporting, which could harm our business, our reputation and the trading price of our stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our business and operating results could be harmed.

Our assessment of our internal control over financial reporting has identified material weaknesses in the past, each of which was subsequently remediated. New material weaknesses may arise in the future. Any material weaknesses could cause us to fail to meet our reporting obligations, cause investors to lose confidence in our reported financial information, cause a decline or volatility in our stock prices, cause a reduction in our credit ratings or tarnish our reputation. Also, increased expenses due to remediation costs and increased regulatory scrutiny are also possible. Failure to identify and remediate future material weakness could adversely affect our financial condition or results of operations. Inadequate internal control over financial reporting could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock and our reputation.

We currently operate within the scope of the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission published in 1992. When the 2013 changes, or updates, to this current framework become effective, they could materially impact our internal control over financial reporting and also cause investors to lose confidence in our reporting of financial information, which could have a negative effect on the trading price of our stock and our reputation.

Changes by M&C International and First Data to certain of their tax returns may have an impact on the value of a component of our deferred tax asset. In addition, changes in tax laws, regulations and interpretations may adversely affect our business.

In connection with a recapitalization and private equity restructuring that occurred in 2004 involving our former owners First Data Corporation (“First Data”), M&C International (“M&C”) and entities affiliated with Bank of America, N.A., we recorded a deferred tax asset of \$247.0 million. In connection with this deferred tax asset, we expect to pay a significantly lower amount in United States federal income taxes than we provide for in our consolidated statements of income and comprehensive income. Our calculation of the starting balance of the deferred tax asset is based upon information we received from M&C and First Data about the gains they recorded in the transaction. If M&C or First Data change their calculation of the gains and file amended tax returns, we may be required to recalculate the starting balance of the deferred tax asset and the annual amortization thereof.

Unanticipated changes in applicable income tax rates or laws or changes in our tax position could adversely impact our future results of operations. Our future effective tax rates could be affected by changes in the valuation of our deferred tax asset as a result of an audit or otherwise. The value of any tax asset may be affected by many factors beyond our control. Our deferred tax asset specifically is subject to various tax laws and the utilization of such deferred tax asset may be subject to limitations and factors beyond our control, including, without limitation, our earnings, our future estimations of earnings and the value of our common stock, and a change of control of the Company. These deferred tax assets may be subject to certain limitations. Additionally, changes in tax laws or interpretations of such laws by domestic and foreign tax authorities could affect our results of operations.

A small number of investment funds beneficially control a significant percentage of the voting power of our common stock, which may allow them to significantly influence matters requiring stockholder approval and, in certain cases, may raise conflicts of interest issues.

As of December 31, 2013, five investment funds beneficially owned approximately 31% of our common stock as shown in their ownership filings reported in February 2014. Although we have no voting agreements or arrangements with any of the funds, and, to our knowledge, the funds are not affiliated with one another, each of the funds, individually or collectively, could be in a position to substantially influence the outcome of any corporate actions requiring stockholder approval, including the election of directors, mergers, acquisitions and other significant corporate transactions. These investment funds may delay, or prevent, a change of control from occurring even if the change of control could appear to benefit the stockholders. These investment funds may also have interests that differ from our other stockholders and may vote in a way with which our other stockholders disagree and which may be adverse to their interests.

We operate our business in regions subject to natural disasters. Any interruption to our business resulting from a natural disaster will adversely affect our revenues and results of operations.

In the event of a natural disaster, the operations of gaming establishments could be negatively impacted or consumer demand for gaming could decline, or both, and as a result, our business could be interrupted, which will adversely affect our revenues and results of operations.

Risks related to the industry

Economic downturns, a decline in the popularity of gaming or responsible gaming pressures could reduce the number of patrons that use our services or the amounts of cash that they access using our services.

We provide our cash access products and related services almost exclusively to gaming establishments for the purpose of enabling their patrons to access cash. As a result, our business depends on consumer demand for gaming. Gaming is a discretionary leisure activity, and participation in discretionary leisure activities has in the past and may in the future decline during economic downturns because consumers have less disposable income. Gaming activity may also decline based on changes in consumer confidence related to general economic conditions or outlook, fears of war, future acts of terrorism, or other factors. A reduction in tourism could also result in a decline in gaming activity. Finally, a legislature or regulatory authority may prohibit or significantly restrict gaming activities in its jurisdiction. Gaming competes with other leisure activities as a form of consumer entertainment and may lose popularity as new leisure activities arise or as other leisure activities become more popular. In addition, gaming in traditional gaming establishments (where we provide our services) competes with Internet-based gaming. The popularity and acceptance of gaming is also influenced by the prevailing social mores and changes in social mores could result in reduced acceptance of gaming as a leisure activity. To the extent that the popularity of gaming in traditional gaming establishments declines as a result of either of these factors, the demand for our cash access services may decline and our business may be harmed.

Our ability to sustain our existing customer relationships and establish new customer relationships depends in part on the support of, or lack of opposition from, social responsibility organizations that are dedicated to addressing problem gaming. We may be affected by litigation or lobbying efforts to combat problem gaming because we provide patrons the ability to access their cash in gaming establishments.

Changes in consumer willingness to pay a fee to access their funds could reduce the demand for our cash access products and services.

Our business depends upon the willingness of patrons to pay a service fee to access their own funds on the premises of a gaming establishment. In most retail environments, consumers typically do not pay an additional fee for using non-cash payment methods such as credit cards, POS debit cards or checks. Gaming patrons could bring more cash with them to gaming establishments, or access cash outside of gaming establishments without paying a fee for the convenience of not having to leave the gaming establishment. To the extent that gaming patrons become unwilling to pay these fees for convenience or lower cost cash access alternatives become available, the demand for cash access services within gaming establishments will decline and our business could suffer.

Card associations and EFT networks may change interchange reimbursement rates or network operating fees or assess new fees associated with the processing and settlement of our cash access transactions or otherwise change their operating rules and regulations without our consent and such changes may affect our revenues, cost of revenues (exclusive of depreciation and amortization), net income and our business generally.

We receive income from issuers of ATM, credit and debit cards for certain transactions performed on our ATMs related to cash dispensing or certain other non-financial transactions such as balance inquiries. The EFT networks may also charge certain fees related to the performance of these transactions. We refer to the net of this income and fees as reverse interchange. The amount of this reverse interchange income is determined by the card network associations and electronic funds transfer networks, and this income is subject to decrease at their discretion.

Several EFT networks that support ATM transactions, including Visa, MasterCard and Star, have implemented changes in their interchange reimbursement structure for ATM transactions that became effective beginning in January 2012 through April 2012. These changes materially reduced the net reimbursement that we received from ATM transactions processed on the respective networks. Contractually, we are allowed to pass these changes on to the substantial majority of our customers, however, certain of our contracts with gaming operators do not enable us to pass through such amounts. If our transaction volumes remain constant and the net reimbursement for ATM transactions is reduced, a material adverse impact on our revenues and operating results may occur.

We pay interchange and other network fees for services to the credit card associations and EFT networks that they provide in settling transactions routed through their networks. Collectively we call these charges interchange fees. Subject to the limitations imposed by Federal regulations such as the Durbin Amendment or other regulations that may be enacted, the amounts of these interchange fees are determined based upon the sole discretion of the card associations and EFT networks, and are subject to increase at any time. Although certain of our contracts enable us to pass through increases in interchange or other network processing fees to our customers, competitive pressures might prevent us from passing all or some of these fees through to our customers in the future. To the extent that we are unable to pass through to our customers all or any portion of any increase in interchange or other network processing fees, our cost of revenues (exclusive of depreciation and amortization) would increase and our net income would decrease, assuming no change in transaction volumes. Any such decrease in net income could have a material adverse effect on our financial condition and operating results.

The card associations and EFT networks may also elect to impose new membership fees, or other fees, or implement new rules and regulations with respect to processing transactions through their networks, and

any such new fees, rules or regulations could have a material adverse effect on our business and operating results.

The provision of our credit card access, POS debit and ATM services are dependent upon our continued sponsorship into the VISA and MasterCard card associations, and the suspension or termination of our sponsorship would result in a material adverse effect on our business.

We process virtually all of our credit card cash access, POS debit and ATM service transactions through the VISA and MasterCard card associations both domestically and internationally, and virtually all of the revenue that we derive from our credit card cash access, POS debit and ATM services is dependent upon our continued sponsorship into the VISA and MasterCard associations. We cannot provide these services without sponsorship into the VISA and MasterCard associations by a member financial institution. Our failure to maintain our current sponsorship arrangements or secure alternative sponsorship arrangements into the VISA and MasterCard associations would have a material adverse effect on our business.

We are subject to extensive rules and regulations of card associations, including MasterCard, VISA, and electronic payment networks that are always subject to change, which may harm our business.

A substantial portion of our revenues are derived from transactions subject to the extensive rules and regulations of the leading card associations, VISA, and MasterCard. The rules and regulations do not expressly address some of the contexts and settings in which we process cash access transactions, or do so in a manner subject to varying interpretations. As an example, we and certain of our providers must comply with the PCI Data Security Standard. The failure by any of such providers to comply with such standards could result in our being fined or being prohibited from processing transactions through MasterCard, VISA and other card and payment networks.

The card associations' and payment networks' rules and regulations are always subject to change, and the card associations or payment networks may modify their rules and regulations from time to time. Our inability to anticipate changes in rules, regulations or the interpretation or application thereof may result in substantial disruption to our business. In the event that the card associations, payment networks or our sponsoring banks determine that the manner in which we process certain types of card transactions is not in compliance with existing rules and regulations, or if the card associations or payment networks adopt new rules or regulations that prohibit or restrict the manner in which we process certain types of card transactions, we may be forced to pay a fine, modify the manner in which we operate our business or stop processing certain types of cash access transactions altogether, any of which could have a material negative impact on our business and operating results.

We also process transactions involving the use of the proprietary credit cards such as those offered by Discover Card and American Express as well as other regional cards issued in certain international markets. The rules and regulations of the proprietary credit card networks that service these cards present risks to us that are similar to those posed by the rules and regulations of VISA and MasterCard and payment networks.

Our ATM service business is subject to extensive rules and regulations, which may harm our business.

Our ATM services are subject to the applicable federal, state and local banking regulations in each jurisdiction in which we operate ATMs, which regulations relate to the imposition of daily limits on the amounts that may be withdrawn from ATMs, the location of ATMs and our ability to surcharge cardholders who use our ATMs and the notices and form of notices that must be disclosed with respect to the fees we charge to patrons in connection with our ATM services. These regulations may impose significant burdens on our ability to operate ATMs profitably in some locations, or at all and our business operating results could be adversely affected. Moreover, because these regulations are subject to change,

we may be forced to modify our ATM operations in a manner inconsistent with the assumptions upon which we relied when entering into contracts to provide ATM services at gaming establishments.

If federal, state, local or foreign authorities adopt new laws or regulations or raise enforcement levels on existing laws and regulations that make it more difficult for us to operate our ATM business, then our revenues and earnings may be negatively affected. If legislation or regulations are enacted in the future that adversely impact our ATM business, we may be forced to modify our operations in a manner inconsistent with the assumptions upon which we relied when entering into contracts to provide ATMs at gaming establishments; and our business, financial condition and operating results would be harmed.

ATMs are subject to requirements of the Americans with Disabilities Act which in general require that ATMs be accessible to individuals with disabilities, such as visually-impaired persons. New and stricter regulations under the Americans with Disabilities Act regarding accessibility to ATMs went into effect in March 2013. If we are unable to maintain compliance with these stricter regulations, our business financial condition and operating results could be harmed.

We may experience increased capital requirements, accelerated depreciation expense, and asset write-offs in connection with new technology standards being implemented in the U.S. regarding chip-based cards, which could cause a material adverse effect on our financial condition and operating results.

In 1994, Europay, MasterCard, and Visa jointly developed new card security features (“EMV”) designed to deter fraudulent card transactions related to identity theft, counterfeit cards, and the misuse of lost or stolen cards via enhanced card authentication, transaction authorization, and cardholder verification using chip based smart-cards. EMV has been adopted in many regions of the world as the global standard for fraud deterrence in chip based smart-card payments.

The U.S. payments industry has until recently continued to rely on magnetic stripe cards instead of EMV compliant chip based cards, however U.S. card issuers are beginning to offer EMV capable chip based smart cards, and beginning on October 1, 2015, the U.S. payment card industry will begin shifting liability for fraudulent transactions generated through EMV capable cards onto merchants whose devices are not capable of processing chip based smart card EMV transactions. This shifts the responsibility for chargebacks due to fraudulent transactions on such cards from the card issuer onto the merchant.

We are classified as a merchant for purposes of our cash access transactions so we must upgrade or replace our existing fleet of U.S. based devices to accept the EMV standard. This requires us to upgrade the software on a significant portion of our currently deployed fleet of U.S. based POS, kiosk and ATM devices. Additionally, we may have to replace a portion of our devices with newer devices equipped with the minimum hardware requirements to support EMV. The costs involved with upgrading our fleet may cause us to incur increased capital expenditures related to device replacement.

Additionally, if we fail to comply with these new requirements in time, we will bear the chargeback risk for fraudulent transactions generated through EMV enabled cards, or we may experience a decrease in transaction volume if we cannot process transactions at all for cardholders whose issuer has migrated entirely from magnetic stripe to chip based smart-cards.

We are subject to extensive governmental gaming regulation, which may harm our business.

We are subject to a variety of regulations in the jurisdictions in which we operate. Most of the gaming regulators in jurisdictions in which we operate distinguish between gaming-related suppliers and vendors, such as manufacturers of slot machine or other gaming devices, and non-gaming suppliers and vendors, such as food and beverage purveyors and construction contractors. In general, in those jurisdictions where we provide cash access and Central Credit services but do not sell or service slot machine ticket redemption devices or jackpot kiosks, we are typically characterized as a non-gaming supplier or vendor and we must obtain a non-gaming supplier’s or vendor’s license, qualification or approval. The obtaining of

these licenses, qualifications or approvals and the regulations imposed on non-gaming suppliers and vendors are typically less stringent than for gaming related suppliers and vendors. However, some of the gaming regulators in jurisdictions in which we do business do not distinguish between gaming-related and non-gaming related suppliers and vendors, and in those jurisdictions we currently are subject to the same stringent licensing, qualification and approval requirements and regulations that are imposed upon vendors and suppliers that would be characterized as gaming-related in other jurisdictions. Such requirements include licensure or finding of suitability for some of our officers, directors and beneficial owners of our securities. If gaming regulatory authorities were to find any such officer, director or beneficial owner unsuitable, or if any such officer, director, or beneficial owner fails to comply with any licensure requirements, we would be required to sever our relationship with that person. Severing our relationship with a person may require such individual to cease providing services to us in any capacity, including as an officer, director, employee or consultant, and to divest himself, herself or itself of all or substantially all equity interests in us, and require us to refrain from conducting any business or maintaining any business relationship with such person or any entity that such person is a director, officer or stockholder of or otherwise affiliated with. Any of the foregoing could be costly to us and materially disruptive of our management and operations. Our failure to sever our relationship with a person in a manner acceptable to the gaming regulatory authorities or at all may result in the loss or denial of licensure or a finding of unsuitability, which loss or denial of licensure or finding of unsuitability by a gaming regulatory authority may prohibit us from continuing to operate in such jurisdiction. Any loss, denial of licensure or finding of unsuitability in any one jurisdiction would likely result in similar adverse regulatory actions in several other jurisdictions, resulting in a domino effect of adverse regulatory actions.

The State of Nevada adopted amendments to the Nevada Gaming Control Act, in 2012, with respect to the licensure of cash access providers. In general, these amendments require companies that provide cash access services to gaming establishments within the State of Nevada to obtain and maintain a cash access service provider license from the Nevada Gaming Commission. In general, the licensure requirements for a cash access service provider are substantially similar to those imposed upon applicants for non-restricted gaming licenses. We were granted a cash access service provider license as well as a finding of suitability as a manufacturer and distributor of associated equipment by the Nevada Gaming Commission in March 2012. Our failure to maintain either the cash access service provider license or a finding of suitability from the Nevada Gaming Commission will have a material adverse effect on our business.

We are required to obtain and maintain a gaming-related supplier's license in those jurisdictions where we sell and service gaming-related devices. Although we have obtained the necessary gaming related supplier's license in a substantial majority of those jurisdictions where we sell and service slot machine ticket redemption devices and jackpot kiosks, we are currently operating under temporary approvals in some of these jurisdictions. As discussed above, the initial and ongoing licensure requirements imposed on gaming-related suppliers as compared to non-gaming related vendors or suppliers are, in general, substantially more burdensome. Such licensure requirements may include, but are not limited to the following: requiring the licensure or finding of suitability of any of our officers, directors, key employees or beneficial owners of our securities, as well as our key third party vendors, suppliers, customers and other companies with whom we conduct business; the termination or disassociation with such officer, director, key employee or beneficial owner of our securities that fails to file an application or to obtain a license or finding of suitability; the submission of detailed financial and operating reports; the submission of reports of material loans, leases and financing; and, the regulatory approval of some commercial transactions, such as the transfer or pledge of equity interests in the Company. These regulatory burdens are imposed upon gaming-related suppliers or vendors on an ongoing basis and there is no guarantee that we will be successful in obtaining and maintaining all necessary licenses and permits and to continue to hold other necessary gaming licenses and permits to conduct our business in the same manner we do currently. In addition, we also may be required to submit software and other key technology components of our slot machine ticket redemption devices to government or third party gaming laboratories for testing and certification prior to deploying such devices in a particular gaming jurisdiction.

Regulatory authorities at the federal, state, local and tribal levels have broad powers with respect to the licensing of gaming-related activities and may revoke, suspend, condition or limit our licenses, impose substantial fines and take other actions against us or the gaming establishments that are our customers, any one of which could have a material adverse effect on our business, financial condition and operating results. Any new gaming license or related approval that may be required in the future may not be granted, and our existing licenses may not be renewed or may be revoked, suspended or limited. If additional gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions or costs that could have a material adverse effect on our business. From time to time, various proposals are introduced in the legislatures of some of the jurisdictions in which we have existing or planned operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry or cash access in the gaming industry. Legislation of this type may be enacted in the future.

Some of the new products and services that we may develop cannot be offered in the absence of regulatory approval of the product or service or licensing of us, or both. These approvals could require that we and our officers, directors or ultimate beneficial owners obtain a license or be found suitable and that the product or service be approved after testing and review. We may fail to obtain any such approvals in the future. When contracting with tribal owned or controlled gaming establishments, we become subject to tribal laws and regulations that may differ materially from the non-tribal laws and regulations under which we generally operate. In addition to tribal gaming regulations that may require us to provide disclosures or obtain licenses or permits to conduct our business on tribal lands, we may also become subject to tribal laws that govern our contracts. These tribal governing laws may not provide us with processes, procedures and remedies that enable us to enforce our rights as effectively and advantageously as the processes, procedures and remedies that would be afforded to us under non-tribal laws, or to enforce our rights at all. Many tribal laws permit redress to a tribal adjudicatory body to resolve disputes; however, such redress is largely untested in our experience. We may be precluded from enforcing our rights against a tribal body under the legal doctrine of sovereign immunity. A change in tribal laws and regulations or our inability to obtain required licenses or licenses to operate on tribal lands or enforce our contract rights under tribal law could have a material adverse effect on our business, financial condition and operating results.

Many of the financial services that we provide are subject to extensive rules and regulations, which may harm our business.

Our Central Credit gaming patron credit bureau services are subject to the Fair Credit Reporting Act, the Fair and Accurate Credit Transactions Act of 2003 and similar state laws. The collection practices that are used by our third party providers and us may be subject to the Fair Debt Collections Practices Act and applicable state laws relating to debt collection. All of our cash access services and patron marketing services are subject to the privacy provisions of state and federal law, including the Gramm-Leach-Bliley Act. Our POS debit card transactions and ATM withdrawal services are subject to the Electronic Fund Transfer Act. Our ATM services are subject to the applicable state banking regulations in each jurisdiction in which we operate ATMs. Our ATM services may also be subject to state and local regulations relating to the imposition of daily limits on the amounts that may be withdrawn from ATMs, the location of ATMs, our ability to surcharge cardholders who use our ATMs and the notices and form of notices that must be disclosed regarding the provision of our ATM services. The cash access services we provide are subject to recordkeeping and reporting obligations under the Bank Secrecy Act and the USA PATRIOT Act of 2001. We are required to file suspicious activity reports, or SARs, with respect to transactions completed at all gaming establishments at which our cash access services are provided. If we are found to be noncompliant in any way with these laws, we could be subject to substantial civil and criminal penalties. In jurisdictions in which we serve as a check casher or offer our QuikCredit service, we are subject to the applicable state licensing requirements and regulations governing check cashing activities and deferred deposit service providers. We are also subject to various state licensing requirements and regulations governing money transmitters.

We are subject to formal or informal audits, inquiries or reviews from time to time by the regulatory authorities that enforce these financial services rules and regulations. In the event that any regulatory authority determines that the manner in which we provide cash access services, patron marketing services, or gaming patron credit bureau services is not in compliance with existing rules and regulations; or the regulatory authorities adopt new rules or regulations that prohibit or restrict the manner in which we provide cash access services, patron marketing services, or gaming patron credit bureau services, then these regulatory authorities may force us to modify the manner in which we operate, or stop processing certain types of cash access transactions, providing patron marketing services or gaming patron credit bureau services altogether. We may also be required to pay substantial penalties and fines if we fail to comply with applicable rules and regulations. For example, if we fail to file CTRs or SARs on a timely basis or if we are found to be noncompliant in any way with either the Bank Secrecy Act or the USA PATRIOT Act of 2001, we could be subject to substantial civil and criminal penalties. In addition, our failure to comply with applicable rules and regulations could subject us to private litigation.

Consumer privacy laws may change, requiring us to change our business practices or expend significant amounts on compliance with such laws.

Our patron marketing and database services depend on our ability to collect and use non-public personal information relating to patrons who use our products and services and the transactions they consummate using our services. We are required by federal and state privacy laws and rules to safeguard and protect the privacy of such information, to make disclosures to patrons regarding our privacy and information sharing policies and, in some cases, to provide patrons an opportunity to “opt out” of the use of their information for certain purposes. The failure or circumvention of the means by which we safeguard and protect the privacy of information we gather may result in the dissemination of non-public personal information, which may harm our reputation and may expose us to liability to the affected individuals and regulatory enforcement proceedings or fines. Regulators reviewing our policies and practices may require us to modify our practices in a material or immaterial manner or impose fines or other penalties if they believe that our policies and practices do not meet the necessary standard. To the extent that our patron-marketing and database services have in the past failed or now or in the future fail to comply with applicable law, our privacy policies or the notices that we provide to patrons, we may become subject to actions by a regulatory authority or patrons which cause us to pay monetary penalties or require us to modify the manner in which we provide patron-marketing and database services. To the extent that patrons exercise their right to “opt out,” our ability to leverage existing and future databases of information would be curtailed. Consumer and data privacy laws are evolving, and due to recent high profile thefts and losses of sensitive consumer information from protected databases, such laws may be broadened in their scope and application, impose additional requirements and restrictions on gathering, encrypting and using patron information or narrow the types of information that may be collected or used for marketing or other purposes or require patrons to “opt-in” to the use of their information for specific purposes, or impose additional fines or potentially costly compliance requirements which will hamper the value of our patron-marketing and database services.

Our proposed strategy of providing various payment and funding solutions for wager-based online casino and lottery games in the United States is subject to a nascent and uncertain legal and regulatory environment and various business risks typically associated with developing and launching a new product, service or solution.

Until late 2011, the Federal government had interpreted the Wire Act to ban all types of online, wager-based casino gaming activity such as online poker. Several states have passed implementing legislation to allow certain intra-state, wager-based, online casino or lottery gaming activity such as online poker based on the United States Department of Justice’s recent interpretation in late 2011 that the prohibitions of the Wire Act are limited to sports-related wager-based online gaming or lottery activity. Although these states have adopted implementing legislation authorizing certain wager-based casino or lottery games, the legislative and regulatory environment surrounding online wager-based casino and lottery games in the

United States remains uncertain and complex and it is unclear how this legislative and regulatory framework will evolve in the future. Many of these states have yet to introduce or finalize regulations regarding the licensing and operational requirements regarding online, wager-based activity including the licensing and technological requirements relating to the funding and processing of payments relating to online, wager-based casino and lottery gaming activities. Although some online wager-based casino and lottery activities have occurred under this State legislation, it is unclear whether a sustainable Internet gaming market can develop in the United States, absent specific federal legislation governing such activity. In addition, the funding of online casino gaming activity will also be subject to the requirement of the Unlawful Internet Gaming Enforcement Act which may prohibit or significantly impede the funding of online, wager-based gaming activity.

This uncertain and evolving legal and regulatory environment may make it difficult to execute on our proposed strategy of providing various payment and funding solutions for online, wager-based casino and lottery games. Our ability to provide such solutions is subject to a variety of business risks associated with launching a new product, service or solution, including, without limitation, our reliance upon third party technology providers, our ability to successfully market and sell such solutions, cost overruns, and our ability to obtain all necessary legal and regulatory approvals to provide such solutions.

Risks related to our capital structure

Our common stock has been publicly traded since September 2005 and we expect that the price of our common stock will fluctuate substantially.

There has been a public market for our common stock since September 2005. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control, including those described above under “—Risks related to our business,” “—Risks related to the industry” and the following:

- our failure to maintain our current customers, including because of consolidation in the gaming industry;
- increases in commissions paid to gaming establishments as a result of competition;
- increases in interchange rates, processing fees or other fees paid by us;
- decreases in reverse interchange rates paid to us;
- actual or anticipated fluctuations in our or our competitors’ revenue, operating results or growth rate;
- our inability to adequately protect or enforce our intellectual property rights;
- any adverse results in litigation initiated by us or by others against us;
- our inability to make payments on our outstanding indebtedness as they become due or our inability to undertake actions that might otherwise benefit us based on the financial and other restrictive covenants contained in the Senior Credit Facility;
- the loss, or failure, of a significant supplier or strategic partner to provide the goods or services that we require from them;
- our inability to introduce successful, new products and services in a timely manner or the introduction of new products or services by our competitors that reduce the demand for our products and services;
- our failure to successfully enter new markets or the failure of new markets to develop in the time and manner that we anticipate;
- announcements by our competitors of significant new contracts or contract renewals or of new products or services;

- changes in general economic conditions, financial markets, the gaming industry or the payments processing industry;
- the trading volume of our common stock;
- sales of common stock or other actions by our current officers, directors and stockholders;
- acquisitions, strategic alliances or joint ventures involving us or our competitors;
- future sales of our common stock or other securities;
- the failure of securities analysts to cover our common stock or changes in financial estimates or recommendations by analysts;
- our failure to meet the revenue, net income or earnings per share estimates of securities analysts or investors;
- additions or departures of key personnel;
- terrorist acts, theft, vandalism, fires, floods or other natural disasters; and
- rumors or speculation as to any of the above which we may be unable to confirm or deny due to disclosure restrictions imposed on us by law or which we otherwise deem imprudent to comment upon.

Future sales of our common stock may cause the market price of our common stock to drop significantly, even if our business is doing well.

The market price of our common stock could decline as a result of sales of additional shares of our common stock by us or our stockholders or the perception that these sales could occur.

In the future, we may issue additional shares, or options to purchase additional shares, to our employees, directors and consultants, in connection with corporate alliances or acquisitions and in follow-on offerings to raise additional capital. Based on all of these factors, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales could reduce the market price of our common stock. In addition, future sales of our common stock by our stockholders could make it more difficult for us to sell additional shares of our common stock or other securities in the future.

Changing conditions could impact our stock repurchase program.

In October 2012, our Board of Directors authorized a new share repurchase program of up to \$40.0 million during a two year period. The repurchase program authorizes us to buy our common stock from time to time through open market, privately negotiated or other transactions, including pursuant to trading plans established in accordance with Rules 10b5-1 and 10b-18 of the Securities Exchange Act of 1934, as amended, or by a combination of such methods. The share repurchase program is subject to prevailing market conditions and other considerations and may be suspended or discontinued at any time. In addition, we may not utilize the entire amount approved by the Board of Directors.

Some provisions of our certificate of incorporation and bylaws may delay or prevent transactions that many stockholders may favor.

Some provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying, discouraging, or preventing a merger or acquisition that our stockholders may consider favorable or a change in our management or our Board of Directors. These provisions:

- divide our Board of Directors into three separate classes serving staggered three-year terms, which will have the effect of requiring at least two annual stockholder meetings instead of one, to replace a

majority of our directors, which could have the effect of delaying or preventing a change in our control or management;

- provide that special meetings of stockholders can only be called by our Board of Directors, Chairman of the Board or Chief Executive Officer. In addition, the business permitted to be conducted at any special meeting of stockholders is limited to the business specified in the notice of such meeting to the stockholders;
- provide for an advance notice procedure with regard to business to be brought before a meeting of stockholders which may delay or preclude stockholders from bringing matters before a meeting of stockholders or from making nominations for directors at a meeting of stockholders, which could delay or deter takeover attempts or changes in management;
- eliminate the right of stockholders to act by written consent so that all stockholder actions must be effected at a duly called meeting;
- provide that directors may only be removed for cause with the approval of stockholders holding a majority of our outstanding voting stock;
- provide that vacancies on our Board of Directors may be filled by a majority, although less than a quorum, of directors in office and that our Board of Directors may fix the number of directors by resolution;
- allow our Board of Directors to issue shares of preferred stock with rights senior to those of the common stock and that otherwise could adversely affect the rights and powers, including voting rights and the right to approve or not to approve an acquisition or other change in control, of the holders of common stock, without any further vote or action by the stockholders; and
- do not provide for cumulative voting for our directors, which may make it more difficult for stockholders owning less than a majority of our stock to elect any directors to our Board of Directors. In addition, we are also subject to Section 203 of the Delaware General Corporation Law, which provides, subject to enumerated exceptions, that if a person acquires 15% or more of our voting stock, the person is an “interested stockholder” and may not engage in “business combinations” with us for a period of three years from the time the person acquired 15% or more of our voting stock.

These provisions may have the effect of entrenching our management team and may deprive our stockholders of the opportunity to sell shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a premium could reduce the price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters are located in a facility in Las Vegas, Nevada consisting of approximately 59,000 square feet of office space, which is under a lease through April 2023. We also lease several other properties that are used to support all our products and services.

We believe that these facilities are adequate for our business as presently conducted.

ITEM 3. LEGAL PROCEEDINGS

We are subject to a variety of claims and suits that arise from time to time in the ordinary course of business. We do not believe the liabilities, if any, which may ultimately result from the outcome of such matters, individually or in the aggregate, will have a material adverse impact on our financial position, liquidity or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock has traded on the New York Stock Exchange under the symbol "GCA" since September 2005. On February 28, 2014 there were three holders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders represented by these record holders.

The following table sets forth for the indicated periods, the high and low sale prices per share of our common stock:

	Price Range	
	High	Low
2013		
First Quarter	\$ 8.27	\$6.12
Second Quarter	7.43	5.71
Third Quarter	8.17	6.15
Fourth Quarter	10.42	7.51
2012		
First Quarter	\$ 7.83	\$4.47
Second Quarter	8.71	6.28
Third Quarter	8.51	6.28
Fourth Quarter	8.19	6.74

On March 4, 2014, the closing sale price of our common stock on the New York Stock Exchange was \$8.61.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all our earnings to finance the growth and development of our business. Any future change in our dividend policy will be made at the discretion of our Board of Directors and will depend on contractual restrictions, our results of operations, earnings, capital requirements and other factors considered relevant by our Board of Directors. In addition, the Senior Credit Facility limits the ability of GCA and Holdings to declare and pay cash dividends.

Common Stock Repurchases

Our current share repurchase program grants us the authority to repurchase up to \$40.0 million of our outstanding common stock over a two year period, which commenced in the first quarter of 2013. We have repurchased approximately 2.6 million shares of common stock for cash of \$18.2 million under the share repurchase program for the year ended December 31, 2013. We did not have any common stock repurchases under the program for the year ended December 31, 2012. We completed the share repurchases with cash on hand. The repurchase program authorizes us to buy our common stock from time to time through open market, privately negotiated or other transactions, including pursuant to trading plans established in accordance with Rules 10b5-1 and 10b-18 of the Securities Exchange Act of 1934, as amended, or by a combination of such methods. The share repurchase program is subject to prevailing market conditions and other considerations and may be suspended or discontinued at any time.

We repurchased or withheld from restricted stock awards 14,901, 38,331 and 59,167 shares of common stock at an aggregate purchase price of \$0.1 million, \$0.3 million and \$0.2 million to satisfy the minimum applicable tax withholding obligations incident to the vesting of such restricted stock awards for the years ended December 31, 2013, 2012 and 2011, respectively.

ISSUER PURCHASES AND WITHHOLDING OF EQUITY SECURITIES

	Total Number of Shares Purchased or Withheld	Average Price per Share Purchased or Withheld	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
	(000's)		(000's)	(000's)
Rule 10b-18 Repurchases				
10/1/13 - 10/31/13	322(1)	\$7.97(2)	322(1)	\$22,892(3)
11/1/13 - 11/30/13	16(1)	8.21(2)	16(1)	22,758(3)
12/1/13 - 12/31/13	<u>105(1)</u>	<u>9.51(2)</u>	<u>105(1)</u>	<u>21,759(3)</u>
Sub-Total	443(1)	8.34(2)	443(1)	
Tax Withholdings				
10/1/13 - 10/31/13	2(4)	\$7.91(5)	—	\$ —
11/1/13 - 11/30/13	0.5(4)	8.64(5)	—	—
12/1/13 - 12/31/13	<u>0.5(4)</u>	<u>9.29(5)</u>	<u>—</u>	<u>—</u>
Sub-Total	<u>3(4)</u>	<u>8.29(5)</u>	<u>—</u>	
Total	<u>446</u>	<u>\$8.34</u>	<u>443</u>	

- (1) Represents the number of shares repurchased during the three months ended December 31, 2013, pursuant to the share repurchase program that our Board of Directors has authorized and approved giving us the authority to repurchase up to \$40.0 million of our outstanding common stock over a two year period, which commenced in the first quarter of 2013. This share repurchase program supersedes all prior share repurchase programs.
- (2) Represents the weighted average price per share of common stock repurchased pursuant to the Rule 10b-18 share buyback program.
- (3) Represents the maximum approximate dollar value of shares of common stock available for repurchase pursuant to the Rule 10b-18 share repurchase authorization at the end of the stated period.
- (4) Represents the shares of common stock that were withheld from restricted stock awards to satisfy the minimum applicable tax withholding obligations incident to the vesting of such restricted stock awards. There are no limitations on the number of shares of common stock that may be withheld from restricted stock awards to satisfy the minimum tax withholding obligations incident to the vesting of restricted stock awards.
- (5) Represents the average price per share of common stock withheld from restricted stock awards on the date of withholding.

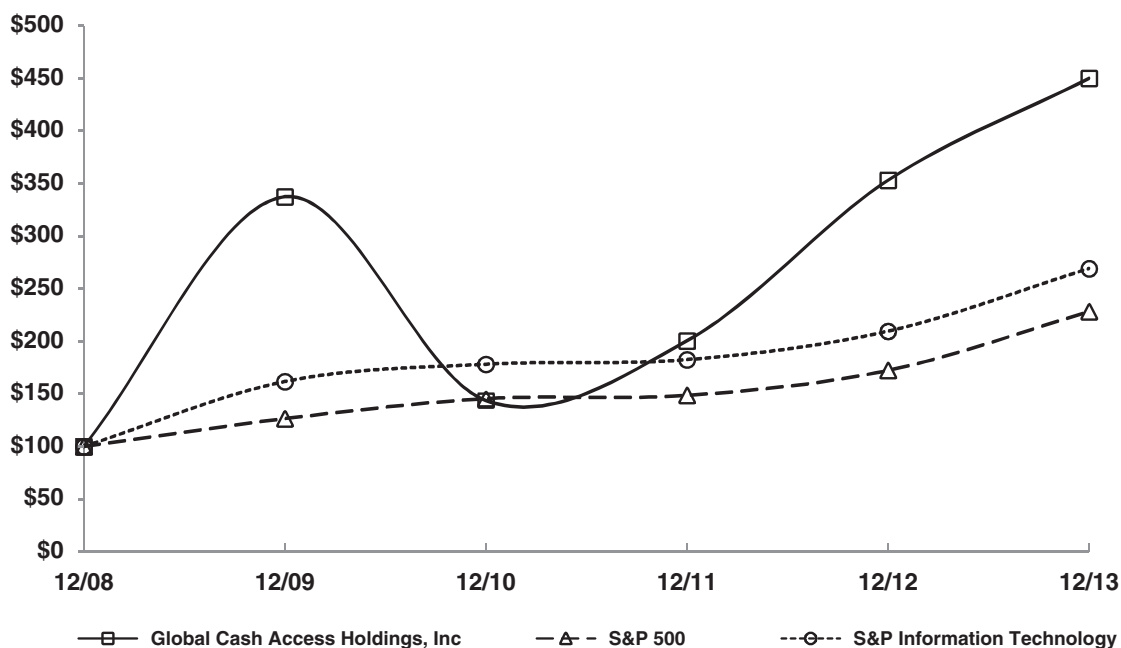
STOCK PERFORMANCE GRAPH

The line graph below compares the cumulative total stockholder return on our common stock with the cumulative total return of the Standard & Poor's ("S&P") 500 Index and the S&P Information Technology Index during the five year period ended December 31, 2013.

The graph assumes that \$100 was invested on December 31, 2008 in our common stock, in the S&P 500 Index and the S&P Information Technology Index, and that all dividends were reinvested. The S&P 500 Index and the S&P Information Technology Index are based on the calendar month end closing prices. The comparisons in the graph are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Global Cash Access Holdings, Inc., the S&P 500 Index, and the S&P Information Technology Index



* \$100 invested on 12/31/08 in stock or index, including reinvestment of dividends. Fiscal year ended December 31.

This graph is not "soliciting material," is not deemed filed with the SEC and is not to be incorporated by reference in any filing by us under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6. SELECTED FINANCIAL DATA

The following selected historical financial data has been derived from, and should be read in conjunction with the audited consolidated financial statements and related notes and “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” thereto included elsewhere in this Annual Report on Form 10-K. Our selected consolidated financial data may not be indicative of our future financial condition or results of operations (in thousands, except per share amounts).

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Income Statement Data					
Revenues	\$582,444	\$584,486	\$544,063	\$605,590	\$667,720
Operating income	49,150	55,982	38,296	52,630	72,054
Net income	24,398	25,689	9,129	17,550	33,582
Net income attributable to Global Cash					
Access Holdings, Inc. and Subsidiaries	24,398	25,689	9,129	17,494	33,638
Basic earnings per share					
Net income	\$ 0.37	\$ 0.39	\$ 0.14	\$ 0.27	\$ 0.45
Net income attributable to Global Cash					
Access Holdings, Inc. and Subsidiaries	\$ 0.37	\$ 0.39	\$ 0.14	\$ 0.27	\$ 0.45
Diluted earnings per share					
Net income	\$ 0.36	\$ 0.38	\$ 0.14	\$ 0.26	\$ 0.45
Net income attributable to Global Cash					
Access Holdings, Inc. and Subsidiaries	\$ 0.36	\$ 0.38	\$ 0.14	\$ 0.26	\$ 0.45
Weighted average common shares					
outstanding					
Basic	66,014	65,933	64,673	65,903	74,232
Diluted	67,205	67,337	64,859	67,272	75,356

	At and For the Year Ended December 31,				
	2013	2012	2011	2010	2009
Balance sheet data					
Cash and cash equivalents	\$114,254	\$153,020	\$ 55,535	\$ 60,636	\$ 84,768
Total assets	527,327	553,895	529,067	458,394	501,767
Total borrowings	103,000	121,500	174,000	208,750	249,750
Stockholders' equity	218,604	198,759	159,858	143,478	145,409
Cash flow data					
Net cash provided by operating activities . . .	\$ 4,334	\$157,488	\$ 54,252	\$ 68,898	\$ 90,963
Net cash used in investing activities	(13,990)	(12,531)	(18,183)	(24,492)	(7,235)
Net cash used in financing activities	(29,183)	(46,783)	(41,227)	(68,845)	(74,425)
Other data					
Aggregate dollar amount processed (in billions)					
Cash advance	\$ 4.9	\$ 4.8	\$ 4.3	\$ 5.0	\$ 5.7
ATM	\$ 12.9	\$ 13.6	\$ 12.2	\$ 13.6	\$ 14.5
Check warranty	\$ 1.1	\$ 1.2	\$ 1.1	\$ 1.1	\$ 1.5
Number of transactions completed (in millions)					
Cash advance	8.8	9.0	8.4	10.1	11.7
ATM	66.2	72.3	68.8	78.3	83.4
Check warranty	3.7	4.3	4.4	4.9	6.3

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes contained herein and the information included in our other filings with the Securities and Exchange Commission. This discussion includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements in this Annual Report on Form 10-K other than statements of historical fact are forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties. Our actual results may differ materially from those projected or assumed in such forward-looking statements. Among the factors that could cause actual results to differ materially are the risk factors discussed under Item 1A. All forward-looking statements and risk factors included in this document are made as of the date of this report, based on information available to us as of such date. We assume no obligation to update any forward-looking statement or risk factor.

Overview

We are a global provider of cash access services and related equipment and services to the gaming industry. Our products and services: (a) provide gaming establishment patrons access to cash through a variety of methods, including Automated Teller Machine ("ATM") cash withdrawals, credit card cash access transactions, point-of-sale ("POS") debit card transactions, check verification and warranty services and money transfers; (b) provide cash access devices and related services, such as slot machine ticket redemption and jackpot kiosks to the gaming industry; (c) provide products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments; and (d) provide online payment processing solutions for gaming operators in states that offer intra-state, Internet-based gaming and lottery activities.

Factors Affecting Comparability:

Our consolidated financial statements included in this report that present our financial condition and results of operations reflect the following transactions and events:

- In May 2013, we entered into a second amendment to our Credit Agreement that reduces the interest rate on borrowings under the term loan facility from LIBOR plus a margin of 5.5% (subject to a minimum LIBOR rate of 1.50%) to LIBOR plus a margin of 3.0% (subject to a minimum LIBOR rate of 1.0%).
- In the second quarter 2012, card associations implemented a reduction in the interchange fees paid by issuing banks on ATM transactions, thereby decreasing the amount of revenue on our ATM transactions.
- In November 2011, we acquired substantially all of the assets of MCA Processing LLC. MCA was a provider of ATM, debit card and credit card cash access services to gaming establishments and also manufactured, sold, licensed and serviced redemption kiosk devices. The results of operations of MCA Processing have been reflected in the applicable business segment financial information following this acquisition.
- In October 2011, the Durbin Amendment, which imposes caps on the amount of debit card interchange fees, was implemented, and materially reduced the amount of interchange expense that we incurred for PIN-based and signature based debit card transactions during the fourth quarter of 2011 and the full years 2012 and 2013, as described in more detail in the *Trends* section below.
- In March 2011, GCA and Holdings entered into the Senior Credit Facility, consisting of a \$210.0 million term loan facility and a \$35.0 million revolving credit facility. All \$210.0 million of available borrowings under the term loan facility and \$4.0 million of available borrowings under the revolving credit facility were borrowed concurrent with the establishment of the Senior Credit Facility and we used substantially

all of these proceeds to repay indebtedness under our existing senior secured credit facilities and the senior subordinated notes.

As a result of the above transactions and events, the results of operations and earnings per share in the periods covered by the consolidated financial statements may not be directly comparable.

Trends

Our strategic planning and forecasting processes include the consideration of economic and industry-wide trends that may impact our business. We have identified the more material positive and negative trends affecting our business as the following:

- Although the gaming sector in the United States has experienced revenue declines over the last several years, in 2012, it stabilized, and modestly improved in 2013.
- The implementation of the Durbin Amendment in October 2011, and the implementation by the card associations of a reduction in the interchange fees paid by issuing banks on ATM transactions in 2012; both had a material impact on our financial performance in 2012. This is due to the decrease in the amount of interchange expense that we are required to pay on both PIN-based and signature-based debit card transactions and the decrease in revenue on our ATM transactions. Although these changes have been mostly realized, our exposure to various fees imposed by financial services, network card associations and other industry providers can significantly affect our profitability.
- Gaming activity continues to expand into more domestic and international markets.
- There continues to be a migration from the use of traditional paper checks and cash to electronic payments.
- The credit markets in the U.S. and around the world are volatile and unpredictable.
- We are facing increased competition from smaller competitors in the gaming cash access market and face additional competition from gaming equipment manufacturers and systems providers. This increased competition has resulted in pricing pressure and margin erosion with respect to our core cash access products and services.
- The cash access industry in the gaming sector has become increasingly competitive and is having an adverse effect on our operating margins with respect to new customers and existing customers that have renewed their cash access agreements with us.
- There is increasing governmental oversight related to the cost of transaction processing and related fees to the consumer. We expect the financial services and payments industry to respond to these legislative acts by changing other fees and costs, which may negatively impact our business in the future.

Principal Sources of Revenues and Expenses

Our principal sources of revenues include:

- Cash advance revenues, which are comprised of transaction fees assessed to gaming patrons in connection with credit card cash access and POS debit card transactions, are recognized at the time the transactions are authorized. Such fees are based on a combination of a fixed amount plus a percentage of the face amount of the credit card cash access or POS debit card transaction amount.
- ATM revenues, which are comprised of transaction fees in the form of cardholder surcharges assessed to gaming patrons in connection with ATM cash withdrawals at the time the transactions are authorized and reverse interchange fees paid to us by the patrons' issuing banks. Cardholder surcharges are recognized as revenue when a transaction is initiated and reverse interchange is recognized as revenue on a monthly basis based on the total transactions occurring during the month. The cardholder

surcharges assessed to gaming patrons in connection with ATM cash withdrawals are currently a fixed dollar amount and not a percentage of the transaction amount.

- Check services revenues, which are principally comprised of check warranty revenues, are generally based upon a percentage of the face amount of checks warranted. These fees are paid to us by gaming establishments. In some cases, gaming establishments pass the fees onto patrons.
- Other revenues include amounts derived from the sale of cash access devices, such as slot machine ticket redemption and jackpot kiosks; and from the provision of certain professional services, software licensing, and certain other ancillary fees associated with the sale, installation and maintenance of those devices. In addition, other revenues consist of Central Credit revenues that are based upon either a flat monthly unlimited usage fee or a variable fee structure driven by the volume of patron credit histories generated. Also included in other revenues are revenues generated from ancillary marketing, database and Internet gaming activities.

Our principal costs and expenses include:

- Cost of revenues (exclusive of depreciation and amortization), which are costs and expenses directly related to the generation of revenue.

For credit card cash access and POS debit card transactions and ATM transactions, we pay a commission to the gaming establishment at which the transaction occurs. Commissions are the largest component of cost of revenues (exclusive of depreciation and amortization). We expect commissions to increase as a percentage of revenue as new contracts are signed or existing contracts are renewed. We pay credit card associations and payment networks interchange fees for services they provide in routing transactions through their networks. In addition, we pay fees to participate in various payment networks to support our ATM services. These interchange fees are determined by the card associations and payment networks at their sole discretion, and are subject to increase at their discretion from time to time. Many of our cash access contracts enable us to pass through the amount of any increase in interchange or processing fees to our gaming establishment customers, who may in turn pass through these increases to patrons. In the past, the major card associations and payment networks have increased interchange rates at least annually, and they may do so in the future. We pay connectivity and processing fees to our network services providers.

For our check services transactions, we incur warranty expense for those checks we have warranted through our third party service provider that are dishonored upon presentment for payment. In addition, for our check services transactions, we may pay a commission to the gaming establishment at which the transaction occurs.

- Other cost of revenues primarily include expenses related to our kiosk sales and services, our Central Credit service and our patron marketing activities.
- Operating expenses, which consist primarily of: (1) salaries and benefits, (2) operating costs to support our core cash access products and services, (3) professional fees, (4) telecommunications expenses, and (5) travel costs.
- Depreciation and amortization expenses, which consist primarily of the allocated costs over the duration of our tangible and intangible asset useful lives.
- Interest expense includes interest incurred on our borrowings and the amortization of deferred financing costs. Interest expense also includes the cash usage fees associated with the cash used in our ATMs.
- Our earnings are subject to taxation under the tax laws of the jurisdictions in which we operate.

Results of Operations

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

The following table sets forth the consolidated results of operations and percentages of total revenue (in thousands):

	December 31, 2013		December 31, 2012		December 31, 2013 vs 2012	
	\$	%	\$	%	\$ Variance	% Variance
Revenues						
Cash advance	\$231,134	40%	\$227,517	39%	\$ 3,617	2%
ATM	286,049	49%	303,159	52%	(17,110)	(6)%
Check services	21,611	4%	25,401	4%	(3,790)	(15)%
Other revenues	43,650	7%	28,409	5%	15,241	54%
Total revenues	582,444	100%	584,486	100%	(2,042)	(0)%
Costs and expenses						
Cost of revenues (exclusive of depreciation and amortization)	439,794	76%	436,059	74%	3,735	1%
Operating expenses	76,562	13%	75,806	13%	756	1%
Depreciation	7,350	1%	6,843	1%	507	7%
Amortization	9,588	2%	9,796	2%	(208)	(2)%
Total costs and expenses	533,294	92%	528,504	90%	4,790	1%
Operating income	49,150	8%	55,982	10%	(6,832)	(12)%
Other expenses						
Interest expense, net of interest income . .	10,265	2%	15,519	3%	(5,254)	(34)%
Total other expenses	10,265	2%	15,519	3%	(5,254)	(34)%
Income from operations before tax	38,885	6%	40,463	7%	(1,578)	(4)%
Income tax provision	14,487	2%	14,774	3%	(287)	(2)%
Net income	\$ 24,398	4%	\$ 25,689	4%	\$ (1,291)	(5)%

Total Revenues

Total revenues decreased by \$2.0 million, or 0%, to \$582.4 million for the year ended December 31, 2013 as compared to the prior year. This was due to lower ATM and Check Services revenues, partially offset by higher kiosk sales and an increase in Cash Advance revenues for the year ended December 31, 2013 as compared to the prior year.

Cash advance revenues increased by \$3.6 million, or 2%, to \$231.1 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to higher international cash advance revenues for the year ended December 31, 2013 as compared to the prior year.

ATM revenues decreased by \$17.1 million, or 6%, to \$286.0 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to lost business and lower transaction volume for the year ended December 31, 2013 as compared to the prior year.

Check services revenues decreased by \$3.8 million, or 15%, to \$21.6 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to lost business and a decrease in the number of check services transactions processed for the year ended December 31, 2013 as compared to the prior year.

Other revenues increased by \$15.2 million, or 54%, to \$43.7 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to increased kiosk sales for the year ended December 31, 2013 as compared to the prior year.

Costs and Expenses

Cost of revenues (exclusive of depreciation and amortization) increased by \$3.7 million, or 1%, to \$439.8 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to increased commissions paid to our customers for new and renewed cash access services as well as costs associated with the increase in kiosk sales.

Operating expenses increased by \$0.8 million, or 1%, to \$76.6 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to higher payroll and related expenses and occupancy related expenses, partially offset by a decrease in non-cash stock compensation expense for the year ended December 31, 2013 as compared to the prior year.

Depreciation expenses increased by \$0.5 million, or 7%, to \$7.4 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to higher charges as additional fixed assets were placed into service for the year ended December 31, 2013 as compared to the prior year.

Amortization expenses decreased by \$0.2 million, or 2%, to \$9.6 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to certain capitalized costs that were fully amortized for the year ended December 31, 2013 as compared to the prior year.

Primarily as a result of the factors described above, operating income decreased by \$6.8 million, or 12%, to \$49.2 million for the year ended December 31, 2013 as compared to the prior year. The operating margin decreased to 8% for the year ended December 31, 2013 from 10% for the prior year.

Interest expense, net of interest income, decreased by \$5.3 million, or 34%, to \$10.3 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to a \$3.6 million reduction in interest charges due to the lower outstanding debt balance and an amendment to our credit facility in late May 2013, which reduced the interest rate from 7% to 4%; a \$0.9 million reduction in interest charges related to a lower average outstanding balance on the vault cash supplied by Wells Fargo and a slightly lower average cash usage rate; and a decrease in the interest charge associated with the change in fair value of the interest rate cap of approximately \$0.8 million.

Income tax expense decreased by \$0.3 million, or 2%, to \$14.5 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to the decrease in income from operations before income tax expense of \$1.6 million. The provision for income tax reflected an effective income tax rate of 37.3% for the year ended December 31, 2013, which was greater than the statutory federal rate of 35.0% due in part to state taxes and the non-cash compensation expenses related to stock options. The provision for income tax reflected an effective income tax rate of 36.5% for the prior year, which was greater than the statutory federal rate of 35.0% due in part to state taxes and the non-cash compensation expenses related to stock options.

Primarily as a result of the foregoing, net income decreased by \$1.3 million, or 5%, to \$24.4 million for the year ended December 31, 2013 as compared to the prior year.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

The following table sets forth the consolidated results of operations and percentages of total revenue (in thousands):

	December 31, 2012		December 31, 2011		December 31, 2012 vs 2011	
	\$	%	\$	%	\$ Variance	% Variance
Revenues						
Cash advance	\$227,517	39%	\$203,869	37%	\$23,648	12%
ATM	303,159	52%	283,727	52%	19,432	7%
Check services	25,401	4%	26,269	5%	(868)	(3)%
Other revenues	28,409	5%	30,198	6%	(1,789)	(6)%
Total revenues	584,486	100%	544,063	100%	40,423	7%
Costs and expenses						
Cost of revenues (exclusive of depreciation and amortization)	436,059	74%	419,606	77%	16,453	4%
Operating expenses	75,806	13%	69,517	13%	6,289	9%
Depreciation	6,843	1%	7,971	1%	(1,128)	(14)%
Amortization	9,796	2%	8,673	2%	1,123	13%
Total costs and expenses	528,504	90%	505,767	93%	22,737	4%
Operating income	55,982	10%	38,296	7%	17,686	46%
Other expenses						
Interest expense, net of interest income . .	15,519	3%	18,638	3%	(3,119)	(17)%
Loss on early extinguishment of debt	—	0%	943	0%	(943)	(100)%
Total other expenses	15,519	3%	19,581	3%	(4,062)	(21)%
Income from operations before tax	40,463	7%	18,715	4%	21,748	116%
Income tax provision	14,774	3%	9,586	2%	5,188	54%
Net income	\$ 25,689	4%	\$ 9,129	2%	\$16,560	181%

Total Revenues

Total revenues increased by \$40.4 million, or 7%, to \$584.5 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to revenues derived from the contracts acquired in the MCA asset acquisition for the year ended December 31, 2012 as compared to the prior year.

Cash advance revenues increased by \$23.6 million, or 12%, to \$227.5 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to the revenues derived from the contracts acquired in the MCA asset acquisition coupled with modest growth in our base business for the year ended December 31, 2012 as compared to the prior year.

ATM revenues increased by \$19.4 million, or 7%, to \$303.2 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to the growth in the revenues derived from the contracts acquired in the MCA asset purchase and an increase in surcharge revenues for the year ended December 31, 2012 as compared to the prior year. This was partially offset by the reduction in interchange reimbursement rates that were implemented by various card associations in the second quarter 2012 and lower transaction volume.

Check services revenues decreased by \$0.9 million, or 3%, to \$25.4 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to the decrease in the number of

check services transactions by 0.2 million, or 5%, for the year ended December 31, 2012 as compared to the prior year.

Other revenues decreased by \$1.8 million, or 6%, to \$28.4 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to higher kiosk sales in the fourth quarter of the prior year from large casino openings.

Costs and Expenses

Cost of revenues (exclusive of depreciation and amortization) increased by \$16.5 million, or 4%, to \$436.1 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to the additional revenues discussed previously; however, the other significant impact on our cost of revenues (exclusive of depreciation and amortization) was a decrease in the interchange costs associated with the implementation of the Durbin Amendment in October of 2011.

Operating expenses increased by \$6.3 million, or 9%, to \$75.8 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to higher payroll and related expenses and ATM processing and direct costs related to the increased revenue from the MCA acquisition for the year ended December 31, 2012 as compared to the prior year.

Depreciation expenses decreased by \$1.1 million, or 14%, to \$6.8 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to lower charges as certain fixed assets were fully depreciated for the year ended December 31, 2012 as compared to the prior year.

Amortization expenses increased by \$1.1 million, or 13%, to \$9.8 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to the MCA acquisition and amortization of capitalized internal software costs for the year ended December 31, 2012 as compared to the prior year.

Primarily as a result of the factors described above, operating income increased by \$17.7 million, or 46%, to \$56.0 million for the year ended December 31, 2012 as compared to the prior year. The operating margin increased to 10% for the year ended December 31, 2012 from 7% for the prior year.

Interest expense, net of interest income, decreased by \$4.1 million, or 21%, to \$15.5 million for the year ended December 31, 2012 as compared to the prior year. The prior year figures included approximately \$1.8 million that was associated with the debt refinancing in March of 2011, (\$1.0 million loss on early extinguishment of debt and \$0.8 million of defeasance costs related to the debt), and the remaining savings in 2012 came from a \$3.5 million reduction in interest charges due to the lower outstanding debt balance. This decrease in interest expense was partially offset by a \$0.3 million increase in interest charges related to a higher average outstanding balance on the vault cash supplied by Wells Fargo and a slightly higher average cash usage rate; and an interest charge associated with the change in fair value of the interest rate cap acquired in January 2012 of approximately \$0.9 million.

Income tax expense was \$14.8 million, an increase of \$5.2 million, for the year ended December 31, 2012 as compared to the prior year. This was primarily due to the increase in income from operations before income tax expense of \$21.7 million. The provision for income tax reflected an effective income tax rate of 36.5% for the year ended December 31, 2012, which was greater than the statutory federal rate of 35.0% primarily due to state taxes and the non-deductible, non-cash compensation expenses related to stock options. The provision for income tax reflected an effective income tax rate of 51.2% for the prior year, which was greater than the statutory federal rate of 35.0% primarily due to the negative impact by the expiration of certain equity awards to former officers, the re-valuation of our deferred tax assets due to a decrease in the effective state tax rate, the increase in the valuation allowance on state net operating loss carry forwards and an increase in the effect of stock options in proportion to lower pre-tax income amounts.

Primarily as a result of the foregoing, net income was \$25.7 million, an increase of \$16.6 million, or 181%, for the year ended December 31, 2012 as compared to the prior year.

Critical Accounting Policies

The preparation of our financial statements in conformity with United States Generally Accepted Accounting Principles (“GAAP”) requires us to make estimates and assumptions that affect our reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in our consolidated financial statements. The SEC has defined a company’s critical accounting policies as the ones that are most important to the portrayal of the financial condition and results of operations, and which require management to make the most difficult and subjective judgments, often as a result of the need to make estimates about matters that are inherently uncertain. Based on this definition, we have identified our critical accounting policies as those addressed below. We also have other key accounting policies that involve the use of estimates, judgments and assumptions. You should review the notes to our consolidated financial statements for a summary of these policies. We believe that our estimates and assumptions are reasonable, based upon information presently available; however, actual results may differ from these estimates under different assumptions or conditions.

Goodwill. We had approximately \$180.1 million in net unamortized goodwill on our consolidated balance sheets at December 31, 2013 resulting from our acquisitions of other businesses. We test for impairment annually on a reporting unit basis, as of October 1, or more often under certain circumstances. The annual impairment test is completed using either: a qualitative Step 0 assessment based on reviewing relevant events and circumstances; or a quantitative Step 1 assessment using an income approach that discounts future cash flows based on the estimated future results of our reporting units and a market approach that compares market multiples of comparable companies to determine whether or not any impairment exists. If the fair value of a reporting unit is less than its carrying amount, we use the Step 2 assessment to determine the impairment. Our most recent annual assessment was performed as of October 1, 2013. It was determined that no impairment adjustment was necessary. The annual evaluation of goodwill and other non-amortizing intangible assets requires the use of estimates about future operating results of each reporting unit to determine their estimated fair value. Changes in forecasted operations can materially affect these estimates, which could materially affect our results of operations.

Other Intangible Assets. We have approximately \$31.5 million in net unamortized other intangible assets on our consolidated balance sheet at December 31, 2013 that consist primarily of customer contracts (rights to provide cash access services to gaming establishment customers) acquired through business combinations and acquisitions, capitalized software development costs and the acquisition cost of our patent related to the 3-in-1 rollover technology acquired in 2005, which expires in 2018. Customer contracts require us to make renewal assumptions, which impact the estimated useful lives of such assets. Capitalized software development costs require us to make certain judgments as to the stages of development and costs eligible for capitalization. Capitalized software costs placed in service are amortized over their useful lives, generally not to exceed three years. Changes in our assumptions and judgments to these other intangible assets could significantly affect our results of operations. The annual evaluation of other intangible assets is predicated upon the fair value of our reporting units and compared to the other intangible asset carrying values, which requires the use of estimates about future operating results. Changes in forecasted operations can materially affect these estimates, which could significantly affect our results of operations.

Income Taxes. We are subject to income taxes in the United States as well as various states and foreign jurisdictions in which we operate. We account for income taxes in accordance with accounting guidance whereby deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based upon differences between financial statement carrying amounts of existing assets and their respective tax bases using enacted tax rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. We also follow accounting guidance to account for uncertainty in income taxes as recognized in our consolidated financial statements. The effect on the income tax provision and deferred tax assets and liabilities for a change in rates is

recognized in the consolidated statements of income and comprehensive income in the period that includes the enactment date. We believe that it is more likely than not that we will be able to utilize our deferred tax assets. Therefore we have not provided material valuation allowances against our recorded deferred tax assets.

Revenue Recognition. We recognize revenue when evidence of an arrangement exists, products have been delivered or services have been rendered, our price is fixed or determinable and collectability is reasonably assured. We evaluate our revenue streams for proper timing of revenue recognition.

Stock-Based Compensation. Stock-based compensation expense for all awards is based on the grant date fair value estimated. Specifically, we estimate the weighted-average fair value of options granted using the Black-Scholes Option Pricing Model based on evaluation assumptions regarding expected volatility, dividend yield, risk-free interest rates, the expected term of the option and the expected forfeiture rate. Each of these assumptions, while reasonable, requires a certain degree of judgment and the fair value estimates could vary if the actual results are materially different than those initially applied.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our cash flows (in thousands):

	Year Ended December 31,			Increase/(Decrease)	
	2013	2012	2011	2013 vs 2012	2012 vs 2011
Cash flow activities					
Net cash provided by operating activities	\$ 4,334	\$157,488	\$ 54,252	\$(153,154)	\$103,236
Net cash used in investing activities	(13,990)	(12,531)	(18,183)	(1,459)	5,652
Net cash used in financing activities	(29,183)	(46,783)	(41,227)	17,600	(5,556)
Effect of exchange rates on cash	73	(689)	57	762	(746)
Cash and cash equivalents					
Net (decrease)/increase for the period	(38,766)	97,485	(5,101)	(136,251)	102,586
Balance, beginning of the period	153,020	55,535	60,636	97,485	(5,101)
Balance, end of the period	\$114,254	\$153,020	\$ 55,535	\$ (38,766)	\$ 97,485

Our principal source of liquidity is cash flows provided by operating activities, which were \$4.3 million, \$157.5 million and \$54.3 million, for the years ended December 31, 2013, 2012 and 2011, respectively. Cash flows provided by operating activities decreased by \$153.2 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to a decrease in working capital mostly associated with the timing of our settlement receivables and settlement liabilities based on the number of business days outstanding prior to the settlement of our cash access transactions at the end of each period for the year ended December 31, 2013 as compared to the prior year. Cash flows provided by operating activities increased by \$103.2 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to an increase in working capital mostly associated with the timing of our settlement receivables and settlement liabilities based on the number of business days outstanding prior to the settlement of our cash access transactions at the end of each period and an increase in net income; partially offset by a decrease in non-cash expenses for the year ended December 31, 2012 as compared to the prior year.

Cash flows used in investing activities were \$14.0 million, \$12.5 million and \$18.2 million for the years ended December 31, 2013, 2012 and 2011, respectively. Cash flows used in investing activities increased by \$1.5 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to proceeds from the sale of fixed assets in the prior year, an increase in capital expenditures for the current year ended December 31, 2013 and changes in restricted cash and cash equivalents. Cash flows

used in investing activities decreased by \$5.7 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to the acquisition of substantially all the assets of MCA Processing LLC with cash consideration in 2011, proceeds from the sale of fixed assets and changes in restricted cash and cash equivalents; partially offset by increased capital expenditures for the year ended December 31, 2012 as compared to the prior year.

Cash flows used in financing activities were \$29.2 million, \$46.8 million and \$41.2 million for the years ended December 31, 2013, 2012 and 2011, respectively. Cash flows used in financing activities decreased by \$17.6 million for the year ended December 31, 2013 as compared to the prior year. This was primarily due to lower debt repayments and an increase in proceeds from the exercise of stock options; partially offset by purchases of treasury stock for the year ended December 31, 2013 as compared to the prior year. Cash flows used in financing activities increased by \$5.6 million for the year ended December 31, 2012 as compared to the prior year. This was primarily due to increased debt repayments; partially offset by proceeds from the exercise of stock options for the year ended December 31, 2012 as compared to the prior year.

Borrowings

In March 2011, we refinanced all of our indebtedness outstanding under the Second Amended and Restated Credit Agreement (as described below) and repaid our obligations under the senior subordinated notes with proceeds from the Senior Credit Facility as described below.

Senior Credit Facility

We have a Credit Agreement (“the Credit Agreement”) with certain lenders, Deutsche Bank Trust Company Americas, as Administrative Agent and Wells Fargo Securities, LLC, as Syndication Agent. The Credit Agreement provides for a \$210.0 million term loan facility and a \$35.0 million revolving credit facility (the “Senior Credit Facility”). The revolving credit facility includes provisions for the issuance of up to \$10.0 million of letters of credit and up to \$5.0 million in swing-line loans.

The term loan requires principal repayments of one quarter of 1% of the aggregate initial principal amount of term loans, adjusted for any non-mandatory prepayments per quarter, as well as annual mandatory prepayment provisions based on an excess cash flow sweep equal to a fixed percentage of excess cash flow (as defined in the Credit Agreement). The remaining principal is due on the maturity date, March 1, 2016. The Credit Agreement contains mandatory prepayment provisions which, under certain circumstances, such as asset or equity sales, obligate us to apply defined portions of our cash flow to prepayment of the Senior Credit Facility.

In May 2013, we entered into a second amendment to our Credit Agreement, dated March 1, 2011, among Deutsche Bank Trust Company Americas, as administrative agent and the various lenders who are a party thereto (the “Amended Credit Agreement”). The Amended Credit Agreement reduced the interest rate on borrowings under the term loan facility from LIBOR plus a margin of 5.5% (subject to a minimum LIBOR rate of 1.50%) to LIBOR plus a margin of 3.0% (subject to a minimum LIBOR rate of 1.0%). In addition, the original Credit Agreement provided for an increase option permitting us to arrange with existing and/or new lenders for them to provide up to an aggregate of \$50.0 million in additional term loan commitments. The Amended Credit Agreement now provides for an increase option permitting us to arrange with existing and/or new lenders additional term loan and/or revolving credit facility loan amounts in excess of \$50.0 million so long as our total leverage ratio after giving effect to such additional loan amount does not exceed 2.50:1.00 (as such leverage ratio is calculated and defined under the Amended Credit Agreement).

In September 2012, we entered into an amendment to our Credit Agreement. The amendment modifies certain financial covenants contained in the Credit Agreement with respect to our ability to make capital expenditures, dividends and stock repurchases. Specifically, we, together with our subsidiaries, may make an additional \$15.0 million of capital expenditures, as such term is defined in the Credit Agreement, during

the remainder of the term of the Credit Agreement, which amount is in addition to any other permitted capital expenditures under the Credit Agreement. In addition, the Credit Agreement provided that we could make certain dividends or stock repurchases if, among other things, our total leverage ratio (as calculated under the Credit Agreement) was less than 2.0 to 1. The amendment provides that we may now make certain dividends and stock repurchases if, among other things, our total leverage ratio is less than 2.5 to 1.

As of December 31, 2013, we had \$103.0 million of outstanding indebtedness under the Senior Credit Facility, all of which was outstanding under the term loan facility.

The weighted average interest rate was 5.2% for the year ended December 31, 2013. We also had no amounts outstanding under our letter of credit sub facility that is part of our revolving credit facility as of December 31, 2013. The Senior Credit Facility is unconditionally guaranteed by Holdings and each direct and indirect domestic subsidiary of GCA. All amounts owing under the Senior Credit Facility are secured by a first priority perfected security interest in all stock (but only 65% of the stock of foreign subsidiaries), other equity interests and promissory notes owned by us and a first priority perfected security interest in all other tangible and intangible assets owned by us and our guarantors.

The Credit Agreement contains customary affirmative and negative covenants, financial covenants, representations and warranties and events of defaults. As of December 31, 2013, we were in compliance with the required covenants. The significant financial covenants are:

Interest Expense Coverage Ratio (as defined in the Credit Agreement)

<u>Fiscal Quarter Ended Closest to</u>	<u>Ratio</u>
December 31, 2013	3.25:1.00
March 31, 2014	3.50:1.00
June 30, 2014	3.50:1.00
September 30, 2014	3.50:1.00
December 31, 2014	3.50:1.00
Thereafter	3.75:1.00

Total Leverage Ratio (as defined in the Credit Agreement)

<u>Period</u>	<u>Ratio</u>
9/30/12 - 3/30/15	3.25:1.00
Thereafter	2.75:1.00

Excess Cash Flow Sweep(1)

<u>Period</u>	<u>Ratio</u>
is greater than 2.50:1.00	50%
is less than or equal to 2.50:1.00 but greater than 1.50:1.00	25%
is less than 1.50:1.00	0%

(1) GCA is required to pay a percentage of Excess Cash Flow, as defined in the Credit Agreement, which is based upon the Total Leverage Ratio, as defined in the Credit Agreement.

Interest Rate Cap

In conjunction with the terms and conditions of the Senior Credit Facility, we purchased a \$150.0 million notional amount interest rate cap with an effective date of January 5, 2012 and a term of three years. we purchased this interest rate cap to partially reduce our exposure to increases in the London Interbank Offer Rate (“LIBOR”) above 1.5% during the term of the interest rate cap with respect to our variable rate

debt obligations under the Senior Credit Facility and our obligations under the Contract Cash Solutions Agreement with Wells Fargo. This interest rate cap is recorded in other assets in our consolidated balance sheets, and is marked-to-market based on a quoted market price with the effects offset in our consolidated statements of income and comprehensive income. The interest rate cap carrying value and fair value approximate each other and these values are insignificant as of December 31, 2013.

Contractual Obligations

The following is a summary of our contractual cash obligations (in thousands):

	At December 31, 2013						
	Total	2014	2015	2016	2017	2018	Thereafter
Contractual Obligations							
New senior credit facility	\$103,000	\$ 1,030	\$1,030	\$100,940	\$ —	\$ —	\$ —
Estimated interest obligations(1)	9,302	4,173	4,120	1,009	—	—	—
Operating lease obligations	10,619	1,252	1,115	1,107	1,091	1,381	4,673
Purchase obligations(2)	12,293	4,381	3,576	2,386	1,450	250	250
Total contractual obligations(3)	\$135,214	\$10,836	\$9,841	\$105,442	\$2,541	\$1,631	\$4,923

- (1) Estimated interest payments were computed using the interest rate in effect at December 31, 2013 multiplied by the principal balance outstanding after scheduled principal amortization payments. For the Senior Credit Facility the rate assumed was 4.0%.
- (2) Included in purchase obligations are minimum transaction processing services from various third-party processors that we use.
- (3) The required principal payments under the Senior Credit Facility are one quarter of 1% and may also require an excess cash flow payment that is based on full year end earnings and our leverage ratio in effect at that time. The above table does not reflect any amounts related to excess cash flow payments.

Deferred Tax Asset

At December 31, 2013, we had a net deferred income tax asset of \$91.0 million. We recognized a deferred tax asset upon our conversion from a limited liability company to a corporation on May 14, 2004. Prior to that time, all tax attributes flowed through to the members of the limited liability company. The principal component of the deferred tax asset is a difference between our assets for financial accounting and tax purposes. This difference results from a significant balance of acquired goodwill of approximately \$687.4 million that was generated as part of the conversion to a corporation plus approximately \$97.6 million in pre-existing goodwill carried over from periods prior to the conversion. Both of these assets are recorded for tax purposes but not for accounting purposes. This asset is amortized over 15 years for tax purposes, resulting in annual pretax income being \$52.3 million lower for tax purposes than for financial accounting purposes. At an estimated blended domestic statutory tax rate of 36.4%, this results in tax payments being approximately \$19.0 million less than the annual provision for income taxes shown on the income statement for financial accounting purposes, or the amount of the annual provision, if less. There is an expected aggregate of \$101.5 million in cash savings over the remaining life of the portion of our deferred tax asset related to the conversion. This deferred tax asset may be subject to certain limitations. We believe that it is more likely than not that we will be able to utilize our deferred tax asset. However, the utilization of this tax asset is subject to many factors including our earnings, a change of control of the Company and future earnings.

Other Liquidity Needs and Resources

Our Contract Cash Solutions Agreement with Wells Fargo allows us to use funds owned by Wells Fargo to provide the currency needed for normal operating requirements for our ATMs. For the use of these funds, we pay Wells Fargo a cash usage fee on the average daily balance of funds utilized multiplied by a contractually defined cash usage rate. Under this agreement, all currency supplied by Wells Fargo remains the sole property of Wells Fargo at all times until it is dispensed, at which time Wells Fargo obtains an interest in the corresponding settlement receivable. As the cash is never an asset of ours, supplied cash is not reflected on our balance sheet.

In June 2012, we and Wells Fargo amended the Contract Cash Solutions Agreement to increase the maximum amount of cash to be provided to us from \$400.0 million to \$500.0 million, and the initial term of the Contract Cash Solutions Agreement was extended from November 30, 2013 until November 30, 2014; however, in November 2013, we entered into an amendment to the Contract Cash Solutions Agreement to extend the term one year until November 30, 2015.

The outstanding balances of ATM cash utilized by us from Wells Fargo were \$427.1 million and \$360.4 million as of December 31, 2013 and 2012, respectively.

Under the terms of the Contract Cash Solutions Agreement, we pay a monthly cash usage fee based upon the product of the average daily dollars outstanding in all ATMs multiplied by a contractually defined cash usage rate. This cash usage rate is determined by an applicable LIBOR plus a mutually agreed upon margin.

We are exposed to interest rate risk to the extent that the applicable LIBOR increases, subject to the interest rate cap purchased in January 2012.

The cash usage fees incurred by us, reflected as interest expense within the consolidated statements of income and comprehensive income, were \$2.2 million, \$3.1 million and \$2.8 million for the years ended December 31, 2013, 2012 and 2011, respectively.

We are responsible for any losses of cash in the ATMs under our agreement with Wells Fargo and we self-insure for this risk. We incurred no material losses related to this self-insurance for the years ended December 31, 2013 and 2012.

We need supplies of cash to support our foreign operations. For some foreign jurisdictions, such as the United Kingdom, applicable law and cross-border treaties allow us to transfer funds between our domestic and foreign operations efficiently. For other foreign jurisdictions, we must rely on the supply of cash generated by our operations in those foreign jurisdictions, and the cost of repatriation is prohibitive. For example, Global Cash Access (Canada), Inc. (“GCA Canada”), the subsidiary through which we operate in Canada, generates a supply of cash that is sufficient to support its operations, and all cash generated through such operations is expected to be retained by GCA Canada. As we expand our operations into new foreign jurisdictions, we must rely on treaty-favored cross-border transfers of funds, the supply of cash generated by our operations in those foreign jurisdictions or alternate sources of working capital.

We believe that borrowings available under the Senior Credit Facility, together with our anticipated operating cash flows, will be adequate to meet our anticipated future requirements for working capital, capital expenditures and scheduled interest payments. Although no additional financing is currently contemplated, we may seek, if necessary or otherwise advisable and to the extent permitted under the terms of the Senior Credit Facility, additional financing through bank borrowings or public or private debt or equity financings. We cannot ensure that additional financing, if needed, will be available to us, or that, if available, the financing will be on terms favorable to us. The terms of any additional debt or equity financing that we may obtain in the future could impose additional limitations on our operations and/or management structure. We also cannot ensure that the estimates of our liquidity needs are accurate or that new business developments or other unforeseen events will not occur, resulting in the need to raise additional funds.

Off-Balance Sheet Arrangements

Wells Fargo Contract Cash Solutions Agreement. We obtain currency to meet the normal operating requirements of our domestic ATMs pursuant to the Contract Cash Solutions Agreement with Wells Fargo. Under this agreement, all currency supplied by Wells Fargo remains the sole property of Wells Fargo at all times until it is dispensed, at which time Wells Fargo obtains an interest in the corresponding settlement receivable. Because it is never an asset of ours, supplied cash is not reflected on our balance sheet. At December 31, 2013, the total currency obtained from Wells Fargo pursuant to this agreement was \$427.1 million. Since Wells Fargo obtains an interest in our settlement receivables, there is no liability corresponding to the supplied cash reflected on our balance sheet. The fees that we pay to Wells Fargo for cash usage pursuant to this agreement are reflected as interest expense in our financial statements. Foreign gaming establishments supply the currency needs for the ATMs located on their premises.

Effects of Inflation

Our monetary assets, consisting primarily of cash and receivables, are not significantly affected by inflation. Our non-monetary assets, consisting primarily of our deferred tax asset, goodwill and other intangible assets, are not affected by inflation. We believe that replacement costs of equipment, furniture and leasehold improvements will not materially affect our operations. However, the rate of inflation affects our operating expenses, such as those for salaries and benefits, armored carrier expenses, telecommunications expenses and equipment repair and maintenance services, which may not be readily recoverable in the financial terms under which we provide our cash access products and services to gaming establishments and their patrons.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we are exposed to foreign currency exchange risk. We operate and conduct business in foreign countries and, as a result, are exposed to movements in foreign currency exchange rates. Our exposure to foreign currency exchange risk related to our foreign operations is not material to our results of operations, cash flows or financial position. At present, we do not hedge this risk, but continue to evaluate such foreign currency translation risk exposure.

Wells Fargo supplies us with currency needed for normal operating requirements of our domestic ATMs pursuant to the Contract Cash Solutions Agreement. Under the terms of this agreement, we pay a monthly cash usage fee based upon the product of the average daily dollars outstanding in all such ATMs multiplied by a margin that is tied to LIBOR. We are, therefore, exposed to interest rate risk to the extent that the applicable LIBOR increases. As of December 31, 2013, the currency supplied by Wells Fargo was \$427.1 million. Based upon this outstanding amount of currency supplied by Wells Fargo, each 1% increase in the applicable LIBOR would have a \$4.3 million impact on income before taxes over a 12-month period. Foreign gaming establishments' supply the currency needs for the ATMs located on their premises.

Our Credit Facility bears interest at rates that can vary over time. We have the option of having interest on the outstanding amounts under these credit facilities paid based on a base rate or based on LIBOR. We have historically elected to pay interest based on LIBOR, and we expect to continue to pay interest based on LIBOR of various maturities. The weighted average interest rate was 5.2% for the year ended December 31, 2013. Based upon the outstanding balance on the Credit Facility of \$103.0 million as of December 31, 2013, each 1% increase in the applicable LIBOR would have a \$1.0 million impact on interest expense over a 12-month period.

In January 2012, we entered into a three year \$150.0 million interest rate cap agreement pursuant to the terms and conditions of the Credit Facility, which partially mitigates our exposure to any increases to LIBOR to the extent LIBOR rises above 1.5% during the term of the interest rate cap agreement.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Global Cash Access Holdings, Inc.
Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets of Global Cash Access Holdings, Inc. and subsidiaries (the “Company”) as of December 31, 2013 and 2012, and the related consolidated statements of income and comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Global Cash Access Holdings, Inc. and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2014 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte & Touche LLP
Las Vegas, NV
March 11, 2014

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except earnings per share amounts)

	<u>Year Ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues	\$582,444	\$584,486	\$544,063
Costs and expenses			
Cost of revenues (exclusive of depreciation and amortization)	439,794	436,059	419,606
Operating expenses	76,562	75,806	69,517
Depreciation	7,350	6,843	7,971
Amortization	9,588	9,796	8,673
Total costs and expenses	<u>533,294</u>	<u>528,504</u>	<u>505,767</u>
Operating income	49,150	55,982	38,296
Other expenses			
Interest expense, net of interest income	10,265	15,519	18,638
Loss on early extinguishment of debt	—	—	943
Total other expenses	<u>10,265</u>	<u>15,519</u>	<u>19,581</u>
Income from operations before tax	38,885	40,463	18,715
Income tax provision	14,487	14,774	9,586
Net income	<u>24,398</u>	<u>25,689</u>	<u>9,129</u>
Foreign currency translation	269	218	(247)
Comprehensive income	<u>\$ 24,667</u>	<u>\$ 25,907</u>	<u>\$ 8,882</u>
Earnings per share			
Basic	<u>\$ 0.37</u>	<u>\$ 0.39</u>	<u>\$ 0.14</u>
Diluted	<u>\$ 0.36</u>	<u>\$ 0.38</u>	<u>\$ 0.14</u>
Weighted average common shares outstanding			
Basic	<u>66,014</u>	<u>65,933</u>	<u>64,673</u>
Diluted	<u>67,205</u>	<u>67,337</u>	<u>64,859</u>

See notes to consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value amounts)

	At December 31,	
	2013	2012
ASSETS		
Cash and cash equivalents	\$ 114,254	\$ 153,020
Restricted cash and cash equivalents	290	200
Settlement receivables	38,265	29,484
Other receivables, net of allowances for doubtful accounts of \$2.8 million and \$6.9 million, respectively	16,962	11,571
Inventory	9,413	7,126
Prepaid expenses and other assets	26,770	18,254
Property, equipment and leasehold improvements, net	18,710	15,441
Goodwill	180,084	180,141
Other intangible assets, net	31,535	33,994
Deferred income taxes, net	91,044	104,664
Total assets	\$ 527,327	\$ 553,895
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Settlement liabilities	\$ 145,022	\$ 182,446
Accounts payable and accrued expenses	60,701	51,190
Borrowings	103,000	121,500
Total liabilities	308,723	355,136
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Common stock, \$0.001 par value, 500,000 shares authorized and 89,233 and 87,545 shares issued at December 31, 2013 and December 31, 2012, respectively	89	87
Convertible preferred stock, \$0.001 par value, 50,000 shares authorized and 0 shares outstanding at December 31, 2013 and December 31, 2012, respectively	—	—
Additional paid-in capital	231,516	217,990
Retained earnings	148,012	123,614
Accumulated other comprehensive income	2,827	2,558
Treasury stock, at cost, 23,303 and 20,724 shares at December 31, 2013 and December 31, 2012, respectively	(163,840)	(145,490)
Total stockholders' equity	218,604	198,759
Total liabilities and stockholders' equity	\$ 527,327	\$ 553,895

See notes to consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities			
Net income	\$ 24,398	\$ 25,689	\$ 9,129
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	7,350	6,843	7,971
Amortization of intangibles	9,588	9,796	8,673
Amortization of financing costs	1,793	1,485	1,343
Loss on sale or disposal of assets	178	95	991
Provision for bad debts	7,874	5,182	5,959
Loss on early extinguishment of debt	—	—	943
Stock-based compensation	5,078	6,655	6,809
Changes in operating assets and liabilities:			
Settlement receivables	(8,793)	50,823	(69,881)
Other receivables, net	(13,335)	1,196	(8,125)
Inventory	(2,286)	134	(3,146)
Prepaid and other assets	(9,482)	(3,425)	(2,323)
Deferred income taxes	13,643	14,376	9,252
Settlement liabilities	(37,200)	40,530	82,125
Accounts payable and accrued expenses	5,528	(1,891)	4,532
Net cash provided by operating activities	<u>4,334</u>	<u>157,488</u>	<u>54,252</u>
Cash flows from investing activities			
Acquisitions, net of cash acquired	—	—	(10,763)
Capital expenditures	(13,986)	(13,654)	(7,420)
Proceeds from sale of fixed assets	86	868	—
Changes in restricted cash and cash equivalents	(90)	255	—
Net cash used in investing activities	<u>(13,990)</u>	<u>(12,531)</u>	<u>(18,183)</u>
Cash flows from financing activities			
Repayments against prior credit facility	—	—	(208,750)
Securing of credit facility	—	—	214,000
Issuance costs of amended credit facility	(764)	(676)	(7,099)
Repayments against credit facility	(18,500)	(52,500)	(40,000)
Proceeds from exercise of stock options	8,431	6,655	812
Purchase of treasury stock	(18,350)	(262)	(190)
Net cash used in financing activities	<u>(29,183)</u>	<u>(46,783)</u>	<u>(41,227)</u>
Effect of exchange rates on cash	73	(689)	57
Cash and cash equivalents			
Net (decrease)/increase for the period	(38,766)	97,485	(5,101)
Balance, beginning of the period	153,020	55,535	60,636
Balance, end of the period	<u>\$114,254</u>	<u>\$153,020</u>	<u>\$ 55,535</u>
Supplemental cash flow disclosures			
Cash paid for interest	\$ 8,634	\$ 15,494	\$ 19,166
Cash paid for income tax, net of refunds	\$ 711	\$ 665	\$ 366
Non-cash tenant improvements paid by landlord	\$ 2,930	\$ —	\$ —
Accrued and unpaid capital expenditures	\$ 1,073	\$ —	\$ —

See notes to consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock— Series A		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
	Number of Shares	Amount					
Balance, December 31, 2010	<u>85,006</u>	<u>\$85</u>	<u>\$197,048</u>	<u>\$ 88,796</u>	<u>\$2,587</u>	<u>\$(145,038)</u>	<u>\$143,478</u>
Net income	—	—	—	9,129	—	—	9,129
Foreign currency translation	—	—	—	—	(247)	—	(247)
Stock-based compensation expense	—	—	6,809	—	—	—	6,809
Exercise of options	399	1	878	—	—	—	879
Restricted share vesting withholdings	—	—	—	—	—	(190)	(190)
Restricted shares vested . .	<u>246</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance, December 31, 2011	<u>85,651</u>	<u>86</u>	<u>204,735</u>	<u>97,925</u>	<u>2,340</u>	<u>(145,228)</u>	<u>159,858</u>
Net income	—	—	—	25,689	—	—	25,689
Foreign currency translation	—	—	—	—	218	—	218
Stock-based compensation expense	—	—	6,655	—	—	—	6,655
Exercise of options	1,726	1	6,600	—	—	—	6,601
Restricted share vesting withholdings	—	—	—	—	—	(262)	(262)
Restricted shares vested . .	<u>168</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance, December 31, 2012	<u>87,545</u>	<u>87</u>	<u>217,990</u>	<u>123,614</u>	<u>2,558</u>	<u>(145,490)</u>	<u>198,759</u>
Net income	—	—	—	24,398	—	—	24,398
Foreign currency translation	—	—	—	—	269	—	269
Stock-based compensation expense	—	—	5,078	—	—	—	5,078
Exercise of options	1,618	2	8,448	—	—	—	8,450
Treasury share repurchases	—	—	—	—	—	(18,241)	(18,241)
Restricted share vesting withholdings	—	—	—	—	—	(109)	(109)
Restricted shares vested . .	<u>70</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance, December 31, 2013	<u>89,233</u>	<u>\$89</u>	<u>\$231,516</u>	<u>\$148,012</u>	<u>\$2,827</u>	<u>\$(163,840)</u>	<u>\$218,604</u>

See notes to consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND BASIS OF PRESENTATION

Global Cash Access Holdings, Inc. (“Holdings”) is a holding company, the principal asset of which is the capital stock of Global Cash Access, Inc. (“GCA”). Unless otherwise indicated, the terms “the Company,” “Holdings,” “we,” “us” and “our” refer to Holdings together with its consolidated subsidiaries. Holdings was formed on February 4, 2004 for the purpose of holding all of the outstanding capital stock of GCA and to guarantee the obligations under our senior secured credit facilities.

We are a global provider of cash access services and related equipment and services to the gaming industry. Our products and services: (a) provide gaming establishment patrons access to cash through a variety of methods, including Automated Teller Machine (“ATM”) cash withdrawals, credit card cash access transactions, point-of-sale (“POS”) debit card transactions, check verification and warranty services and money transfers; (b) provide cash access devices and related services, such as slot machine ticket redemption and jackpot kiosks to the gaming industry; (c) provide products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments; and (d) provide online payment processing solutions for gaming operators in states that offer intra-state, Internet-based gaming and lottery activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all balances on deposit in banks and financial institutions. We consider all highly liquid investments with maturities of three months or less at the time of purchase to be cash and cash equivalents. Such balances generally exceed the federal insurance limits. However, we periodically evaluate the creditworthiness of these institutions to minimize risk.

Restricted Cash and Cash Equivalents

As part of our Internet cash access activity, we hold deposits on behalf of lottery patrons. These funds can be utilized by lottery patrons for the purchase of lottery tickets. We reflect this cash as restricted cash and maintain a liability for these funds in accounts payable and accrued expenses. In addition, we have a sponsorship agreement that requires us to maintain a minimum deposit as collateral for any potential chargeback loss activity occurring as a result of the sponsorship arrangement. All interest received on this deposit is recorded to restricted cash and cash equivalents. The total balance of restricted cash and cash equivalents was \$0.3 million and \$0.2 million, at December 31, 2013 and 2012, respectively.

ATM Funding Agreements

We obtain all of the cash required to operate our ATMs through various ATM Funding Agreements. Some gaming establishments provide the cash utilized within the ATM (“Site-Funded”). The Site-Funded receivables generated for the amount of cash dispensed from transactions performed at our ATMs are owned by us and we are liable to the gaming establishment for the face amount of the cash dispensed. In the consolidated balance sheets, the amount of the receivable for transactions processed on these ATM transactions is included within settlement receivables and the amount due to the gaming establishment for the face amount of dispensing transactions is included within settlement liabilities.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the Non-Site-Funded locations, our Contract Cash Solutions Agreement with Wells Fargo allows us to use funds owned by Wells Fargo to provide the currency needed for normal operating requirements for our ATMs. For the use of these funds, we pay Wells Fargo a cash usage fee on the average daily balance of funds utilized multiplied by a contractually defined cash usage rate. Under this agreement, all currency supplied by Wells Fargo remains the sole property of Wells Fargo at all times until it is dispensed, at which time Wells Fargo obtains an interest in the corresponding settlement receivable. As the cash is never an asset of ours, supplied cash is not reflected on our balance sheet. We are charged a cash usage fee for the cash used in these ATMs, which is included as interest expense in the consolidated statements of income and comprehensive income. We recognize the fees as interest expense due to the similar operational characteristics to a revolving line of credit, the fact that the fees are calculated on a financial index and the fees are paid for access to a capital resource.

Settlement Receivables and Settlement Liabilities

In the credit card cash access and POS debit card cash access transactions provided by us, the gaming establishment is reimbursed for the cash disbursed to gaming patrons, in most instances, through the issuance of a negotiable instrument, and, in some instances, through electronic settlement. We receive reimbursement from the patron's credit or debit card issuer for the transaction in an amount equal to the amount owing to the gaming establishment plus the fee charged to the patron. This reimbursement is included within the settlement receivables on the consolidated balance sheets. The amounts owed to gaming establishments are included within settlement liabilities on the consolidated balance sheets.

Warranty Receivables

If a gaming establishment chooses to have a check warranted, it sends a request to our third party check warranty service provider, asking whether it would be willing to accept the risk of cashing the check. If the check warranty provider accepts the risk and warrants the check, the gaming establishment negotiates the patron's check by providing cash for the face amount of the check. If the check is dishonored by the patron's bank upon presentment, the gaming establishment invokes the warranty, and the check warranty service provider purchases the check from the gaming establishment for the full check amount and then pursues collection activities on its own. In our Central Credit Check Warranty product under our agreement with the third party service provider, we receive all of the check warranty revenue. We are exposed to risk for the losses associated with any warranted items that cannot be collected from patrons issuing the items. Warranty receivables are defined as any amounts paid by the third party check warranty service provider to gaming establishments to purchase dishonored checks. Additionally, we pay a fee to the third party check warranty service provider for its services.

The warranty receivables amount is recorded in other receivables, net on our consolidated balance sheets. On a monthly basis, the Company evaluates the collectability of the outstanding balances and establishes a reserve for the face amount of the expected losses on these receivables. The warranty expense associated with this reserve is included within cost of revenues (exclusive of depreciation and amortization) on our consolidated statements of income and comprehensive income.

Unamortized Debt Issuance Costs

Debt issuance costs incurred in connection with long-term borrowings are capitalized and amortized to interest expense based upon the related debt agreements using the straight-line method, which

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

approximates the effective interest method. Unamortized debt issuance costs are included in prepaid and other assets on the consolidated balance sheets.

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost, less accumulated depreciation, computed using the straight-line method over the lesser of the estimated life of the related assets, generally three to five years, or the related lease term.

Repairs and maintenance costs are expensed as incurred.

Upon sale or retirement, the costs and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the consolidated statements of income and comprehensive income.

Property, equipment and leasehold improvements are reviewed for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. Impairment is indicated when undiscounted future cash flows do not exceed the asset's carrying value. There was no impairment for any of our property, equipment, or leasehold improvements for the years ended December 31, 2013, 2012 and 2011.

Goodwill

Goodwill represents the excess of the purchase price over the identifiable tangible and intangible assets acquired plus liabilities assumed arising from business combinations.

We test for impairment annually on a reporting unit basis, at the beginning of our fourth fiscal quarter, or more often under certain circumstances. The annual impairment test is completed using either: a qualitative Step 0 assessment based on reviewing relevant events and circumstances; or a quantitative Step 1 assessment, which determines the fair value of the reporting unit, using an income approach that discounts future cash flows based on the estimated future results of our reporting units and a market approach that compares market multiples of comparable companies to determine whether or not any impairment exists. If the fair value of a reporting unit is less than its carrying amount, we use the Step 2 assessment to determine the impairment.

Other Intangible Assets

Other intangible assets consist primarily of customer contracts (rights to provide cash access services to gaming establishment customers) acquired through business combinations and acquisitions, capitalized software development costs and the acquisition cost of our patent related to the 3-in-1 rollover technology acquired in 2005. Customer contracts require us to make renewal assumptions, which impact the estimated useful lives of such assets. Capitalized software development costs require us to make certain judgments as to the stages of development and costs eligible for capitalization. Capitalized software costs placed in service are amortized over their useful lives, generally not to exceed three years. The acquisition cost of the 3-in-1 rollover patent is being amortized over the term of the patent, which expires in 2018. Other intangible assets are reviewed annually for impairment based on the fair value of our reporting units as compared to the carrying amounts, or whenever events or circumstances indicate that the carrying amounts may not be recoverable. This assessment requires the use of estimates about future operating results.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in forecasted operations can materially affect these estimates, which could materially affect our results of operations.

Fair Values of Financial Instruments

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value estimates are made at a specific point in time, based upon relevant market information about the financial instrument.

The carrying amount of cash and cash equivalents, restricted cash and cash equivalents, other receivables, net, settlement receivables, settlement liabilities, accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments. The fair value of our borrowings are estimated based on various inputs to determine a market price, such as: market demand and supply, size of tranche, maturity and similar instruments trading in more active markets.

The fair values of all other financial instruments approximate their book values as the instruments are short-term in nature or contain market rates of interest.

Interest Rate Cap

In conjunction with the terms and conditions of the Senior Credit Facility, as described in Note 8, we purchased a \$150.0 million notional amount interest rate cap with an effective date of January 5, 2012 and a term of three years. We purchased this interest rate cap to partially reduce our exposure to increases in the London Interbank Offer Rate (“LIBOR”) above 1.5% during the term of the interest rate cap with respect to our variable rate debt obligations under the Senior Credit Facility and our obligations under the Contract Cash Solutions Agreement with Wells Fargo. This interest rate cap is recorded in other assets in our consolidated balance sheets, and is marked-to-market based on a quoted market price with the effects offset in the statements of income and comprehensive income. The interest rate cap carrying value and fair value approximate each other and these values are insignificant as of December 31, 2013.

The following table presents the fair value and carrying value of GCA’s borrowings (amounts in thousands):

	<u>Level of Hierarchy(*)</u>	<u>Fair Value</u>	<u>Carrying Value</u>
December 31, 2013			
Senior credit facility	2	\$104,030	\$103,000
December 31, 2012			
Senior credit facility	2	\$122,715	\$121,500

(*) Level 1 indicates that the fair value is determined by using quoted prices in active markets for identical investments. Level 2 indicates that the fair value is determined using pricing inputs other than quoted prices in active markets such as models or other valuation methodologies. Level 3 indicates that the fair value is determined using pricing inputs that are unobservable for the investment and include situations where there is little, if any,

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

market activity for the investment. Significant management estimates and judgment are used in the determination of the fair value of level 3 pricing inputs.

Inventory

Inventory primarily consists of parts as well as finished goods and work-in-progress. Inventory is stated at lower of cost or market accounted for using the average cost method. The cost of inventory includes cost of materials, labor, overhead and freight.

Revenue Recognition

We recognize revenue when evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured. We evaluate our revenue streams for proper timing of revenue recognition. Revenue is recognized as products are delivered and or services are performed.

Cost of Revenues (exclusive of depreciation and amortization)

The cost of revenues (exclusive of depreciation and amortization) represents the direct costs required to perform revenue generating transactions. The principal costs included within cost of revenues (exclusive of depreciation and amortization) are commissions paid to gaming establishments, interchange fees paid to credit and debit card networks, transaction processing fees to our transaction processor, inventory costs associated with the sale of our kiosks and check cashing warranties.

Advertising, Marketing and Promotional Costs

We expense advertising, marketing and promotional costs as incurred. Total advertising, marketing and promotional costs, included in operating expenses in the consolidated statements of income and comprehensive income, were \$0.7 million, \$0.7 million and \$0.6 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Income Taxes

Income tax expense includes U.S. and international income taxes, plus the provision for U.S. taxes on undistributed earnings of international subsidiaries not deemed to be permanently invested. Since it is management's practice and intent to reinvest the earnings in the international operations of our foreign subsidiaries, U.S. federal income taxes have not been provided on the undistributed earnings of any foreign subsidiaries except for GCA Macau. Some items of income and expense are not reported in tax returns and the consolidated financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes.

Foreign Currency Translation

Foreign currency denominated assets and liabilities for those foreign entities for which the local currency is the functional currency are translated into U.S. dollars based on exchange rates prevailing at the end of each year. Revenues and expenses are translated at average exchange rates during the year. The effects of foreign exchange gains and losses arising from these translations are included as a component of other comprehensive income on the consolidated statements of income and comprehensive income. Translation

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

adjustments on intercompany balances of a long-term investment nature are recorded as a component of accumulated other comprehensive income on our consolidated balance sheets.

Use of Estimates

We have made estimates and judgments affecting the amounts reported in these financial statements and the accompanying notes. The actual results may differ from these estimates. These accounting estimates incorporated into the consolidated financial statements include, but are not limited to:

- the estimated reserve for warranty expense associated with our check warranty receivables;
- the valuation and recognition of share-based compensation;
- the valuation allowance on our deferred income tax assets;
- the estimated cash flows in assessing the recoverability of long-lived assets;
- the budgets for future performance, weighted average cost of capital (“WACC”) and growth rates as well as other factors used in our annual goodwill and other intangible assets impairment evaluations;
- the renewal assumptions used for customer contracts to estimate the useful lives of such assets; and
- the judgments used to determine the stages of development and costs eligible for capitalization as internally developed software.

Earnings Applicable to Common Stock

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the effect of potential common stock resulting from assumed stock option exercises and vesting of restricted stock.

Share-Based Compensation

Share-based payment awards result in a cost that is measured at fair value on the award’s grant date. Stock options expected to be exercised and restricted stock expected to be vested currently and in future periods are measured at grant date fair value using the Black-Scholes model with the expense associated with these awards being recognized on the straight-line basis over the awards’ vesting period. Forfeitures are estimated at the time of grant, with such estimate updated periodically and with actual forfeitures recognized currently to the extent they differ from the estimates.

3. ATM FUNDING AGREEMENTS

Wells Fargo Contract Cash Solutions Agreement

Our Contract Cash Solutions Agreement with Wells Fargo allows us to use funds owned by Wells Fargo to provide the currency needed for normal operating requirements for our ATMs. For the use of these funds, we pay Wells Fargo a cash usage fee on the average daily balance of funds utilized multiplied by a contractually defined cash usage rate. Under this agreement, all currency supplied by Wells Fargo remains the sole property of Wells Fargo at all times until it is dispensed, at which time Wells Fargo obtains an interest in the corresponding settlement receivable. As the cash is never an asset of ours, supplied cash is not reflected on our balance sheet.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. ATM FUNDING AGREEMENTS (Continued)

In June 2012, we amended the Contract Cash Solutions Agreement with Wells Fargo to increase the maximum amount of cash to be provided to us from \$400.0 million to \$500.0 million, and the initial term of the Contract Cash Solutions Agreement has been extended from November 30, 2013 until November 30, 2015.

The outstanding balances of ATM cash utilized by us from Wells Fargo were \$427.1 million and \$360.4 million as of December 31, 2013 and 2012, respectively.

Under the terms of the Contract Cash Solutions Agreement, we pay a monthly cash usage fee based upon the product of the average daily dollars outstanding in all ATMs multiplied by a contractually defined cash usage rate. This cash usage rate is determined by an applicable LIBOR plus a mutually agreed upon margin.

We are exposed to interest rate risk to the extent that the applicable LIBOR increases, subject to the interest rate cap purchased in January 2012.

Cash usage fees, reflected as interest expense within the consolidated statements of income and comprehensive income, were \$2.2 million, \$3.1 million and \$2.8 million for the years ended December 31, 2013, 2012 and 2011, respectively.

We are responsible for any losses of cash in the ATMs under our agreement with Wells Fargo and we self-insure for this risk. We incurred no material losses related to this self-insurance for the years ended December 31, 2013 and 2012.

Site-Funded ATMs

We operate ATMs at certain customer gaming establishments where the gaming establishment provides the cash required for the ATM operational needs. We are required to reimburse the customer for the amount of cash dispensed from these Site-Funded ATMs. The Site-Funded ATM liability is included within settlement liabilities in the accompanying consolidated balance sheets and was \$68.9 million and \$107.5 million as of December 31, 2013 and 2012, respectively.

4. WARRANTY RESERVES

The warranty receivables amount is recorded in other receivables, net on the consolidated balance sheets. On a monthly basis, we evaluate the collectability of the outstanding balances and establish a reserve for the face amount of the expected losses on these receivables. The warranty expense associated with this reserve is included within cost of revenues (exclusive of depreciation and amortization) in the consolidated statements of income and comprehensive income.

A summary activity of the reserve for warranty losses is as follows (in thousands):

	<u>Amount</u>
Balance, December 31, 2011	\$ 6,756
Warranty expense provision	5,226
Charge offs against reserve	<u>(5,074)</u>
Balance, December 31, 2012	6,908
Warranty expense provision	7,874
Charge offs against reserve	<u>(12,005)</u>
Balance, December 31, 2013	<u>\$ 2,777</u>

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. BUSINESS COMBINATIONS

We account for business combinations in accordance with the accounting standards, which require that the assets acquired and liabilities assumed be recorded at their estimated fair values.

6. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consist of the following (amounts in thousands):

	Useful Life (years)	At December 31,	
		2013	2012
Cash advance equipment	3	\$ 3,178	\$ 3,461
ATM equipment	5	28,394	29,512
Office, computer and other equipment	3	11,729	8,562
Leasehold and building improvements	Lease Term	6,362	4,308
Sub-total		49,663	45,843
Less: accumulated depreciation		(30,953)	(30,402)
Total		<u>\$ 18,710</u>	<u>\$ 15,441</u>

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill are as follows (in thousands):

	Cash Advance	ATM	Check Services	Other	Total
Goodwill					
Balance, December 31, 2011	\$100,918	\$33,051	\$23,281	\$22,872	\$180,122
Foreign translation adjustment	19	—	—	—	19
Balance, December 31, 2012	<u>\$100,937</u>	<u>\$33,051</u>	<u>\$23,281</u>	<u>\$22,872</u>	<u>\$180,141</u>
Foreign translation adjustment	(57)	—	—	—	(57)
Balance, December 31, 2013	<u>\$100,880</u>	<u>\$33,051</u>	<u>\$23,281</u>	<u>\$22,872</u>	<u>\$180,084</u>

In accordance with ASC 350, we test goodwill at the reporting unit level, which in certain cases may be a component of an operating segment, for impairment on an annual basis and between annual tests if events and circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We do not believe that any of our goodwill was impaired as of December 31, 2013 based upon the results of our impairment testing.

Goodwill Testing

In performing the annual goodwill impairment test for 2013, we utilized the qualitative assessment approach, commonly known as the Step 0 approach, prescribed under Accounting Standards Codification (“ASC”) 350 as amended by Accounting Standards Update (“ASU”) No. 2011-08. We assessed certain applicable qualitative factors to determine whether it was more likely than not that the fair value of our reporting units was less than the total assets carrying amounts. In evaluating whether it was more likely than not that the fair value of our reporting units was less than the total assets carrying amounts, we

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

assessed relevant events and circumstances: (a) Macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets; (b) Industry and market considerations such as a deterioration in the environment in which we operate, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), a change in the market for our products or services, or a regulatory or political development; (c) Cost factors such as increases in raw materials, labor, or other costs that have a negative effect on earnings and cash flows; (d) Overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods; (e) Other relevant entity-specific events such as changes in management, key personnel, strategy, or customers; contemplation of bankruptcy; or litigation; (f) Events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit; and (g) If applicable, a sustained decrease in share price (considered in both absolute terms and relative to peers).

The Step 0 assessment as of October 1, 2013 was also based on our estimation of the implied fair value of the reporting units as of October 1, 2011 (the most recent valuation date). In performing the annual impairment test for 2011, we utilized the two-step approach prescribed under ASC 350. The first step required a comparison of the carrying amount of each reporting unit to its estimated fair value. To estimate the fair value of our reporting units for Step 1, we used a combination of the income and the market approaches.

The income approach is based on a discounted cash flow analysis (“DCF”). This method involves estimating the after-tax cash flows attributable to a reporting unit and then discounting the after-tax cash flows to a present value, using a risk-adjusted discount rate. Assumptions used in the DCF require the exercise of significant judgment, including judgment about appropriate discount rates and terminal values, growth rates and the amount and timing of expected future cash flows. The forecasted cash flows are based on our most recent budget and for years beyond the budget. Our budgets are based on estimated future growth rates. We believe our assumptions are consistent with the plans and estimates used to manage the underlying businesses. The discount rates, which are intended to reflect the risks inherent in future cash flow projections, used in the DCF are based on estimates of the weighted-average cost of capital, or WACC, of market participants relative to each respective reporting unit. Key assumptions used in estimating fair value under the discounted cash flow approach included a discount rate of 12.5%, projected compound average revenue growth rates of 2.0% to 3.0% and terminal value growth rates of 2.0%. The discounted cash flow analyses for our reporting units included estimated future cash inflows from operations and estimated future cash outflows for capital expenditures.

The market approach considers comparable market data based on multiples of revenue or earnings before taxes, depreciation and amortization (“EBITDA”). Key assumptions used in estimating fair value under the market approach were based on observed market multiples of enterprise value to revenue and EBITDA for both comparable publicly-traded companies and recent merger and acquisition transactions involving similar companies to estimate appropriate controlling basis multiples to apply to each of the reporting units. Based on the multiples implied by this market data, we selected multiples of revenue of 0.3 to 2.7 times and multiples of EBITDA of 6.5 times.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

After assessing the totality of events and circumstances for 2013, such as those described in the preceding paragraphs, we determined that it was more likely than not that the fair value of our reporting units exceeded the total assets carrying amounts; and therefore, the first and second steps of the goodwill impairment test were determined to be unnecessary. We conducted our annual impairment test for our reporting units at the beginning of our fourth fiscal quarter 2013 and no impairment was identified.

The estimate of fair value requires significant judgment. We based our fair value estimates on assumptions that we believe to be reasonable, but that are unpredictable and inherently uncertain, including estimates of future growth rates and operating margins and assumptions about the overall economic climate and the competitive environment for our reporting units. There can be no assurance that our estimates and assumptions made for purposes of our goodwill and identifiable intangible asset testing as of the time of testing will prove to be accurate predictions of the future. If our assumptions regarding business plans, competitive environments or anticipated growth rates are not correct, we may be required to record goodwill and/or intangible asset impairment charges in future periods, whether in connection with our next annual impairment testing or earlier, if an indicator of an impairment is present before our next annual evaluation.

Other Intangible Assets

Other intangible assets consist of the following (in thousands):

	Useful Life (years)	At December 31,	
		2013	2012
Intangible assets			
Computer software	Up to 3 Years	\$ 26,386	\$ 26,007
Patents and trademarks	17	11,223	11,149
Customer contracts	7 - 14	39,142	39,142
Non-compete agreements	3	1,200	1,200
Gross carrying amount		77,951	77,498
Less: accumulated amortization		(46,416)	(43,504)
Net carrying amount		<u>\$ 31,535</u>	<u>\$ 33,994</u>

Amortization expense related to these intangibles totaled approximately \$9.6 million, \$9.8 million and \$8.7 million for the years ended December 31, 2013, 2012 and 2011, respectively. We capitalized \$5.1 million, \$0.7 million and \$0.2 million of development costs for the years ended December 31, 2013, 2012 and 2011, respectively.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

The total net book value of amortizable intangible assets was approximately \$31.5 million at December 31, 2013. The anticipated amortization expense related to other intangible assets, assuming no subsequent impairment of the underlying assets, is as follows (in thousands):

	<u>Amount</u>
2014	\$ 9,867
2015	9,404
2016	7,944
2017	2,791
2018	550
Thereafter	979
Total	\$31,535

8. BORROWINGS

In March 2011, we refinanced all of our indebtedness outstanding under the Second Amended and Restated Credit Agreement (as described below) and repaid our obligations under the senior subordinated notes with proceeds from the Senior Credit Facility as described below.

Senior Credit Facility

We have a Credit Agreement (“the Credit Agreement”) with certain lenders, Deutsche Bank Trust Company Americas, as Administrative Agent and Wells Fargo Securities, LLC, as Syndication Agent. The Credit Agreement provides for a \$210.0 million term loan facility and a \$35.0 million revolving credit facility (the “Senior Credit Facility”). The revolving credit facility includes provisions for the issuance of up to \$10.0 million of letters of credit and up to \$5.0 million in swing-line loans. The term loan requires principal repayments of one quarter of 1% of the aggregate initial principal amount of term loans, adjusted for any non-mandatory prepayments per quarter, as well as annual mandatory prepayment provisions based on an excess cash flow sweep equal to a fixed percentage of excess cash flow (as defined in the Credit Agreement). The remaining principal is due on the maturity date, March 1, 2016. The Credit Agreement contains mandatory prepayment provisions which, under certain circumstances, such as asset or equity sales, obligate us to apply defined portions of our cash flow to prepayment of the Senior Credit Facility.

In May 2013, we entered into a second amendment to our Credit Agreement, dated March 1, 2011, among Deutsche Bank Trust Company Americas, as administrative agent and the various lenders who are a party thereto (the “Amended Credit Agreement”). The Amended Credit Agreement reduced the interest rate on borrowings under the term loan facility from LIBOR plus a margin of 5.5% (subject to a minimum LIBOR rate of 1.50%) to LIBOR plus a margin of 3.0% (subject to a minimum LIBOR rate of 1.0%). In addition, the original Credit Agreement provided for an increase option permitting us to arrange with existing and/or new lenders for them to provide up to an aggregate of \$50.0 million in additional term loan commitments. The Amended Credit Agreement now provides for an increase option permitting us to arrange with existing and/or new lenders additional term loan and/or revolving credit facility loan amounts in excess of \$50.0 million so long as our total leverage ratio after giving effect to such additional loan amount does not exceed 2.50:1.00 (as such leverage ratio is calculated and defined under the Amended Credit Agreement).

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. BORROWINGS (Continued)

In September 2012, we entered into a first amendment to our Credit Agreement. The amendment modified certain financial covenants contained in the Credit Agreement with respect to our ability to make capital expenditures, dividends and stock repurchases. Specifically, we, together with our subsidiaries, may make an additional \$15.0 million of capital expenditures, as such term is defined in the Credit Agreement, during the remainder of the term of the Credit Agreement, which amount is in addition to any other permitted capital expenditures under the Credit Agreement. In addition, the Credit Agreement provided that we could make certain dividends or stock repurchases if, among other things, our total leverage ratio (as calculated under the Credit Agreement) was less than 2.0 to 1. The amendment provides that we may now make certain dividends and stock repurchases if, among other things, our total leverage ratio is less than 2.5 to 1.

As of December 31, 2013, we had \$103.0 million of outstanding indebtedness under the Senior Credit Facility, all of which was outstanding under the term loan facility.

The weighted average interest rate was 5.2% for the year ended December 31, 2013. We also had no amounts outstanding under our letter of credit sub facility that is part of our revolving credit facility as of December 31, 2013. The Senior Credit Facility is unconditionally guaranteed by Holdings and each direct and indirect domestic subsidiary of GCA. All amounts owing under the Senior Credit Facility are secured by a first priority perfected security interest in all stock (but only 65% of the stock of foreign subsidiaries), other equity interests and promissory notes owned by us and a first priority perfected security interest in all other tangible and intangible assets owned by us and our guarantors.

The Credit Agreement contains customary affirmative and negative covenants, financial covenants, representations and warranties and events of defaults. As of December 31, 2013, we were in compliance with the required covenants.

Principal Repayments

The maturities of our borrowings at December 31, 2013 (excluding excess cash flow payments) are as follows (in thousands):

	Amount
2014	\$ 1,030
2015	1,030
2016	100,940
2017	—
Total	\$103,000

Interest Rate Cap

In conjunction with the terms and conditions of the Senior Credit Facility, we purchased a \$150.0 million notional amount interest rate cap with an effective date of January 5, 2012 and a term of three years. We purchased this interest rate cap to partially reduce our exposure to increases in the London Interbank Offer Rate (“LIBOR”) above 1.5% during the term of the interest rate cap with respect to our variable rate debt obligations under the Senior Credit Facility and our obligations under the Contract Cash Solutions Agreement with Wells Fargo. This interest rate cap is recorded in other assets in the balance sheet, and is marked-to-market based on a quoted market price with the effects offset in our consolidated statements of income and comprehensive income. The interest rate cap carrying value and fair value approximate each other and these values are insignificant as of December 31, 2013.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. COMMITMENTS AND CONTINGENCIES

Lease Obligations

We lease office facilities and operating equipment under cancelable and non-cancelable agreements. Total rent expense was approximately \$1.8 million, \$0.7 million and \$0.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

In October 2012, we entered into a long-term lease agreement related to office space for our new corporate headquarters located in Las Vegas, Nevada, which we occupied in the first half of 2013.

As of December 31, 2013, the minimum aggregate rental commitment under all non-cancelable operating leases were as follows (in thousands):

	<u>Amount</u>
2014	\$ 1,252
2015	1,115
2016	1,107
2017	1,091
2018	1,381
Thereafter	4,672
Total	\$10,618

Litigation Claims and Assessments

We are subject to a variety of claims and suits that arise from time to time in the ordinary course of business. We do not believe the liabilities, if any, which may ultimately result from the outcome of such matters, individually or in the aggregate, will have a material adverse impact on our financial position, liquidity or results of operations.

10. SHAREHOLDERS' EQUITY

Preferred Stock. Our amended and restated certificate of incorporation allows our Board of Directors, without further action by stockholders, to issue up to 50,000,000 shares of preferred stock in one or more series and to fix the designations, powers, preferences, privileges and relative participating, optional, or special rights as well as the qualifications, limitations or restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences. As of December 31, 2013, we had no shares of preferred stock outstanding.

Common Stock. Subject to the preferences that may apply to shares of preferred stock that may be outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available at the times and in the amounts as our Board of Directors may from time to time determine. All dividends are non-cumulative. In the event of the liquidation, dissolution or winding up of the Company, the holders of common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to the prior distribution rights of preferred stock, if any, then outstanding. Each stockholder is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for. The common stock is not entitled to preemptive rights and is not subject to conversion or redemption. There are no sinking fund provisions applicable to the common stock. Each outstanding share of common

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. SHAREHOLDERS' EQUITY (Continued)

stock is fully paid and non-assessable. As of December 31, 2013, we had 89,233,374 shares of common stock issued.

Common Stock Repurchase Program. Our current share repurchase program grants us the authority to repurchase up to \$40.0 million of our outstanding common stock over a two year period, which commenced in the first quarter of 2013. We have repurchased approximately 2.6 million shares of common stock for cash of \$18.2 million under the share repurchase program for the year ended December 31, 2013. We did not have any common stock repurchases under the program for the year ended December 31, 2012. We completed the share repurchases with cash on hand and we intend to continue to use cash on hand for these share repurchases. The repurchase program authorizes us to buy our common stock from time to time through open market, privately negotiated or other transactions, including pursuant to trading plans established in accordance with Rules 10b5-1 and 10b-18 of the Securities Exchange Act of 1934, as amended, or by a combination of such methods. The share repurchase program is subject to prevailing market conditions and other considerations and may be suspended or discontinued at any time.

Treasury Stock. In addition to open market purchases of common stock authorized under the Common Stock Repurchase Program, employees may direct us to withhold vested shares of restricted stock to satisfy the minimum statutory withholding requirements applicable to their restricted stock vesting. We repurchased or withheld from restricted stock awards 14,901 and 38,331 shares of common stock at an aggregate purchase price of \$0.1 million and \$0.3 million, for the years ended December 31, 2013 and 2012, respectively, to satisfy the minimum applicable tax withholding obligations incident to the vesting of such restricted stock awards.

The following table provides the treasury stock activity that occurred in 2013 (number of shares and cost in thousands):

	<u>Total Number of Shares Purchased or Withheld (in thousands)</u>	<u>Average Price Purchased or Withheld (per share)</u>	<u>Cost of Shares Purchased or Withheld (in thousands)</u>
Outstanding, December 31, 2012	20,724	\$7.02	\$145,490
Shares repurchased under current plan	2,564	\$7.11	18,241
Shares withheld from restricted stock vesting	<u>15</u>	<u>\$7.27</u>	<u>109</u>
Outstanding, December 31, 2013	<u>23,303</u>	<u>\$7.03</u>	<u>\$163,840</u>

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. WEIGHTED AVERAGE COMMON SHARES

The weighted average number of common shares outstanding used in the computation of basic and diluted earnings per share is as follows (in thousands):

	At December 31,		
	2013	2012	2011
Weighted average number of common shares			
outstanding—basic	66,014	65,933	64,673
Potential dilution from equity grants(1)	1,191	1,404	186
Weighted average number of common shares			
outstanding—diluted	67,205	67,337	64,859

(1) The potential dilution excludes the weighted average effect of stock options to acquire 5.9 million, 5.1 million and 8.1 million of our common stock at December 31, 2013, 2012 and 2011, respectively, because the application of the treasury stock method, as required, makes them anti-dilutive.

12. SHARE-BASED COMPENSATION

Equity Incentive Awards

In January 2005, we adopted the 2005 Stock Incentive Plan (the “2005 Plan”) to attract and retain the best available personnel, to provide additional incentives to employees, directors and consultants and thus to promote the success of our business. The 2005 Plan is administered by the Board of Directors but may be administered by our Compensation Committee. The administrator of the 2005 Plan has the authority to select individuals who are to receive options or other equity incentive awards under the 2005 Plan and to specify the terms and conditions of grants of options or other equity incentive awards, the vesting provisions, the term and the exercise price.

Generally, stock options and restricted stock granted under the 2005 Plan (other than those granted to non-employee directors) will vest at a rate of 25% of the shares underlying the option after one year and the remaining shares vest in equal portions over the following 36 months, such that all shares are vested after four years. Unless otherwise provided by the administrator, an option granted under the 2005 Plan generally expires ten years from the date of grant. Stock options are issued at the closing market price on the date of grant.

The vesting provisions of restricted stock are similar to those applicable to stock options. Because these restricted shares are issued primarily to employees of the Company, many of the shares issued will be withheld by the Company to satisfy the statutory withholding requirements applicable to the restricted stock grants. Therefore, as these awards vest the actual number of shares outstanding as a result of the restricted stock awards is reduced. These shares will vest over a period of four years.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED COMPENSATION (Continued)

A summary of award activity under the 2005 Plan is as follows (in thousands):

	<u>Stock Options Granted</u>	<u>Restricted Stock Granted</u>	<u>Equity Awards Available for Grant</u>
Outstanding, December 31, 2012	<u>9,449</u>	<u>111</u>	<u>2,629</u>
Additional authorized shares	—	—	3,174
Granted	1,230	370	(1,600)
Exercised options or vested shares .	(1,618)	(70)	—
Canceled or forfeited	<u>(189)</u>	<u>(7)</u>	<u>196</u>
Outstanding, December 31, 2013	<u>8,872</u>	<u>404</u>	<u>4,399</u>

We have reserved 21,353,584 shares of common stock for the grant of stock options and other equity incentive awards under the 2005 Plan as of December 31, 2013. On the first business day of each fiscal year beginning with the fiscal year commencing on January 1, 2006, annual increases will be added to the 2005 Plan equal to 3% of all outstanding shares of our common stock immediately prior to such increase, or a lesser amount determined by our Board of Directors. We increased the shares under the 2005 Plan by 3.2 million shares during the years ended December 31, 2013 and 2012.

Stock Options

The fair value of options was determined as of the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	<u>Year Ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Risk-free interest rate	1%	1%	2%
Expected life of options (in years)	4	6	6
Expected volatility	61%	62%	63%
Expected dividend yield	0%	0%	0%

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility for options granted in 2013 is based upon our historical volatility. The expected dividend yield is based on our historical practice of not paying dividends.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED COMPENSATION (Continued)

The following tables summarize additional information regarding the options that have been granted under the 2005 Plan:

	Number of Common Shares (in thousands)	Weighted Average Exercise Price (per share)	Weighted Average Life Remaining (years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2012	9,449	\$7.19	6.4	\$16,626
Granted	1,230	7.07		
Exercised	(1,618)	5.22		
Canceled or forfeited	(189)	7.09		
Outstanding, December 31, 2013	<u>8,872</u>	\$7.54	5.9	\$27,301
Vested and expected to vest, December 31, 2013	<u>8,448</u>	\$7.62	5.8	\$25,538
Exercisable, December 31, 2013	<u>6,160</u>	\$8.23	4.8	\$16,370

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding (000's)	Weighted Average Remaining Contract Life (Years)	Weighted Average Exercise Prices	Number Exercisable (000's)	Weighted Average Exercise Price
\$ — \$ 5.99	3,135	7.4	\$ 4.46	1,811	\$ 4.22
6.00 8.99	3,505	6.7	7.14	2,117	7.19
9.00 12.99	1,000	3.8	9.99	1,000	9.99
13.00 13.99	785	1.1	13.98	785	13.98
14.00 14.99	160	2.4	14.22	160	14.22
15.00 15.99	152	2.2	15.22	152	15.22
16.00 18.99	135	2.7	16.80	135	16.80
	<u>8,872</u>			<u>6,160</u>	

There were 1.2 million, 2.4 million and 2.1 million options granted for the years ended December 31, 2013, 2012 and 2011, respectively. The weighted average grant date fair value per share of the options granted was \$3.31, \$2.93 and \$2.04 for the years ended December 31, 2013, 2012 and 2011, respectively. The total intrinsic value of options exercised was \$4.6 million, \$6.3 million and \$0.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.

There was \$7.1 million in unrecognized compensation expense related to options expected to vest as of December 31, 2013. This cost was expected to be recognized on a straight-line basis over a weighted average period of 2.4 years. We granted options to acquire 1.2 million shares of common stock, received \$8.4 million in proceeds from the exercise of options and recorded \$4.4 million in non-cash compensation expense related to options granted that were expected to vest for the year ended and as of December 31, 2013.

We recorded \$6.2 million and \$6.8 million in non-cash compensation expense related to options granted that were expected to vest as of December 31, 2012 and 2011, respectively. We received \$6.7 million and

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED COMPENSATION (Continued)

\$0.8 million in cash from the exercise of 2.4 million and 0.4 million options for the years ended December 31, 2012 and 2011, respectively.

Restricted Stock

The following is a summary of non-vested share awards for our time-based restricted shares:

	Shares Outstanding (in thousands)	Weighted Average Grant Date Fair Value (per share)
Outstanding, December 31, 2012	111	\$5.72
Granted	370	7.09
Vested	(70)	5.15
Forfeited	(7)	7.09
Outstanding, December 31, 2013	404	\$7.05

There were 369,641 and 85,000 shares of restricted stock granted for the years ended December 31, 2013 and 2012, respectively. The weighted average grant date fair value per share of restricted stock granted was \$7.09 and \$6.80 for the years ended December 31, 2013 and 2012, respectively. There was no restricted stock granted for the year ended December 31, 2011. The total fair value of restricted shares vested was \$0.7 million, \$1.3 million and \$1.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

There was \$2.1 million in unrecognized compensation expense related to time-based restricted shares expected to vest as of December 31, 2013. This cost was expected to be recognized on a straight-line basis over a weighted average period of 3.1 years. We recorded \$0.7 million in non-cash compensation expense related to the restricted stock granted that was expected to vest as of December 31, 2013.

We recorded approximately \$0.4 million and \$0 in non-cash compensation expense related to the restricted stock granted that were expected to vest as of December 31, 2012 and 2011, respectively.

13. EMPLOYEE BENEFIT PLAN

Defined Contribution Plan

We have a retirement savings plan (the “401(k) Plan”) under Section 401(k) of the Internal Revenue Code covering our employees. The 401(k) Plan allows employees to defer up to the lesser of the Internal Revenue Code prescribed maximum amount or 100% of their income on a pre-tax basis through contributions to the plan. As a benefit to employees, we match a percentage of these employee contributions. Expenses related to the matching portion of the contributions to the 401(k) Plan were \$0.5 million, \$0.3 million and \$0.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. INCOME TAXES

The following presents consolidated income before tax for domestic and foreign operations (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Consolidated income before tax			
Domestic	\$35,473	\$39,280	\$18,705
Foreign	3,412	1,183	10
Total	<u>\$38,885</u>	<u>\$40,463</u>	<u>\$18,715</u>

The income tax provision attributable to income from operations before tax consists of the following components (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Income tax provision			
Domestic	\$13,626	\$14,358	\$9,528
Foreign	861	416	58
Total income tax provision	<u>\$14,487</u>	<u>\$14,774</u>	<u>\$9,586</u>
Income tax provision components			
Current	\$ 844	\$ 430	\$ 334
Deferred	13,643	14,344	9,252
Total income tax provision	<u>\$14,487</u>	<u>\$14,774</u>	<u>\$9,586</u>

A reconciliation of the federal statutory rate and the effective income tax rate is as follows:

	Year Ended December 31,		
	2013	2012	2011
Income tax reconciliation			
Federal statutory rate	35.0%	35.0%	35.0%
Foreign provision	(1.0)%	(0.4)%	0.1%
State/province income tax	1.3%	1.7%	2.4%
Non-deductible compensation cost	1.1%	0.2%	7.8%
Change in valuation allowance	0.2%	1.0%	2.1%
Adjustment to carrying value	0.3%	(2.2)%	3.6%
Foreign dividends and IRC Sec. 956 inclusions, net of foreign tax deduction	0.1%	1.1%	0.2%
Non-deductible expenses and other items	0.3%	0.1%	0.0%
Effective tax rate	<u>37.3%</u>	<u>36.5%</u>	<u>51.2%</u>

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. INCOME TAXES (Continued)

The major tax-effected components of the deferred tax assets and liabilities are as follows (in thousands):

	<u>Year Ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Deferred income tax assets related to:			
Intangibles	\$44,845	\$ 63,899	\$ 82,088
Net operating losses	37,333	32,171	29,733
Stock compensation expense	7,066	6,775	5,412
Accounts receivable allowances	1,703	1,968	2,770
Accrued and prepaid expenses	1,331	1,279	702
Borrowings	348	—	—
Other	406	367	492
Property, equipment and leasehold improvements .	333	312	—
Valuation allowance	(1,379)	(1,307)	(905)
Total deferred income tax assets	<u>\$91,986</u>	<u>\$105,464</u>	<u>\$120,292</u>
Deferred income tax liabilities related to:			
Property, equipment and leasehold improvements .	\$ —	\$ —	\$ 242
Other	942	800	512
Total deferred income tax liabilities	<u>\$ 942</u>	<u>\$ 800</u>	<u>\$ 754</u>
Deferred income taxes, net	<u>\$91,044</u>	<u>\$104,664</u>	<u>\$119,538</u>

For all of our investments in foreign subsidiaries, except for GCA (Macau), deferred taxes have not been provided on unrepatriated foreign earnings. Unrepatriated earnings were approximately \$6.2 million as of December 31, 2013. These earnings were considered permanently reinvested, as it was management's intention to reinvest foreign earnings in foreign operations. We project sufficient cash flow in the U.S. and we do not need to repatriate these foreign earnings to finance U.S. operations.

As a result of certain realization requirements under the accounting guidance on share-based payments, the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting at December 31, 2013, 2012 and 2011, respectively. Equity will be increased by \$4.1 million if, and when, such deferred tax assets are ultimately realized. We use the accounting guidance on income taxes ordering for purposes of determining when excess tax benefits have been realized.

We had \$109.8 million, or \$38.4 million tax-effected, of accumulated federal net operating losses as of December 31, 2013. The net operating losses can be carried forward and applied to offset taxable income for 20 years and will expire starting in 2025.

We had tax-effected state net operating loss carry forwards of approximately \$2.9 million as of December 31, 2013. The state net operating loss carry forwards will expire between 2014 and 2032. The determination and utilization of these state net operating loss carry forwards are dependent upon apportionment percentages and other respective state laws, which can change from year to year. As of December 31, 2013, \$1.2 million of our valuation allowance related to certain state net operating loss carry forwards which are expected to expire before utilization, due to shorter carry forward periods and decreased apportionment percentages in those states.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. INCOME TAXES (Continued)

We had a net deferred income tax asset of \$91.0 million as of December 31, 2013. We recognized a deferred tax asset upon our conversion from a limited liability company to a corporation on May 14, 2004. Prior to that time, all tax attributes flowed through to the members of the limited liability company. The principal component of the deferred tax asset is a difference between our assets for financial accounting and tax purposes. This difference results from a significant balance of acquired goodwill of approximately \$687.4 million that was generated as part of the conversion to a corporation plus approximately \$97.6 million in pre-existing goodwill carried over from periods prior to the conversion. Both of these assets are recorded for tax purposes but not for accounting purposes. This asset is amortized over 15 years for tax purposes, resulting in annual pretax income being \$52.3 million lower for tax purposes than for financial accounting purposes. At an estimated blended domestic statutory tax rate of 36.4%, this results in tax payments being approximately \$19.0 million less than the annual provision for income taxes shown on the income statement for financial accounting purposes, or the amount of the annual provision, if less. There is an expected aggregate of \$101.5 million in cash savings over the remaining life of the portion of our deferred tax asset related to the conversion. This deferred tax asset may be subject to certain limitations. We believe that it is more likely than not that we will be able to utilize our deferred tax asset. However, the utilization of this tax asset is subject to many factors including, but not limited to, a change of control of the Company and future earnings.

We have analyzed filing positions in all of the federal, state and foreign jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. We believe that our income tax filing positions and deductions will be sustained upon audit and we do not anticipate any adjustments that will result in a material change to our financial position. We may from time to time be assessed interest or penalties by tax jurisdictions, although any such assessments historically have been minimal and immaterial to our financial results. Our policy for recording interest and penalties associated with audits and unrecognized tax benefits is to record such items as a component of income tax expense.

During the year ended December 31, 2013, we were under audit by the U.S. Internal Revenue Service for the tax years ended December 31, 2011 and 2010. The audit field work was completed and we agreed to the audit report. The audit report did not materially affect our deferred taxes or the income tax provision as of and for the year ended December 31, 2013. We are subject to taxation in the U.S. and various states and foreign jurisdictions. We have a number of federal and state income tax years still open for examination as a result of our net operating loss carry forwards. Accordingly, we are subject to examination for both U.S. federal and a few state tax returns for the years 2005 to present. For the remaining state, local and foreign jurisdictions, with few exceptions, we are no longer subject to examination by tax authorities for years before 2010.

15. RELATED PARTY TRANSACTIONS

A member of our Board of Directors served as a member of the board of directors of a gaming company until April 2013 for which we provide various cash access products and services that are insignificant to our net income. Our Board Member received both cash and equity compensation from this gaming company in consideration for serving on its board of directors, however, none of this consideration was tied in any manner to our performance or obligations under our cash access agreements with the gaming company. In addition, our Board member was not involved in the negotiation of our cash access agreements with this gaming company.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. RELATED PARTY TRANSACTIONS (Continued)

In October 2012, we entered into a long-term lease agreement related to office space for our corporate headquarters that we moved into during the first half of 2013, for which we engaged a brokerage firm. An executive officer of this brokerage firm is the brother of our former Chief Financial Officer. This brokerage firm received approximately \$0.4 million as compensation for acting as our broker.

16. SEGMENT INFORMATION

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision-making group consists of the Chief Executive Officer and Chief Financial Officer. The operating segments are reviewed separately because each represents products that can be, and often are, sold separately to our customers.

We operate in the following business segments: (1) Cash Advance, (2) ATM, (3) Check Services and (4) Other. Each of these segments is monitored separately by our management for performance against its internal forecast and is consistent with our internal management reporting. The Other segment consists of certain lines of business, none of which exceeds the established materiality for segment reporting, which includes: Kiosk Sales, Kiosk Parts and Services, Central Credit reporting services and Casino Marketing Services, among others.

We do not allocate depreciation and amortization expenses to the business segments. Certain corporate overhead expenses have been allocated to the segments for identifiable items related to such segments or based on a reasonable methodology.

Our business is predominantly domestic, with no specific regional concentrations and no significant assets in foreign locations.

Major customers. For the years ended December 31, 2013, 2012 and 2011, no single customer accounted for more than 10% of our revenues. Our five largest customers accounted for approximately 33%, 34% and 28% of our total revenue in 2013, 2012 and 2011, respectively.

The accounting policies of the operating segments are generally the same as those described in the summary of significant accounting policies.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. SEGMENT INFORMATION (Continued)

The following tables present segment information (in thousands):

	For and At the Year Ended December 31,		
	2013	2012	2011
Revenues			
Cash advance	\$231,134	\$227,517	\$203,869
ATM	286,049	303,159	283,727
Check services	21,611	25,401	26,269
Other	43,650	28,409	30,198
Corporate	—	—	—
Total revenues	<u>\$582,444</u>	<u>\$584,486</u>	<u>\$544,063</u>
Operating income			
Cash advance	\$ 60,977	\$ 63,785	\$ 38,468
ATM	25,347	32,333	34,832
Check services	12,365	13,930	14,197
Other	19,631	14,457	14,808
Corporate	(69,170)	(68,523)	(64,009)
Total operating income	<u>\$ 49,150</u>	<u>\$ 55,982</u>	<u>\$ 38,296</u>
Total assets			
Cash advance	\$145,939	\$149,113	
ATM	69,627	59,781	
Check services	30,930	35,216	
Other	56,946	39,838	
Corporate	<u>223,885</u>	<u>269,947</u>	
Total assets	<u>\$527,327</u>	<u>\$553,895</u>	

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited selected quarterly results of operations are as follows (in thousands, except for per share amounts):

	Quarter				
	First	Second	Third	Fourth	Year
2013					
Revenues	\$146,822	\$149,065	\$146,101	\$140,456	\$582,444
Operating income	12,901	13,633	11,420	11,196	49,150
Net income	6,136	6,776	5,782	5,704	24,398
Net income					
Basic earnings per share	\$ 0.09	\$ 0.10	\$ 0.09	\$ 0.09	\$ 0.37
Diluted earnings per share	\$ 0.09	\$ 0.10	\$ 0.09	\$ 0.08	\$ 0.36
Weighted average common shares outstanding					
Basic	66,697	66,116	65,525	65,730	66,014
Diluted	67,882	66,993	66,630	67,394	67,205
2012					
Revenues	\$151,065	\$147,465	\$149,824	\$136,132	\$584,486
Operating income	15,696	15,963	14,642	9,681	55,982
Net income	7,128	7,084	7,079	4,398	25,689
Net income					
Basic earnings per share	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.07	\$ 0.39
Diluted earnings per share	\$ 0.11	\$ 0.11	\$ 0.10	\$ 0.06	\$ 0.38
Weighted average common shares outstanding					
Basic	65,134	65,774	66,108	66,739	65,933
Diluted	66,190	67,383	67,601	67,996	67,337

18. SUBSEQUENT EVENTS

As of March 11, 2014, we had not identified, and were not aware of, any subsequent events for the year ended December 31, 2013.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Attached as exhibits to this Annual Report on Form 10-K are certifications of our Chief Executive Officer and Chief Financial Officer, which are required pursuant to Rule 13a-14 of the Exchange Act. This “Controls and Procedures” section of this Annual Report on Form 10-K includes information concerning management’s assessment of our internal control over financial reporting and the controls evaluation referenced in the certifications. The report of Deloitte & Touche, LLP, our independent registered public accounting firm, is also included below. Deloitte & Touche LLP’s report addresses their audit of our internal control over financial reporting. This section of the Annual Report on Form 10-K should be read in conjunction with the certifications and the report of Deloitte & Touche, LLP for a more complete understanding of the matters presented.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time period specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) promulgated under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the design and operating effectiveness as of December 31, 2013 of our disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act. Based on this evaluation our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2013.

Management’s Report of Internal Control over Financial Reporting

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2013. Deloitte & Touche LLP has audited our internal control over financial reporting as of December 31, 2013 as stated in their attestation report which is included herein.

Changes in Internal Control over Financial Reporting during the Quarter Ended December 31, 2013

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fourth quarter ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Global Cash Access Holdings, Inc.
Las Vegas, NV

We have audited the internal control over financial reporting of Global Cash Access Holdings, Inc. and subsidiaries (the “Company”) as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report of Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated March 11, 2014 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
Las Vegas, NV
March 11, 2014

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our directors, executive officers and corporate governance required by this Item is incorporated by reference to the section entitled “Proposal One—Election of Class III Directors” in our Definitive Proxy Statement in connection with the 2014 Annual Meeting of Stockholders (the “Proxy Statement”), which will be filed with the Securities and Exchange Commission within 120 days after the fiscal year ended December 31, 2013. Information required by Item 405 of Regulation S-K is incorporated by reference to the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement. Information required by 10A-3(d) of the Exchange Act is incorporated by reference to the section entitled “Board and Corporate Governance Matters” in the Proxy Statement.

We have adopted a Code of Business Conduct and Ethics that is designed to qualify as a “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. The Code of Business Conduct and Ethics is available on our website at www.gcainc.com. To the extent required by law, any amendments to, or waivers from, any provision of the Code of Conduct will be promptly disclosed to the public. To the extent permitted by such legal requirements, we intend to make such public disclosure by posting the relevant material on our website in accordance with SEC rules.

In May 2013, our former Chief Executive Officer certified to the New York Stock Exchange that he was not aware of any violation by us of the New York Stock Exchange Corporate Governance listing standards as of that date.

We have filed, as an exhibit to this Annual Report on Form 10-K, the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 and the rules promulgated there under regarding the quality of our public disclosure.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is incorporated by reference to the section entitled “Executive Compensation,” “Directors’ Compensation” and “Report of Compensation Committee” in the Proxy Statement.

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

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the section entitled “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement.

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

Information required by this Item is incorporated by reference to the section entitled “Transactions with Related Persons” in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference to the section entitled “Audit and Non-Audit Fees” in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

Report of Deloitte & Touche LLP, Independent Registered Public Accounting Firm	58
Consolidated Statements of Income and Comprehensive Income for the three years ended December 31, 2013	59
Consolidated Balance Sheets as of December 31, 2013 and 2012	60
Consolidated Statements of Cash Flows for the three years ended December 31, 2013	61
Consolidated Statement of Stockholders' Equity for the three years ended December 31, 2013	62
Notes to Consolidated Financial Statements	63

2. Financial Statement Schedules

All schedules have been omitted as they are either not required or not applicable or the required information is included in the consolidated financial statements or notes thereto.

3. See Item 15(b)

(b) Exhibits:

Exhibit Number	Exhibit Description
3.1(1)	Amended and Restated Certificate of Incorporation.
3.2(2)	Amended and Restated Bylaws.
3.3(3)	Certificate of Amendment to Amended and Restated Certificate of Incorporation.
4.4(1)	Assumption Agreement, dated as of June 7, 2004, by Global Cash Access, Inc. and the Subsidiary Guarantors named therein.
4.5(1)	Supplemental Indenture by and among Global Cash Access Holdings, Inc., Global Cash Access, Inc., GCA Access Card, Inc., Central Credit, LLC and The Bank of New York Trust Company, N.A. and form of notation of Guarantee by Global Cash Access Holdings, Inc.
4.6(1)	Supplemental Indenture by and among Global Cash Access, Inc., GCA Access Card, Inc., Central Credit, LLC and The Bank of New York Trust Company, N.A. and notation of Guarantee by GCA Access Card, Inc.
10.1(1)	Lease Agreement, dated as of March 8, 2000, by and between Global Cash Access, L.L.C. and American Pacific Capital Gateway Bldg D Co., L.L.C.
10.9(1)	Sponsorship Indemnification Agreement, dated as of March 10, 2004, by and between Global Cash Access, L.L.C. and First Data Corporation.
10.10(1)	Amended and Restated Software License Agreement, dated as of March 10, 2004, between TSYS and Global Cash Access, L.L.C.
10.11(1)	Professional Services Agreement, dated as of March 10, 2004, between TSYS and Global Cash Access, L.L.C.
10.12(1)	Patent License Agreement, dated as of March 10, 2004, between USA Payments, Inc. and Global Cash Access, L.L.C.

Exhibit Number	Exhibit Description
10.14(1)	Letter Agreement Relating to Technology, dated May 13, 2004, among Global Cash Access, L.L.C., USA Payments, Inc., USA Payment Systems, Inc. and TSYS.
10.15(1)	Automated Teller Machine Sponsorship Agreement by and between Global Cash Access, L.L.C. and Western Union Bank, dated as of November 12, 2002, and First Amendment to Automated Teller Machine Sponsorship Agreement, dated as of March 10, 2004, between Global Cash Access, L.L.C. and First Financial Bank.
*10.22(1)	Global Cash Access Holdings, Inc. 2005 Stock Incentive Plan.
*10.23(1)	Form of Indemnification Agreement between Global Cash Access Holdings, Inc. and each of its executive officers and directors.
10.24(1)	Patent Purchase and License Agreement, dated as of March 22, 2005, by and between Global Cash Access, Inc. and USA Payments, Inc.
*10.34(4)	Employment Agreement with Scott Betts, dated October 31, 2007.
*10.35(5)	Notices of Stock Option Award and Stock Option Award Agreements with Scott Betts dated October 31, 2007.
*10.41(6)	Amendment No. 1 to Employment Agreement, by and between the Company and Scott Betts, dated August 11, 2008.
*10.43(7)	Amendment No. 2 to Employment Agreement, by and between the Company and Scott Betts dated April 24, 2009.
*+10.44(8)	Processing Services Agreement, dated as of August 21, 2009, between Global Cash Access, Inc., and TSYS Acquiring Solutions, LLC effective July 1, 2009.
*+10.45(9)	Amendment to Professional Services Agreement, Amended and Restated Software License Agreement, and Transending Services Agreement, dated as of August 21, 2009, between Global Cash Access, Inc. and TSYS Acquiring Solutions, LLC.
*10.46(10)	Amendment No. 3 to Employment Agreement with Scott Betts dated March 26, 2010.
*10.47(11)	Agreement with Mary E. Higgins dated September 2, 2010.
*10.48(12)	Form of Notice of Stock Option Award and Stock Option Award Agreement—Mary E. Higgins effective September 14, 2010.
*10.49(13)	Form of Notice of Stock Option Award and Stock Option Award Agreement—Michael Rumbolz effective August 30, 2010.
+10.52(14)	Contract Cash Solutions Agreement, dated November 12, 2010, between Global Cash Access, Inc. and Wells Fargo Bank, N.A.
+10.53(15)	Fee Letter, dated November 12, 2010, between Global Cash Access, Inc. and Wells Fargo Bank, N.A regarding the Contract Cash Solutions Agreement, dated November 12, 2010.
+10.54(16)	Sponsorship Agreement, dated February 11, 2011, between Global Cash Access, Inc. and American State Bank.
*10.55(17)	Employment Agreement with David Johnson, effective as of April 1, 2011.
*10.56(18)	Form of Notice of Stock Option Award and Stock Option Award Agreement—David Johnson effective April 1, 2011.

Exhibit Number	Exhibit Description
+10.57(19)	Second Amendment to Processing Services Agreement, dated as of December 27, 2011, between Global Cash Access, Inc. and TSYS Acquiring Solutions, LLC
10.58(20)	Credit Agreement, dated March 1, 2011, among Global Cash Access Holdings, Inc., Global Cash Access, Inc., Deutsche Bank Trust Company Americas, as Administrative Agent, and the various lenders who are party thereto from time to time.
*10.59(21)	Employment Agreement with Diallo Gordon, effective March 28, 2012.
10.61(22)	Second Amendment to Contract Cash Solutions Agreement, dated June 4, 2012, between Global Cash Access, Inc. and Wells Fargo Bank, N.A.
*10.62(23)	Employment Agreement with David Lopez, effective June 11, 2012.
*10.63(24)	Form of Stock Option Agreement for David Lopez.
*10.64(25)	Form of Restricted Stock Agreement for David Lopez.
10.66(26)	First Amendment to Credit Agreement, dated September 24, 2012, among Global Cash Access Holdings, Inc., Global Cash Access, Inc., Deutsche Bank Trust Company Americas, as Administrative Agent, and the various lenders who are party thereto from time to time.
*10.67(27)	Employment Agreement with Robert Myhre, effective October 1, 2012.
*10.68(28)	Form of Stock Option Agreement for Robert Myhre.
*10.69(29)	Form of Restricted Stock Agreement for Robert Myhre.
*10.73(30)	Transition and Retirement Agreement for Scott Betts, dated January 18, 2013.
*10.74(31)	Amended and Restated Employment Agreement with David Lopez, effective March 29, 2013.
*10.75(32)	Amendment to Employment Agreement with Mary E. Higgins, effective March 29, 2013.
10.76(33)	Second Amendment to Credit Agreement, dated May 22, 2013, among Global Cash Access Holdings, Inc., Global Cash Access, Inc., Deutsche Bank Trust Company Americas, as Administrative Agent, and the various lenders who are party thereto from time to time.
10.77(34)	Third Amendment to Contract Cash Solutions Agreement, dated November 4, 2013, between Global Cash Access, Inc. and Wells Fargo Bank, N.A.
*10.78(35)	Employment Agreement with Ram V. Chary, effective January 27, 2014, including Form of Stock Option Agreement for Ram V. Chary.
*10.79(36)	Form of Stock Option Agreement for Ram V. Chary.
*10.80(37)	Form of Indemnification Agreement for Ram V. Chary.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche LLP.
24.1	Power of Attorney (see page 96).
31.1	Certification of Ram V. Chary, Chief Executive Officer of Global Cash Access Holdings, Inc. dated March 11, 2014 in accordance with Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit Number	Exhibit Description
31.2	Certification of Randy L. Taylor, Chief Financial Officer of Global Cash Access Holdings, Inc. dated March 11, 2014 in accordance with Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Ram V. Chary, Chief Executive Officer of Global Cash Access Holdings, Inc. dated March 11, 2014 in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Randy L. Taylor, Chief Financial Officer of Global Cash Access Holdings, Inc. dated March 11, 2014 in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

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- (1) Incorporated by reference to the same numbered exhibit of the Company's Registration Statement on Form S-1 (Registration No. 333-123514) filed September 22, 2005.
 - (2) Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed December 26, 2007.
 - (3) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed January 25, 2007.
 - (4) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed August 9, 2007.
 - (5) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed November 2, 2007.
 - (6) Incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed June 19, 2008.
 - (7) Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed August 12, 2008.
 - (8) Incorporated by reference to Exhibit 10.36 of the Company's Annual Report on Form 10-K filed on March 30, 2007.
 - (9) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 24, 2009.
 - (10) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on March 31, 2010.
 - (11) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on September 2, 2010.

- (12) Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on September 2, 2010.
- (13) Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on September 2, 2010.
- (14) Incorporated by reference to Exhibit 10.52 of the Company's Annual Report on Form 10-K filed on March 14, 2011.
- (15) Incorporated by reference to Exhibit 10.53 of the Company's Annual Report on Form 10-K filed on March 14, 2011.
- (16) Incorporated by reference to Exhibit 10.54 of the Company's Annual Report on Form 10-K filed on March 14, 2011.
- (17) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on March 29, 2011.
- (18) Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on March 29, 2011.
- (19) Incorporated by reference to the Company's Current Report on Form 8-K filed on January 3, 2012.
- (20) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on March 2, 2011.
- (21) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on March 28, 2012.
- (22) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on June 7, 2012.
- (23) Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed August 7, 2012.
- (24) Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q filed August 7, 2012.
- (25) Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed August 7, 2012.
- (26) Incorporated by reference to the Company's Current Report on Form 8-K filed on September 25, 2012.
- (27) Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed November 7, 2012.
- (28) Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q filed November 7, 2012.
- (29) Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed November 7, 2012.
- (30) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on January 24, 2013.
- (31) Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on May 7, 2013.
- (32) Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on May 7, 2013.

- (33) Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on May 23, 2013.
- (34) Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed November 5, 2013.
- (35) Incorporated by reference to Exhibit 10.1 and 10.2 of the Company's Current Report on Form 8-K filed on January 28, 2014.
- (36) Incorporated by reference to Exhibit 10.1 and 10.2 of the Company's Current Report on Form 8-K filed on January 28, 2014.
- (37) Incorporated by reference to Exhibit 10.1 and 10.2 of the Company's Current Report on Form 8-K filed on January 28, 2014.
- * Management contracts or compensatory plans or arrangements.
- ** Pursuant to applicable securities laws and regulations, the Company is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions of the federal securities laws as long as the Company has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fails to comply with the submission requirements. Users of this data are advised that, pursuant to Rule 406T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these sections.
- + Confidential treatment was requested with regard to certain portions of this document.
- (c) See Item 15(a)(2)

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ GEOFF JUDGE</u> Geoff Judge	Director	March 11, 2014
<u>/s/ FRED C. ENLOW</u> Fred C. Enlow	Director	March 11, 2014
<u>/s/ RONALD V. CONGEMI</u> Ronald V. Congemi	Director	March 11, 2014

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