



"Transactions that Count™"

2012 ANNUAL REPORT



GLOBAL CASH ACCESS HOLDINGS, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 25, 2013

- TIME** 9:00 a.m., Pacific Daylight Time, on April 25, 2013
- LOCATION** Encore Resort
3121 Las Vegas Blvd. South
Las Vegas, NV 89109
- PROPOSALS**
1. To elect three (3) Class II directors to serve until the 2016 annual meeting of stockholders and until their successors are elected and qualified.
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 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, 2013.
4. 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** You are entitled to notice of and to vote at the 2013 Annual Meeting of Stockholders (the "Annual Meeting") and any adjournment or postponement thereof if you were a stockholder at the close of business on March 11, 2013.
- 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 April 25, 2013. 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, 2012. 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/ DAVID LOPEZ

David Lopez
Chief Executive Officer

Las Vegas, Nevada
March 26, 2013

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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 2013 annual meeting of stockholders (the “Annual Meeting”). The Annual Meeting will be held at the Encore Resort, 3121 Las Vegas Blvd., South, Las Vegas, Nevada 89109, on April 25, 2013 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 March 27, 2013.

What proposals will be voted on at the Annual Meeting?

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

1. To elect three (3) Class II directors to serve until the 2016 annual meeting of stockholders and until their successors are elected and qualified.
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 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, 2013.
4. 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 persons named on the enclosed proxy card will vote according to their 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 three (3) Class II directors to serve until the 2016 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 ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending December 31, 2013	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 11, 2013. 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, 66,468,313 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.

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, 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) and Proposal 2 (advisory vote on executive compensation) are considered non-routine matters under applicable rules. Proposal 3 (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) and Proposal 2 (advisory vote on executive compensation), 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 3 (the ratification of the Company’s independent registered accounting firm).

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

Proposal 1. The three (3) Class II 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, provided a quorum is present and voting. 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 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. Abstentions and broker non-votes will not be counted as either a vote “For” or “Against” Proposal 2. 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. Ratification of 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 same effect as votes against Proposal 3.

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.

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 (i) as necessary to meet applicable legal requirements, or (ii) 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 the final vote 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; or
- attending AND voting in person at the Annual Meeting.

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 March 27, 2013. 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 2014 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 December 26, 2013 and January 25, 2014. 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 2014 Annual Meeting of Stockholders must be received by the Company no later than November 27, 2013 in order to be considered for inclusion in the Company's proxy materials for that meeting.

PROPOSAL 1
ELECTION OF CLASS II 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. 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. 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 seven members:

Class	Directors	Term Expiration
II	Geoff Judge, Michael Rumbolz and Ronald Congemi	2013 Annual Meeting of Stockholders
III . . .	David Lopez and Fred C. Enlow	2014 Annual Meeting of Stockholders
I	Scott Betts and E. Miles Kilburn	2015 Annual Meeting of Stockholders

The Nominating and Corporate Governance Committee of the Board has recommended, and the Board has nominated, Geoff Judge, Michael Rumbolz and Ronald Congemi for election as Class II Directors of the Company, to serve a three-year term until the 2016 annual meeting of stockholders and until a qualified successor is elected or until the director's earlier resignation or removal. Each nominee, all of whom are current directors of the Company, has consented, if elected as a Class II 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 proxies will vote for the substitute nominee designated by the Board.

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

- 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 Preclick, 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 payment processing industries primarily from his tenure at American Express.
- 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.

**THE BOARD UNANIMOUSLY RECOMMENDS THAT THE 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 III Directors For Three Year Term That Will Expire in 2014

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 payment processing industries.

Age 73

David Lopez *David Lopez* has served as President of GCA since June 2012 and was appointed to our Board in July 2012. Mr. Lopez assumed the role of Chief Executive Officer of the Company on January 1, 2013. Mr. Lopez served as the Chief Operating Officer of Shuffle Master Inc., a leading global gaming supplier, from June 2010 until May 2012. Mr. Lopez also served as a member of the Board of Directors of Shuffle Master Inc. from November 2010 until May 2012. Mr. Lopez joined Shuffle Master Inc. in February 1998 as a Marketing Research Analyst and during his tenure at Shuffle Master Inc. assumed increasing roles of responsibility, including being appointed Executive Vice President in November 2008 and serving as the Interim Chief Executive Officer from November 2010 until April 2011. Prior to his appointment as Executive Vice President, Mr. Lopez served as President, Shuffle Master Americas Division from 2007 to 2008; President Utility Division from 2006 to 2007; Vice President of Product Management from 2003 to 2006; and Executive Director, Product Management from 2002 to 2003. The Board believes Mr. Lopez is qualified to serve as a member of our Board due to his management experience in the gaming equipment and technology industry.

Age 39

Class I Directors—Nominees Whose Terms Will Expire in 2015

Scott Betts Age 59	<i>Scott Betts</i> served as the Company’s Chief Executive Officer from October 2007 until his retirement on December 31, 2012. Mr. Betts will remain as an employee of the Company in a strategic advisory position through March 31, 2013. Mr. Betts has served as a member of the Board since October 2007 and the Board has approved reappointing Mr. Betts as Class I Director as of March 31, 2013 (filling the vacancy created by the termination of his employment). From October 2007 through February 2008, Mr. Betts served as interim Chief Financial Officer and Treasurer of the Company. Prior to joining the Company, Mr. Betts served as the Executive Vice President of First Data Corporation, a payment processing services company, from May 2002 to March 2006, having served as Senior Vice President of Strategic Planning of First Data Corporation from October 2001 to May 2002. From May 2002 to March 2006, he was also President of First Data Merchant Services, which included First Data Corporation’s TeleCheck check verification and guarantee business. During this time period, he also served as First Data Corporation’s President of Domestic Enterprise Payments. From March 2006 until joining the Company, Mr. Betts also served as an independent consultant to various companies in the payments processing industry. Mr. Betts joined Procter and Gamble, a multinational manufacturer of personal care products, in 1977 and served as General Manager/Vice President of North America Fem Care and Global Tampax from 1997 to 2001. The Board believes that Mr. Betts is qualified to serve as a member of our Board due to his many years of managing and leading complex business organizations as well as his expertise in the payment processing industry.
E. Miles Kilburn Age 50	<i>E. Miles Kilburn</i> has served as a member of the Board since March 2005 and currently serves as Chairman of the Board. Since 2011, Mr. Kilburn has served as a partner of and is a co-founder of Mosaik Partners, LLC, an investment banking advisory firm focused on financial technology and the payments industry. Mr. Kilburn also has been a private investor since June 2004. Prior to that, he was Executive Vice President and Chief Strategy Officer of Concord EFS, Inc., a payment services and network services company (which became a wholly-owned subsidiary of 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., a provider of services that combat check, identity and new account fraud, a majority-owned subsidiary of Star Systems, Inc., a provider of PIN-secured debit networks and secure real-time electronic transactions from 2002 to 2003, and Chief Financial Officer from 1997 to 1999. Mr. Kilburn was Group Executive Vice President and Chief Financial Officer of Star Systems, Inc. from 1999 to 2001. Mr. Kilburn also serves as a director of several privately held companies. The Board believes Mr. Kilburn is qualified to serve as a member on our Board due to his experience as an investor in companies in the payments industry, as well as his status as an “audit committee financial expert”.

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. David Lopez serves as our CEO and E. Miles Kilburn serves as the Chairman 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 Committees and Meetings

During fiscal 2012, the Board held eight 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 Board has three committees: Audit Committee, Compensation Committee and 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 2012 are identified in the following table:

<u>DIRECTOR</u>	<u>AUDIT</u>	<u>COMPENSATION</u>	<u>NOMINATING AND CORPORATE GOVERNANCE</u>
David Lopez*			
Scott Betts			
E. Miles Kilburn	Chair	Chair	X
Geoff Judge	X		X
Fred C. Enlow	X	X	
Patrick Olson**	X	X	Chair
Michael Rumbolz			

* Mr. Lopez began his employment with the Company in June 2012 and was elected to the Board of Directors in July 2012.

** Mr. Olson resigned from the Board and all committee positions effective as of December 31, 2012.

Annual Meeting of Stockholders

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 2012 annual meeting of stockholders.

Committees of the Board

The Audit Committee met four times in fiscal 2012. The Audit Committee has the 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 New York Stock Exchange ("NYSE") rules. A copy of the Audit Committee charter can be viewed at the Company's website at www.gcainc.com.

The Compensation Committee met at least three times during 2012, either separately or in conjunction with full Board meetings. The Compensation Committee has delegated responsibility for:

- 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.

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 2012. The Nominating and Corporate Governance Committee has the responsibility for:

- 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.

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 a Stockholder. The Company does not pay any third party to identify or assist in identifying or evaluating potential nominees.

In reviewing potential candidates 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. The Nominating and Corporate Governance Committee has the responsibility of assessing the Board's composition, including the diversity of the Board, however, the Nominating and Corporate Governance Committee has no formal policies and procedures with respect to assessing the diversity of the Board. In general, the Nominating and Corporate Governance Committee seeks prospective nominees with a broad diversity of experience, professions, skills and backgrounds but 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, 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 chartable 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 of 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 at least three (3) times last year.

Access to Corporate Governance Policies

Stockholders may access the Company's committee charters, the code of ethics and corporate governance guidelines at the Company's Internet website at www.gcainc.com. Copies of the Company's committee charters, corporate governance guidelines and code of ethics will be provided to any Stockholder upon written request to the Secretary of the Company, Global Cash Access Holdings, Inc., 7250 South Tenaya Way, Suite 100, Las Vegas, Nevada 89113 or via electronic mail to secretary@gcmail.com.

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.

Risk Considerations in our Compensation Policies

The Compensation Committee has reviewed and discussed the concept of risk as it related 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 assign equal weight to both Company-wide performance and achievement of individual goals. The Company-wide performance components in 2012 consisted of achieving an Adjusted EBITDA performance target of at least \$70 million. 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 of the cash incentive bonus component based on the achievement of individual goals allows 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.

Directors' Compensation

In 2012, all non-employee directors received an annual fee of \$40,000 except for the chairman of the Board who received an annual fee of \$60,000. In addition, each member of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee that was independent, within the meaning of the applicable rules of the New York Stock Exchange, received an additional annual fee of \$7,500 and the chairperson of each of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee received an additional annual fee of \$20,000, \$10,000 and \$10,000, respectively.

Additionally, each non-employee director is granted, upon the director's initial appointment to the Board, either an option to purchase 100,000 shares of Common Stock or an award of 100,000 restricted shares of Common Stock under the Company's 2005 Stock Incentive Plan. The exercise price for these options is the fair market value of Common Stock at the close of the market on the day of the grant of the stock options. For each grant, other than the restricted stock grants awarded in March 2013, one eighth of the options or shares of restricted stock will vest after six months of service as a director, and the remainder will vest ratably in equal monthly installments over the succeeding forty-two months; provided, however, that the options or restricted stock 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 vest according to the same schedule as the initial grants.

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

Directors' Compensation

See "Executive Compensation—Director Compensation in 2012."

Indemnification Agreements

See "Executive Compensation—Indemnification Agreements."

Chief Financial Officer—Mary Beth Higgins

In October 2012, the Company entered into a long-term lease agreement related to office space for its corporate headquarters, for which the Company engaged a brokerage firm. An executive officer of this brokerage firm is the brother of our Chief Financial Officer. The total estimated rental payments owing by the Company under the lease agreement total \$11.8 million and the brokerage firm is entitled to receive approximately \$0.4 million as compensation for acting as the Company's broker.

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. Our corporate governance guidelines also prohibit the Company's making of any personal loans to directors, executive officers or their immediate family members, but expressly exclude the issuance of credit cards by Arriva Card, Inc. from this prohibition.

Executive Officers

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

Name	Age	Position
David Lopez	39	President, Chief Executive Officer and Director
Mary Elizabeth Higgins	55	Executive Vice President and Chief Financial Officer
David Johnson	61	Executive Vice President and General Counsel
Michael S. Dowty	45	Executive Vice President, Chief Marketing Officer
Robert Myhre	50	Executive Vice President and Chief Information Officer
Diallo Gordon	37	Executive Vice President and General Manager-Xchange Products

David Lopez has served as President of GCA since June 2012 and was appointed to our Board in July 2012. Mr. Lopez assumed the role of Chief Executive Officer of the Company on January 1, 2013. Mr. Lopez served as the Chief Operating Officer of Shuffle Master Inc., a leading global gaming supplier, from June 2010 until May 2012. Mr. Lopez also served as a member of the Board of Directors of Shuffle Master Inc. from November 2010 until May 2012. Mr. Lopez joined Shuffle Master Inc. in February 1998 as a Marketing Research Analyst and during his tenure at Shuffle Master Inc. assumed increasing roles of responsibility, including being appointed Executive Vice President in November 2008 and serving as the Interim Chief Executive Officer from November 2010 until April 2011. Prior to his appointment as Executive Vice President, Mr. Lopez served as President, Shuffle Master Americas Division from 2007 to 2008; President Utility Division from 2006 to 2007; Vice President of Product Management from 2003 to 2006; and Executive Director, Product Management from 2002 to 2003.

Mary Elizabeth Higgins joined the Company in September 2010 and has served as Executive Vice President and Chief Financial Officer since such time. From May 2000 to August 2010, Ms. Higgins served as the Chief Financial Officer of Affinity Gaming, LLC. (formerly Herbst Gaming, Inc.), a diversified multi-jurisdictional gaming company based in Las Vegas, Nevada with casinos located in Nevada, Missouri and Iowa. Prior to joining Affinity Gaming, LLC. (formerly Herbst Gaming, Inc.), Ms. Higgins served as the Chief Financial Officer of Camco, Inc., a specialty retailer based in Las Vegas, Nevada.

David Johnson joined the Company in April 2011 and has served as Executive Vice President and General Counsel since such time. 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.

Diallo Gordon joined the Company in August 2009 as VP, Technical Operations until April, 2010 when he was promoted to SVP, Operations. In March, 2011, he was promoted to SVP, Service and Operations and was subsequently promoted to Executive Vice President, Kiosk Development in March 2012. From 2004 to 2009, Mr. Gordon worked for Aristocrat Technologies, Inc. as a Project Manager and Director, Oasis Regional Support, respectively. From 2003 to 2004, Mr. Gordon worked for the Mississippi Gaming Commission as a systems engineer. From 2000 to 2003, Mr. Gordon worked for the Department of Defense as an Instrumentation and Telemetry Lead on the F/A-22 Raptor. Mr. Gordon is a veteran of the United States Air Force and was Honorably Discharged in 2000 after four years as an aircrew member on the ARIA EC-135 and EC-18 aircraft.

PROPOSAL 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

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 discussion of this Proxy Statement. This non-binding advisory vote is commonly referred to as a “say on pay” vote.

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, 2012.

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 discussion in the Company’s definitive proxy statement for the 2013 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 April 25, 2013 annual meeting is expected to occur in connection with our annual meeting of stockholders to be held in 2014.

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

PROPOSAL 3 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, 2013. 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 2013 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, 2013.

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 A 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, 2013

Audit and Non-Audit Fees

The following table presents, for the years ended December 31, 2012 and 2011, 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,	
	2012	2011
Audit fees(1)	\$1,160	\$1,282
Tax fees(2)	320	362
Total	<u>\$1,480</u>	<u>\$1,644</u>

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

- audit of the Company's annual financial statements for fiscal years 2012 and 2011;
- 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, 2013, 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 2012 were attributed to work performed by persons other than Deloitte & Touche LLP's full-time, permanent employees.

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, 2013, (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 (as defined in the “Executive Compensation” section below), and (iv) all current directors and executive officers as a group.

As of February 28, 2013, excluding shares of stock held in treasury by the Company, 66,490,337 shares of Common Stock were outstanding. 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, 2013

Name	Shares Beneficially Owned	
	Number	Percentage
Directors and executive officers		
Scott H. Betts(1)	2,390,000	3.5%
E. Miles Kilburn(2)	487,083	*
Geoff Judge(3)	346,416	*
Fred Enlow(4)	300,416	*
Michael Rumbolz(5)	208,249	*
Mary E. Higgins(6)	156,541	*
Michael S. Dowty(7)	140,908	*
David Lopez(8)	65,000	*
David Johnson(9)	33,749	*
Ronald Congemi(10)	—	*
Directors and executive officers as a group (12 persons)(11)	4,219,561	6.0%
Persons owning more than 5% of the Company’s Common Stock		
BlackRock, Inc.(12)	5,559,631	8.4%
Wolf Fund Management Ltd.(13)	5,545,313	8.3%
Huber Capital Mangement LLC(14)	5,270,314	7.9%
Ameriprise Financial, Inc.(15)	4,225,860	6.4%
Vanguard Group(16)	3,448,254	5.2%

* Less than 1%

- (1) Includes options to purchase 2,390,000 shares of Common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (2) Includes options to purchase 387,083 shares of Common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (3) Includes options to purchase 300,416 shares of Common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.

- (4) Includes options to purchase 255,416 shares of common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (5) Includes options to purchase 196,249 shares of Common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (6) Includes options to purchase 156,541 shares of Common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (7) Includes options to purchase 138,958 shares of Common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (8) Includes 65,000 shares of Common Stock subject to vesting restrictions.
- (9) Includes options to purchase 33,749 shares of Common Stock that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (10) Mr. Congemi was appointed to the Board of Directors in February 2013.
- (11) Includes (a) 85,000 shares of Common Stock held by the current executive officers and directors subject to vesting restrictions and (b) options to purchase an aggregate of 3,929,611 shares held by the current executive officers and directors that are currently exercisable or will be exercisable within 60 days of February 28, 2013.
- (12) As reported on Schedule 13G, filed on February 1, 2013 includes 5,559,631 shares held by BlackRock, Inc. on its own behalf and on behalf of the following subsidiaries: (a) BlackRock Japan Co. Ltd., (b) BlackRock Institutional Trust Company, N.A., (c) BlackRock Fund Advisors, (d) BlackRock Asset Management Australia Limited, (e) BlackRock Advisors, LLC, and (f) BlackRock Investment Management, LLC. BlackRock, Inc. has sole voting and dispositive power as to 5,559,631 shares of common Stock. The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.
- (13) As reported on Schedule 13G, filed on February 14, 2013, includes 5,545,313 shares held by Wolf Fund Management Ltd., on its own behalf and on behalf of its subsidiary, Wolf Opportunity Fund, Ltd., and Ahmet H. Okumus. Each of Wolf Fund Management Ltd. Wolf Opportunity Fund, Ltd. and Ahmet H. Okumus has shared voting power as to 5,545,313 shares and shared dispositive power as to 5,545,313 shares. The address of each of these persons is as follows: (a) Wolf Fund Management Ltd., 767 Third Avenue, 35th Floor, New York, NY 10017, (b) Wolf Opportunity Fund, Ltd., Craigmuir Chambers, Suite 71, Road Town, Tortola, British Virgin Islands, and (c) Ahmet H. Okumus, c/o Wolf Management Ltd., 767 Third Avenue, 35th Floor, New York, NY 10017.
- (14) As reported on Schedule 13G, filed on February 12, 2013, includes 5,270,314 shares held by Huber Capital Management LLC and has (a) sole voting power as to 2,887,661 shares and shared voting power as to 530,630 shares, and (b) sole dispositive power as to 5,270,314 shares. The address of Huber Capital Management LLC is 2321 Rosecrans Ave., Suite 3245, El Segundo, CA 90245
- (15) As reported on Schedule 13G, filed on February 13, 2013, includes 4,225,860 shares held by Ameriprise Financial, Inc. on its own behalf and on behalf of the following subsidiary: Columbia Management Investment Advisers, LLC. Each of Ameriprise Financial, Inc. and Columbia Management Investment Advisers, LLC has shared voting power as to 1,769,532 shares and shared dispositive power as to 4,225,860 shares. 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.
- (16) As reported on Schedule 13G, filed on February 13, 2013, includes 3,448,254 shares held by the Vanguard Group on its behalf and on behalf of the following subsidiaries: (a) Vanguard

Fiduciary Trust Company, and (b) Vanguard Investments Australia, Ltd. The Vanguard Group has voting power as to 97,662 shares, sole dispositive voting as to 3,354,592 shares and shared dispositive power as to 93,662 shares. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

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.

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 consisting 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 amounts of the base salaries paid to Mr. Betts, Mr. Lopez and Mr. Johnson are fixed pursuant to the terms of their written employment agreements 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 based target cash bonus for 2012 was established as a percentage of such Named Executive Officer's base salary. Such target cash bonus percentage was either established in the Named Executive Officer's employment agreement or as 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 consisted of a combination of Company-based and individual-based performance targets and goals. Specifically, 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, 2012 (amounts in thousands):

	Minimum	Target	Maximum	Maximum %
Adjusted EBITDA target (50% weight)	\$70,000 to \$71,900	\$74,000 to \$77,900	\$80,000 to \$82,000	75%
Payout percentage of Adjusted EBITDA target	25%	50%	75%	
Individual targets and goals personal and specific to each Named Executive Officer (50% weight) . .	Vary by individual executive officer	N/A	N/A	75%

The Company's performance targets for the year ended December 31, 2012 relating to Adjusted EBITDA was 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 each of the Adjusted EBITDA performance targets is set forth increasing proportionately assuming the minimum threshold amount was achieved. The maximum percentage amount for the objective and subjective performance targets is equal to 150% of the percentage amount assigned to each such performance target.

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 responsibility for overseeing 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 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 2012, the Company established an Adjusted EBITDA target goal of \$74.0 to \$77.9 million with a minimum threshold of \$70.0 million. The Company had an Adjusted EBITDA of \$79.3 million for the year ended December 31, 2012 resulting in a 62.5% 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 2012 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. Pursuant to the Company's 2005 Stock Incentive Plan, the Board has authorized the Chief Executive Officer, subject to the review of the Chairman of the Compensation Committee to approve the grant of stock options and awards of restricted stock to employees other than executive officers within ranges prescribed by the Board. The approval of the Board is required for the grant of stock options or awards of restricted stock to executive officers or to employees other than executive officers if in excess of the ranges prescribed by the Board.

Due to the direct relationship between the value of an option or restricted stock award, on the one hand, and the stock price, on the other, we believe that stock options and restricted stock awards motivate executives to manage the Company's business in a manner that is consistent with stockholder interests. Stock option and restricted stock grants 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 stock options and restricted stock 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 stock options and restricted stock 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 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 as are included in the Summary Compensation Table and other tables below.

On March 6, 2013, E. Miles Kilburn, Scott Betts, Fred Enlow, Geoff Judge, Michael Rumbolz, David Lopez, Mary Beth Higgins, Michael Dowty, Robert Myhre, David Johnson and Diallo Gordon were granted options to purchase 29,135, 19,424, 19,424, 19,424, 19,424, 101,641, 56,467, 47,433, 44,722, 40,657 and 33,880 shares of Common Stock, respectively, at an exercise price of \$7.09 per share pursuant to the Company's Stock Incentive Plan. In addition, on March 6, 2013, E. Miles Kilburn, Scott Betts, Fred Enlow, Geoff Judge, Michael Rumbolz, David Lopez, Mary Beth Higgins, Michael Dowty, Robert Myhre, David Johnson and Diallo Gordon were granted the following shares of restricted Common Stock: 13,645, 9,097, 9,097, 9,097, 47,602, 26,446, 22,214, 20,945, 19,041 and 15,867, respectively. The shares of Common Stock underlying the foregoing restricted stock awards vest over a four year period.

In February 2013, Ronald Congemi was appointed to our Board of Directors and was granted an option to purchase 100,000 shares of Common Stock at an exercise price of \$7.10 per share pursuant to the Company's Stock Incentive Plan.

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 continued health and other welfare benefits 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 2012, Mr. Betts received perquisites in the aggregate amount of \$56,580, which included \$51,080 for housing and travel reimbursement. 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 the non-binding approval of the compensation of the Company's named executive officers at the 2012 annual meeting of stockholders, the Company has not materially deviated from its approach to, and the structure of, its executive compensation decisions and policies.

Summary Compensation Table

The following table sets forth certain information concerning compensation of each Named Executive Officer:

Name and principal position	Year	Salary	Bonus	Stock awards(1)	Option awards(2)	Non-equity incentive plan compensation(3)	All other compensation	Total
Scott H. Betts Former Chief Executive Officer	2012	\$600,000	\$56,250(4)	\$ —	\$1,224,349(5)	\$618,750	\$ 56,580(6)	\$2,555,929
	2011	600,000	—	—	717,605	300,000	60,387(7)	1,677,992
	2010	600,000	—	—	1,039,600	225,000	97,313(8)	1,961,913
David Lopez President, Chief Executive Officer	2012	269,231(9)	—	430,300	758,760	156,762	1,796(10)	1,616,849
Mary E. Higgins Executive Vice President, Chief Financial Officer	2012	375,000	—	—	322,480	230,937	10,533(11)	938,950
	2011	375,000	—	—	205,030	93,750	6,604(12)	680,384
	2010	106,731(13)	—	—	353,394	27,997	63(14)	488,185
David Johnson Executive Vice President, General Counsel	2012	300,000	—	—	322,480	168,750	15,188(15)	806,418
	2011	220,385(16)	—	—	197,310	56,507	3,870(17)	478,072
Michael S. Dowty Executive Vice President, Business Development	2012	328,462	—	—	322,480	185,149	9,958(18)	846,049
	2011	293,462	—	—	205,030	73,517	19,436(19)	591,445
	2010	275,000(20)	—	—	293,800	68,750	9,993(21)	647,543
David Lucchese Executive Vice President, Sales	2012	340,000	—	—	322,480	182,750	17,519(22)	862,749
	2011	340,000	—	—	205,030	85,000	33,844(23)	663,874
	2010	223,616(24)	—	—	503,000	57,288	109,290(25)	893,194

- (1) Represents the fair value of the Named Executive Officers' restricted stock grants, as calculated in accordance with FASB ASC Topic 718 (formerly FAS 123(R)). For a discussion of the assumptions made in determining the valuation of the restricted stock awards, please see Note 12 to the financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012 and please see Note 2 to the financial statements in our Annual Reports on Form 10-K for the years ended December 31, 2011 and 2010.
- (2) Represents the fair value of the Named Executive Officers' stock option grants, as calculated in accordance with FASB ASC Topic 718 (formerly FAS 123(R)). For a discussion of the assumptions made in determining the valuation of the stock option awards, please see Note 12 to the financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012, and please see Note 2 to the financial statements in our Annual Reports on Form 10-K for the years ended December 31, 2011 and 2010.
- (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 unless otherwise indicated.
- (4) Represents the amount of cash bonus approved by the Board of Directors that was in addition to the amount earned under the Company's cash incentive bonus program as detailed in Note 3 above.
- (5) Pursuant to the Transition Agreement by and between the Company and Mr. Betts, all outstanding options to purchase Common Stock of the Company that were held by Mr. Betts and that were not vested as of December 31, 2012 became fully vested as of December 31, 2012. The exercise period for such options was extended to equal the "expiration date" set forth in the applicable grant document (generally, ten years from the date of grant). The amount reported is the incremental value associated with the acceleration of the options.
- (6) Includes (i) \$24,750 for executive housing, (ii) \$26,330 for travel reimbursement, and (iii) contributions made by the Company of \$5,500 under its 401(k) plan for the benefit of Mr. Betts during fiscal year 2012.
- (7) Includes (i) \$31,925 for executive housing, (ii) \$24,337 for travel reimbursement, and (iii) contributions made by the Company of \$4,125 under its 401(k) plan for the benefit of Mr. Betts during fiscal year 2011.
- (8) Includes (i) \$89,063 for executive housing and travel reimbursement, and (ii) contributions made by the Company of \$8,250 under its 401(k) plan for the benefit of Mr. Betts during fiscal year 2010.
- (9) 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.
- (10) Represents contributions made by the Company of \$1,796 under its 401(k) plan for the benefit of Mr. Lopez during fiscal year 2012.
- (11) Includes (i) \$3,849 of reimbursement for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$6,684 under its 401(k) for the benefit of Ms. Higgins during fiscal year 2012.
- (12) Includes (i) \$2,479 of reimbursement for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$4,125 under its 401(k) for the benefit of Ms. Higgins during fiscal year 2011.
- (13) Ms. Higgins joined the Company as Executive Vice President and Chief Financial Officer in September 2010. Represents amounts paid to Ms. Higgins from September 14, 2010 through December 31, 2010.
- (14) Includes \$63 of reimbursement for out-of-pocket health care expenses during fiscal year 2010.

- (15) Includes (i) \$10,861 of reimbursement for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$4,327 under its 401(k) plan for the benefit of Mr. Johnson during fiscal year 2012.
- (16) Mr. Johnson joined the Company as Executive Vice President and General Counsel in April 2011. Represents amounts paid to Mr. Johnson from April 1, 2011 through December 31, 2011.
- (17) Includes (i) \$1,678 of reimbursement for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$2,192 under its 401(k) plan for the benefit of Mr. Johnson during fiscal year 2011.
- (18) Includes (i) reimbursement of \$4,727 for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$5,231 under its 401(k) plan for the benefit of Mr. Dowty during fiscal year 2012.
- (19) Includes (i) reimbursement of \$15,311 for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$4,125 under its 401(k) plan for the benefit of Mr. Dowty during fiscal year 2011.
- (20) Mr. Dowty joined the Company in November 2005 and was promoted to an executive officer position in July 2008.
- (21) Includes (i) reimbursement of \$1,743 for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$8,250 under its 401(k) plan for the benefit of Mr. Dowty during fiscal year 2010.
- (22) Includes (i) reimbursement of \$13,269 for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$4,250 under its 401(k) plan for the benefit of Mr. Lucchese during fiscal year 2012.
- (23) Includes (i) reimbursement of \$30,846 for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$2,998 under its 401(k) plan for the benefit of Mr. Lucchese during fiscal year 2011.
- (24) Mr. Lucchese joined the Company as Executive Vice President, Sales in April 2010. Represents amounts paid to Mr. Lucchese from April 30, 2010 through December 31, 2010.
- (25) Includes (i) reimbursement of \$1,040 for out-of-pocket health care expenses, and (ii) contributions made by the Company of \$8,250 under its 401(k) plan for the benefit of Mr. Lucchese, and (iii) the aggregate signing cash bonus Mr. Lucchese was entitled to receive in fiscal year 2010.

Grants of Plan Based Awards in 2012

The following table sets forth certain information concerning grants of awards made to each Named Executive Officer during the fiscal year ended December 31, 2012:

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)				
Scott H. Betts	3/2/2012	\$112,500	\$450,000	\$675,000	—	586,460	\$5.58(5)	\$1,224,349(5)
David Lopez	6/11/2012	34,760	139,041	208,562	65,000	200,000	6.62	1,189,060
Mary E. Higgins	3/2/2012	46,875	187,500	281,250	—	100,000	5.58	322,480
David Johnson	3/2/2012	37,500	150,000	225,000	—	100,000	5.58	322,480
Michael S. Dowty	3/2/2012	41,137	164,548	246,822	—	100,000	5.58	322,480
David Lucchese	3/2/2012	42,500	170,000	255,000	—	100,000	5.58	322,480

- (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 & 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 (formerly FAS 123(R)). 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, 2012.
- (5) Pursuant to the Transition Agreement by and between the Company and Mr. Betts, all outstanding options to purchase Common Stock of the Company that were held by Mr. Betts and that were not vested as of December 31, 2012 became fully vested as of December 31, 2012. The exercise period for such options was extended to equal the "expiration date" set forth in the applicable grant document (generally, ten years from the date of grant). The amount reported is the incremental value associated with the acceleration of the options. In addition, the exercise, or base price, of option awards reflects the 2012 grant. For prior years' options that were accelerated, the exercise prices were \$3.41 and \$2.20 for the 2011 and 2009 grants, respectively.

Employment Contracts, Termination of Employment and Change in Control Arrangements

Employment Agreements

Betts Employment Agreement

The Company is party to an employment agreement with Mr. Betts dated October 31, 2007, as amended (the “Betts Agreement”) pursuant to which Mr. Betts received an annual base salary of \$600,000, with such salary subject to annual review by the Board. Additionally, Mr. Betts was eligible for a discretionary bonus in an amount up to 112.5% of his then current base salary based upon satisfaction of certain performance criteria or goals as are mutually agreed upon by Mr. Betts and the Company. The target amount of the discretionary bonus, assuming the achievement of the applicable performance goals and criteria, was 75% of his then current base salary. In March 2010, the Betts Agreement was amended to reimburse Mr. Betts for all reasonable out-of-pocket expenses that he incurs in the course of commuting from a residence outside of Las Vegas, including airfare, rental car, taxi and rent and utilities for an apartment or other residence in the Las Vegas metropolitan area. Such reimbursement is retroactive to March 1, 2009 because an amendment to the Betts Agreement in April 2009 inadvertently removed this benefit commencing on March 1, 2009. These reimbursements will be treated as taxable income to Mr. Betts and the Company did not provide Mr. Betts with any gross-up in connection with the income recognized by Mr. Betts as a result of these reimbursements. In addition, the Betts Agreement provided Mr. Betts the option to purchase 1,000,000 shares of common Stock pursuant to the 2005 Stock Incentive Plan (the “Notice of Stock Option Award and Option Award Agreement”). The Notice of Stock Option Award and Option Award Agreement were entered into by Mr. Betts and the Company on October 31, 2007. In addition, during each of the first eighteen (18) months of Mr. Betts’ employment with the Company, the Company reimbursed Mr. Betts for all reasonable out-of-pocket expenses that his wife incurred in the course of traveling to the Las Vegas metropolitan area not more frequently than once per month for the purpose of preparing for the relocating of Mr. Betts’ principal residence to the Las Vegas metropolitan area. The Betts Agreement also entitled Mr. Betts to participate in the Company’s group medical, dental, life insurance, 401(k), deferred compensation or other benefit plans and programs on the same terms and conditions as other members of the Company’s senior executive management.

Betts Transition and Retirement Agreement

Mr. Betts retired as Chief Executive Officer of the Company as of December 31, 2012. In connection with his retirement, the Company and Mr. Betts entered into a Transition and Retirement Agreement (the “Transition Agreement”) in January 2013. Pursuant to the Transition Agreement, Mr. Betts will remain as an employee in a transitional strategic planning role through March 31, 2013, and in that capacity will continue to receive compensation and benefits under his existing arrangements. The Company has agreed to pay Mr. Betts a cash bonus for the year ended December 31, 2012 in an amount equal to 150% of the target bonus set forth in the Betts Agreement. All outstanding options to purchase Common Stock of the Company that were held by Mr. Betts and that were not vested as of December 31, 2012 became fully vested as of December 31, 2012. The exercise period for such options was extended to equal the “expiration date” set forth in the applicable grant document (generally, ten years from the date of grant). Upon his retirement as an employee, and in each case subject to the Board’s determination as to whether Mr. Betts has satisfied his duties related to his transitional strategic planning role, Mr. Betts’ continued employment by GCA through March 31, 2013, and Mr. Betts’ reaffirmation of a standard release included in the Transition Agreement, (a) Mr. Betts will receive a one-time transition bonus in the amount of \$40,504.95 in cash, and (b) Mr. Betts will be re-appointed to the Board of Directors to serve out his existing term (which runs through the 2015 annual meeting of stockholders) as a non-employee director. As a non-employee director, Mr. Betts will be eligible to receive compensation on the same basis as the Company’s other non-employee directors; provided, that while Mr. Betts will receive the annual grant of options and other fees to be received by non-employee directors for 2013, he will not receive the initial

equity grant typically made to non-employee directors upon their initial appointment to the Board of Directors.

Lopez Employment Agreement

Mr. Lopez and the Company entered into an Employment Agreement, effective as of June 11, 2012. Pursuant to the Employment Agreement, Mr. Lopez is entitled to receive an annual base salary of \$500,000 and is eligible for an annual bonus in an amount of up to 75% of his then current base salary depending upon the achievement of certain performance criteria and goals. The target amount of the discretionary bonus, assuming the achievement of performance criteria and goals, is 50% of his then current base salary. In the event of the termination of Mr. Lopez's employment in certain circumstances, he is entitled to twelve months salary continuation and, in certain circumstances, a bonus in an amount of up to 50% of his then current base salary. In the Employment Agreement, Mr. Lopez agrees not to engage in certain competitive activities for a period of two years following the termination of his employment with the Company.

In connection with his appointment to office, Mr. Lopez and the Company entered into a Notice of Stock Option Award and Stock Option Award Agreement, effective as of June 11, 2012. Pursuant to the Notice of Stock Option Award and Stock Option Award Agreement, Mr. Lopez was awarded an option to purchase 200,000 shares of Common Stock at an exercise price equal to the closing price of GCA's Common Stock on June 11, 2012. Subject to Mr. Lopez's continued employment with the Company, the option will vest over a four-year period with 25% vesting on the first anniversary date of the grant and 1/36 of the unvested portion of the shares underlying the option shall vest on each monthly anniversary date of the grant thereafter. Pursuant to the terms and conditions of Mr. Lopez's option agreement, the award provides for acceleration of the outstanding options for termination without cause or good reason.

Mr. Lopez also entered into a Notice of Restricted Stock Award and Restricted Stock Award Agreement, effective June 11, 2012. Pursuant to the Notice of Restricted Stock Award and Restricted Stock Award Agreement, Mr. Lopez was awarded 65,000 shares of restricted Common Stock. Subject to Mr. Lopez's continued employment with the Company, the restricted shares of Common Stock will vest over a four year period with 25% vesting on the first anniversary date of the grant and 1/36 of the remaining unvested shares shall vest on each monthly anniversary date of the grant thereafter. Any unvested shares will vest upon an acquisition of change of control of the Company or upon a termination of Mr. Lopez's employment for good reason or without cause as defined in the Employment Agreement.

Johnson Employment Agreement

The Company is party to an employment agreement with Mr. Johnson, dated April 1, 2011 (the "Johnson Agreement"), wherein Mr. Johnson is entitled to receive an annual base salary of \$300,000 and is eligible for a discretionary annual bonus in an amount of up to 75% of his then current base salary depending upon the achievement of certain performance criteria and goals to be determined. The target amount of the discretionary bonus, assuming the achievement of performance criteria and goals, is 50% of his then current base salary. In the event Mr. Johnson's employment is terminated without cause or for good reason, he is entitled to receive twelve months base salary, a bonus in an amount of 50% of twelve months base salary and continued health care coverage for twelve months following termination of this employment. In connection with his appointment to office, Mr. Johnson was granted an option under the Company's 2005 Stock Incentive Plan to purchase an aggregate of 100,000 shares of common Stock. Subject to Mr. Johnson's continued employment with the Company, the option will vest over a four-year period.

Employment Agreements with Higgins, Dowty and Lucchese

Although the Company does not have any other formal employment agreements with any of the other executive officers, the Company has agreed to provide Ms. Higgins, Mr. Dowty and Mr. Lucchese with a severance benefit such that each of them is entitled to receive twelve months base salary, a bonus in an amount of 50% of an executive officer's base salary and continued health care coverage for twelve months following termination of employment if their employment is terminated without cause or for good reason as defined in such severance policy. Each of these other executive officers is eligible for a discretionary bonus in an amount of up to 75% of his or her then 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' discretionary bonus is 50% of his or her then current base salary assuming achievement of performance criteria and goals.

Acceleration of Vesting of Stock Options and Restricted Stock Bonus Agreements

Change of Control

The agreements pursuant to which the Company granted shares of restricted stock to Mr. Betts provide for full acceleration of vesting of the unvested portion of restricted stock upon an acquisition or change of control of the Company. Pursuant to the Transition Agreement by and between the Company and Mr. Betts, all outstanding options to purchase Common Stock of the Company that were held by Mr. Betts and that were not vested as of December 31, 2012 became fully vested as of December 31, 2012. The exercise period for such options was extended to equal the "expiration date" set forth in the applicable grant document (generally, ten years from the date of grant). The agreements pursuant to which the Company granted stock options and shares of restricted stock to Mr. Lopez provide for full acceleration of vesting of the unvested portion of stock options and restricted stock upon an acquisition or change of control of the Company. The agreements pursuant to which the Company granted stock options and shares of restricted stock to Ms. Higgins, Mr. Johnson, Mr. Dowty and Mr. Lucchese provide for full acceleration of vesting 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 shares of restricted stock to Mr. Betts provide for full or partial acceleration of vesting on the unvested portion of restricted stock if they are terminated without cause or for good reason as such terms are defined in his employment agreement. Mr. Lopez's employment agreement provides for acceleration of vesting of the unvested portion of any shares of restricted stock if he is terminated without cause or for good reason as such terms are defined in his employment agreement. The agreements pursuant to which the Company granted stock options to Mr. Lopez, Ms. Higgins, Mr. Johnson, Mr. Dowty and Mr. Lucchese 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.

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, 2012 that is not in connection with a change in control of us, (B) a hypothetical change in control of us on December 31, 2012, and (C) a hypothetical termination without cause of each executive's employment on December 31, 2012 in connection with a change in control of us:

	<u>Mr. Betts</u>	<u>Mr. Lopez</u>	<u>Ms. Higgins</u>	<u>Mr. Johnson</u>	<u>Mr. Dowty</u>	<u>Mr. Lucchese</u>
Termination without cause						
Salary continuation and bonus	\$2,100,000	\$750,000	\$562,500	\$450,000	\$525,000	\$510,000
Lump sum severance payments	—	—	—	—	—	—
Accelerated vesting of stock options and restricted stock(1)	—	753,600	727,844	491,420	500,017	475,188
Continued group medical insurance(2)	22,616	14,878	19,329	18,706	10,750	28,749
Change in control(3)						
Accelerated vesting of stock options and restricted stock(1)	65,339	753,600	727,844	491,420	516,355	475,188
Termination without cause in connection with change in control						
Accelerated vesting of stock options and restricted stock(1)	65,339	753,600	727,844	491,420	516,355	475,188

- (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 restricted stock unit awards accelerated by \$7.84 (the closing price of common Stock on December 31, 2012). 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 \$7.84 (the closing price of common Stock on December 31, 2012) 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, 2012" appearing later in this Proxy Statement.
- (2) Estimated value of continued coverage under group health insurance plans and other healthcare-related perquisites through the end of the applicable severance period.
- (3) Assumes that the party acquiring control of the Company has assumed the Company's obligations under the 2005 Stock Incentive Plan.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its directors and executive officers and certain employees. The indemnity agreements provide, among other things, that the Company will indemnify its directors, executive officers and certain employees under the circumstances and to the extent provided therein, for expenses, damages, judgments, fines and settlements each may be required to pay in actions or proceedings which either of them may be made a party by reason of their positions as a director or other agent of the Company or any of its subsidiaries, and otherwise to the fullest extent permitted under Delaware law and the Company's Amended and Restated Bylaws.

Outstanding Equity Awards at December 31, 2012

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, 2012:

Name	Option awards				Stock awards	
	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
Scott H. Betts	1,000,000(1)	—	\$ 9.99	10/31/17	—	—
	500,000(1)	—	6.87	2/7/18	—	—
	12,501(1)	—	2.20	2/24/19	—	—
	230,000(1)	—	7.77	2/16/20	—	—
	350,000(1)	—	3.41	3/1/21	—	—
	310,000(1)	—	5.58	3/2/22	—	—
					8,334(1)	65,339
David Lopez	—	200,000(2)	6.62	6/11/22	65,000(3)	509,600
Mary E. Higgins	74,875(4)	65,625	3.99	9/14/20	—	—
	33,750(5)	56,250	3.41	3/1/21	—	—
	—	100,000(6)	5.58	3/2/22	—	—
David Johnson	6,666(7)	58,334	3.29	4/1/21	—	—
	—	100,000(8)	5.58	3/2/22	—	—
Michael S. Dowty	25,000(9)	—	15.48	2/7/16	—	—
	25,000(10)	—	18.94	4/27/16	—	—
	6,250(11)	4,167	2.20	2/24/19	—	—
	46,041(12)	18,959	7.77	2/16/20	—	—
	4,167(13)	56,250	3.41	3/1/21	—	—
	—	100,000(14)	5.58	3/2/22	—	—
					2,084(15)	16,339
David Lucchese	66,666(16)	33,334	8.68	4/30/20	—	—
	6,250(17)	56,250	3.41	3/1/21	—	—
	—	100,000(18)	5.58	3/2/22	—	—

- (1) All options are exercisable as of December 31, 2012. The Company vested all unexercised shares as of December 31, 2012 in accordance with the Transition Agreement. The exercise period for such options was extended to equal the "expiration date" set forth in the applicable grant document (generally, ten years from the date of grant).
- (2) These options were granted on June 11, 2012 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (3) The unvested shares consist of a restricted stock award of 65,000 shares granted on June 11, 2012 and will be fully vested on June 11, 2016.
- (4) These options were granted on September 14, 2010 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (5) These options were granted on March 1, 2011 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (6) These options were granted on March 2, 2012 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (7) These options were granted on April 1, 2011 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (8) These options were granted on March 2, 2012 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (9) These options were granted on February 7, 2006 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (10) These options were granted on April 27, 2006 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (11) These options were granted on February 24, 2009 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (12) These options were granted on February 16, 2010 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (13) These options were granted on March 1, 2011 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.

- (14) These options were granted on March 2, 2012 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (15) The unvested shares consist of a restricted award of 50,000 shares granted on February 24, 2009 and will be fully vested on February 7, 2013.
- (16) These options were granted on April 30, 2010 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (17) These options were granted on March 1, 2011 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.
- (18) These options were granted on March 2, 2012 and vest at a rate of one-fourth per year on the anniversary of the grant date and one-thirty sixth of the remaining amount each month thereafter.

Option Exercises and Stock Vested in 2012

The following table sets forth certain information concerning each exercise of stock options and each vesting of stock, including restricted stock, for each Named Executive Officer during the fiscal year ended December 31, 2012:

Name	Number of shares acquired on exercise	Value realized on exercise(1)	Number of shares acquired on vesting	Value realized on vesting(2)
Scott H. Betts	287,499	\$1,603,513	50,000	\$342,999
David Lopez	—	—	—	—
Mary E. Higgins	19,500	75,565	—	—
David Johnson	35,000	158,738	—	—
Michael S. Dowty	143,750	450,502	12,500	85,749
David Lucchese	37,500	187,380	—	—

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

Pension Benefits in 2012

During the fiscal year ended December 31, 2012, there were no plans that provide for payments or other benefits at, following, or in connection with retirement of any Named Executive Officer other than provisions in the Company's stock option agreements with Named Executive Officers that provide for the exercise of such options after the optionee's retirement from the Company (which includes termination of employment for any reason or no reason at all, other than for cause) for the remainder of the option term, if on the date of termination the optionee has attained 10 years of service to the Company and at least 50 years of age.

Nonqualified Deferred Compensation in 2012

During the fiscal year ended December 31, 2012, there were no defined contribution or other plans that provide for the deferral of compensation on a basis that is not tax-qualified to any Named Executive Officer.

We have established and maintained a retirement savings plan under Section 401(k) of the Internal Revenue Code of 1986, or the Code, to cover our eligible employees. 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. During fiscal 2012, we made matching contributions on behalf of the

Named Executive Officers as described in the Summary Compensation Table set forth above and the related footnotes thereto.

Director Compensation in 2012

All non-employee directors receive an annual fee of \$40,000 except for the chair of the Board who receives an annual fee of \$60,000. In addition, each member of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee that is independent, within the meaning of the applicable rules of the NYSE, will receive an additional annual fee of \$7,500. The chairperson of each of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee will receive an additional annual 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 was the fair market value of the common Stock at the time of the grant of the stock options. For each grant, one eighth of the options are to vest after six months of service as a director, and the remainder will 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, 2012:

Name	Fees earned or paid in cash	Option awards(1)	Total
E. Miles Kilburn(2)	\$97,500	\$193,488	\$290,988
Fred Enlow(3)	55,000	128,992	183,992
Geoff Judge(4)	55,000	128,992	183,992
Patrick Olson(5)	65,000	128,992	193,992
Michael Rumbolz(6)	40,000	128,992	168,992

- (1) Represents the fair value of the directors' stock option grants in fiscal year 2012, as calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in the valuation of the directors' stock option grants, please 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, 2012.
- (2) At December 31, 2012, Mr. Kilburn had 2,084 shares of unvested restricted stock outstanding and unvested options to purchase 101,251 shares of Common Stock.
- (3) At December 31, 2012, Mr. Enlow had 1,417 shares of unvested restricted stock outstanding and unvested options to purchase 66,500 shares of Common Stock.
- (4) At December 31, 2012, Mr. Judge had 1,417 shares of unvested restricted stock outstanding and unvested options to purchase 66,500 shares of Common Stock.
- (5) At December 31, 2012, Mr. Olson had no shares of unvested restricted stock outstanding and no unvested options to purchase shares of Common Stock. Mr. Olson resigned as a member of our Board as of December 31, 2012.

- (6) At December 31, 2012, Mr. Rumbolz had no shares of restricted stock outstanding and unvested options to purchase 96,667 shares of Common Stock.

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.

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, 2012.

<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)	9,448,788	\$7.19	2,628,681
Equity compensation plans not approved by stockholders	—	—	—
Total/weighted average/total	<u>9,448,788</u>		<u>2,628,681</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, 2012, the Company had reserved 18,179,520 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 the lesser of: 3,800,000 shares, 3% of all outstanding shares of our common stock immediately prior to such increase, or a lesser amount determined by our Board of Directors.

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
Fred Enlow

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 Mr. Kilburn, Enlow and Judge. 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 2012 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, 2012 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, 2013.

MEMBERS OF THE AUDIT COMMITTEE

E. Miles Kilburn
Fred C. Enlow
Geoff Judge

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 2012, all Reporting Persons complied with the applicable filing requirements on a timely basis.

OTHER MATTERS

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 persons 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 2012 REPORT, INCLUDING FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES FILED THEREWITH.

By Order of the Board of Directors,

By: /s/ DAVID LOPEZ

David Lopez
Chief Executive Officer

March 26, 2013
Las Vegas, Nevada

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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, 2012

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)

3525 East Post Road, Suite 120, Las Vegas, Nevada 89120
(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, 2012, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$466.3 million.

There were 66,490,337 shares of the registrant's common stock issued and outstanding as of the close of business on February 28, 2013.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2013 Annual Meeting of Stockholders to be held on April 25, 2013 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, 2012
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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; gaming establishment and patron preferences; national and international economic conditions; changes in gaming regulatory, card association and statutory requirements; regulatory and licensing difficulties; our ability to introduce new products and services; 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. 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 services 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. In addition, we also provide products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments. We also sell and service cash access devices such as slot machine ticket redemption and jackpot kiosks to the gaming industry.

In 2012, we processed over 93.5 million transactions, which resulted in approximately \$20.9 billion in cash being distributed to gaming patrons. A summary of our segment financial information is contained in Note 16 Segment Information.

Our principal executive offices are located at 3525 East Post Road, Suite 120, Las Vegas, Nevada 89120. We plan to relocate our principal executive offices to 7250 South Tenaya Way, Las Vegas, Nevada 89113 in first half of 2013. 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. In addition, 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 also 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. In addition we manufacture, sell and service cash access devices such as slot machine ticket redemption and jackpot kiosks to the gaming industry. These devices also may be enabled to provide our cash access products and services. In general, our contracts with gaming establishments have an average term life of three years.

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 at 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 on two platforms: TRS Recovery Services (formerly known as TeleCheck Recovery Services, Inc.) ("TeleCheck") and Central Credit Check Warranty. During 2012, we migrated the majority of our check warranty services to the TeleCheck platform, and we expect to migrate the remaining services to TeleCheck in 2013. We use and pay certain third parties to assist us in the warranty decision and processing and the collection activities. In our Central Credit Check Warranty product and under our agreement with TeleCheck, we receive all of the check warranty revenue. We are exposed to risk for the losses associated with any warranted items that we cannot collect from patrons issuing the items. Warranty expenses are defined as any amounts paid by TeleCheck or Central Credit to gaming establishments to purchase dishonored checks that will not be collectible from patrons. Additionally, we pay a portion of TeleCheck's operating expenses and certain operating expenses associated with our third party partners related to the provision of these services.

Central Credit

In addition to cashing checks and performing the three primary types of payment transactions described above, a number of gaming establishment patrons 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 for the service, which use that data, among other things, to determine if or how much credit 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 also 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 fees associated with the sale, installation and maintenance of those devices.

Other

We also 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	Information Services	Cashless Gaming Products
<ul style="list-style-type: none"> • Casino Cash Plus 3-in-1 ATM • Check verification and warranty • QuikCash Kiosk 	<ul style="list-style-type: none"> • Central Credit • QuikCash Plus Web • QuikReports • QuikMarketing • Casino Share Intelligence • Xchange Xplorer • Xchange Xplorer Plus • Xchange Watch 	<ul style="list-style-type: none"> • QuikTicket* • TableXchange*
Cash Handling and Access Equipment Sales and Services	Internet Gaming Solution	
<ul style="list-style-type: none"> • Full Service Kiosks • Jackpot Kiosks 	<ul style="list-style-type: none"> • Digital Wallet* 	

* Currently under development

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 TeleCheck to market check warranty services to gaming establishments. As an alternative to TeleCheck’s check warranty service, we have developed our own Central Credit Check Warranty service that is based upon our Central Credit database, our proprietary patron transaction database, third-party risk analytics and actuarial assumptions.

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 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 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. 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. In addition, by incorporating our cash access services into a redemption device, we enjoy the benefit of the redemption device manufacturer’s existing relationships with gaming establishments and its sales and marketing efforts directed towards additional 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 able 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/Casino Share Intelligence are database services that allow us to query our proprietary patron transaction database using criteria supplied by the gaming establishment. This database can 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.

Gaming Products and Services in Development

QuikTicket. The gaming industry has been increasingly moving towards cashless gaming as a more efficient means for gaming operators to manage their slot machine operations. Cashless gaming, also known as “ticket-in-ticket-out” (“TITO”), reduces the amount of cash utilized in slot machines by dispensing bar-coded tickets instead of cash for jackpots and cash-outs. 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. In addition to QuikTicket, we are exploring other potential cashless gaming products and services. We are currently in the process of obtaining regulatory approvals from gaming authorities for QuikTicket.

TableXchange. The TableXchange device connects table games to a casino's existing 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 TableXchange device further streamlines casino operations by virtually eliminating the need to replenish chips at table games. The TableXchange device is also fitted with a Magstripe reader to record and update Player's Club Cards, enabling players to receive loyalty points for activity at table games. In addition, the TableXchange device provides a variety of administrative interface features to assist the casinos. These functions include a numeric keypad and touch screen with currency type, table-limit selection, manual printer controls and the ability to print promotional coupons and audit reports on demand.

Internet Gaming Solution. Recently, several states, including Nevada and Delaware have passed implementing legislation to allow certain intra-state, wager-based, online casino gaming activity such as online poker. These legislative efforts are 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 activity. Although these states have adopted implementing legislation authorizing certain wager-based casino games, the legislative and regulatory environment surrounding online wager-based casino 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 have begun the development of a licensed end-to-end payment, patron e-wallet and management solution through collaboration with Live Gamer, Inc., a leading independent wallet, analytics and media supplier for the social gaming space worldwide that we intend to offer to operators of online wager-based casino games. The proposed solution combines our casino cash management products with Live Gamer's monetization and virtual currency solutions for the social and play-for-fun industry. The proposed integrated solution 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.

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 approximately 150 different languages.

Intellectual Property

We believe that 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

Our more than 1,000 gaming establishment customer locations include: traditional land-based casinos, riverboats and cruise ships with gaming operations, gaming establishments operated on Native American lands, pari-mutuel wagering facilities and card rooms.

In general, most of our customers procure multiple products and services from us such as cash access services and other products and services offered by us. 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, 2012 and 2011, no single customer accounted for more than 10% of the Company's revenues. For the year ended December 31, 2010, the combined revenue from all segments for our largest customer, Caesars, was approximately \$79.6 million, representing 13% of the Company's total consolidated revenues. Our five largest customers accounted for approximately 34%, 28% and 35% of our total revenue in 2012, 2011 and 2010, respectively.

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 \$10.0 million, \$8.0 million and \$7.6 million, or 1.7%, 1.5% and 1.3%, of our total revenues, for the years ended December 31, 2012, 2011 and 2010, 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. Our principal competitor in North America is Global Payments, Inc. We also compete with financial institutions, such as U.S. Bancorp 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.

Recently, we have faced 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 may face competition in the future 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.

We also 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, in 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, and as such, we are often subject to a lesser degree of regulation than our customers that directly engage in gaming activities. 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. 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 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. In addition, 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. 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.

The State of Nevada has amended the Nevada Gaming Control Act 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 Licenses Required(3)(4)		Status	
	2012	2011	Kiosk Sales	GCA or Holdings	Kiosk Sales	GCA or Holdings
California	9%	10%	Yes	Yes	Pending	Pending
Florida	8%	9%	Yes	No	Granted	N/A
Illinois	9%	3%	Yes	No	Granted	N/A
Indiana	8%	4%	Yes	Yes	Granted	Granted
Mississippi	8%	3%	Yes	No	Granted	N/A
Nevada	20%	22%	Yes	Yes	Granted	Granted
Oklahoma	5%	5%	No	No	N/A	N/A
Pennsylvania	8%	7%	Yes	Yes	Granted	Granted
All other	25%	37%	N/A	N/A	N/A	N/A

- (1) All other represents jurisdictions with less than 5% of our revenue based on the 2012 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

Recently, several states, including Nevada and Delaware have passed implementing legislation to allow certain intra-state, wager-based, online casino gaming activity such as online poker. These legislative efforts are 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 activity. Although these states have adopted implementing legislation authorizing certain wager-based casino games, the legislative and regulatory environment surrounding online wager-based casino 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 gaming activity. To date, no online wager-based casino activity has occurred under this state legislation and it is unclear whether any states will allow online, wager-based casino gaming activity absent federal legislation expressly authorizing 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.

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. Our gaming establishment customers and we 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 have imposed and are considering 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 we have implemented the necessary policies and procedures 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. We are currently licensed as a money transmitter in a substantial majority of jurisdictions where we provide credit card and POS debit card cash access services. In those jurisdictions where we have not yet obtained a money transmitter license, we have entered into an arrangement with a third party to enable us to provide these negotiable instruments in connection with the provision of cash access services.

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 regulation, 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 also are 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. In some circumstances, however, we engage in debt collection to collect on our dishonored checks purchased by Central Credit pursuant to our check warranty services, 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 regulation 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 Regulation. 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.

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. For example, our entry into Macau was subject to receipt of approvals, licenses or waivers by or from the Monetary Authority of Macau, the Macau Gaming Commission and the Macau Gaming Inspection and Coordination Bureau. 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, 2012, we had 435 employees. We are not subject to any collective bargaining agreements and have never been subject to a work stoppage. We believe that we have maintained good relationships with our employees.

Available Information

Our Internet address is <http://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 <http://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.

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

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 typically 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, such as Global Payments, Inc. We compete with financial institutions such as U.S. Bancorp 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 in the future face potential 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.

Recently, 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 may face competition in the future 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.

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 electronic funds transfer networks, and are subject to decrease in their discretion at any time.

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 have materially reduced the net reimbursement that the Company 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. To the extent our transaction volumes remain constant and the net reimbursement for ATM transactions is reduced, our net income would decrease, which may result in a material adverse impact on our revenues and operating results.

In addition, through the credit card associations and EFT networks we pay interchange and other network fees for services they provide in settling transactions routed through their networks. Collectively we call these fees 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.

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 will be an issue as to the forum in which a lawsuit can 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.

Additionally, 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 substantial portion of our cash flow from operations to payments on our indebtedness, 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.

In addition, the senior credit facility that we entered into in 2011, as amended (the "New 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 New 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 New 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 New 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 New Senior Credit Facility.

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 New Senior Credit Facility require us to dedicate a substantial 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 operation of acquired businesses.

A material increase in market interest rates could adversely affect our business.

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, 2012, all of our indebtedness under our New 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 New Senior Credit Facility and adversely affect our business.

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.

In certain foreign regions in which we currently operate or may operate in the future, new card security features, such as the chip-and-pin feature, have been developed as a fraud deterrent. We must upgrade our devices in certain international jurisdictions to accept these new technologies. Until we comply with these security features, we will bear the chargeback risk on transactions completed without the use of these new technologies or may not be able to operate in such jurisdiction at all.

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

We currently rely on TeleCheck and Central Credit to provide check warranty services to many of our customers. When a gaming establishment obtains an authorization from either TeleCheck or Central Credit pursuant to their check warranty service, the respective provider warrants payment on the patron's check. If the patron's check is subsequently dishonored upon presentment for payment, TeleCheck or Central Credit must purchase the dishonored check from the gaming establishment for its face amount. Pursuant to the terms of our contract with TeleCheck and as a part of Central Credit's service, we are responsible for all of the losses associated with these dishonored checks. 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, proprietary information from our own systems and collection efforts, including the additional fees that we are entitled to collect from check writers of dishonored checks. During the years ended December 31, 2012 and 2011, our warranty expenses with respect to warranty service were \$9.8 million and \$10.4 million, respectively. We have full control over the decision to warrant payment on a particular check under both platforms. 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 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 during the period covered by this report were 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 products and services are complex, depend on a myriad of complex networks and technologies and may be subject to software or hardware errors or failures and security breaches that could lead to an increase in our costs, a reduction of our revenues or damage to our reputation.

Our products and services, and the networks and third-party services upon which our products and services are based, are complex and may contain undetected errors, which may cause us to suffer unexpected failures and security breaches. We are exposed to the risk of failure or security breaches of the computer systems that are owned, operated and managed by TSYS Acquiring Solutions, LLC ("TSYS") and other third party service providers, which we do not control. TSYS and certain other providers own the data centers through which most of our transactions are processed, and we rely on TSYS and these other providers to maintain the security and integrity of our transaction data, including confidential consumer data. In addition, we are exposed to the risk of failure and security breaches of our proprietary computer systems, many of which are deployed, operated, monitored and supported by TSYS. We rely on TSYS to detect and respond to errors and failures in our proprietary computer systems. We also rely on several other third party vendors for hosting services, software development and system support of the self-service slot ticket and player point redemption kiosks that incorporate our cash access services. We also are exposed to the risk of failure of card association and electronic funds transfer networks that are used to process and settle our transactions. These networks, which are owned and operated by others, are subject to planned and unplanned outages and may suffer degradations in performance during peak processing times. Finally, we are subject to the risk of disruption to, or failure of, the telecommunications infrastructure upon which the interfaces among these systems are based. All of these systems and networks, upon which we rely to provide our services, are potentially vulnerable to computer viruses, physical or electronic security breaches, natural disasters and similar disruptions, which could lead to interruptions, delays, loss of data, public release of confidential data or the inability to complete patron

transactions, or the loss of customers, all of which could have a material adverse effect on our business and operating results.

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.

In addition, because various foreign jurisdictions have different laws and regulations concerning the storage, transmission and use of gaming patron data, we may face requirements that pose compliance challenges in new international markets that we seek to enter. 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.

Because of our dependence on a few providers, or in some cases one provider, for some of the services we offer to patrons, the loss of a provider of such services or the degradation of such services could have a material adverse effect on our business or our financial performance.

We depend on a few providers, or in some cases one provider, for some of the services that we offer to patrons. The loss of any of these providers or the failure of such providers to provide these services could have a material adverse effect on our business and financial performance.

Certain of our material third party providers may be subject to gaming and other licensing requirements. If our third party providers are unable to obtain or maintain a license, we may be required to find a replacement provider for such services, which could have a material adverse impact on our business.

Negotiable Instruments. We are currently licensed as a money transmitter in a substantial majority of jurisdictions where we provide credit card and POS debit card cash access services. In those jurisdictions where we have not yet obtained a money transmitter license, we have entered into an arrangement with a third party to enable us to provide these negotiable instruments in connection with the provision of cash access services. If our arrangement with this financial institution is terminated and we are unable to either become licensed or to find a replacement provider, we may be unable to provide our credit card cash access and POS debit card transactions, which would have a material adverse effect on our business and financial performance.

Check Warranty Services. We rely on TeleCheck to provide the majority of the check warranty services that our gaming establishment customers contract with us to use when cashing patron checks.

Authorizations and Settlement. We rely on TSYS to provide processing services for the substantial majority of our transactions by obtaining authorizations for credit card cash access transactions, POS debit card transactions, ATM cash withdrawal transactions and to provide settlement transaction files to card associations for some of these transactions. In addition, TSYS may in some cases be dependent upon a single access point to connect to the various transaction processing networks.

Software Development, Hosting and System Support. We rely on TSYS and other third party vendors for software development, hosting and system support services.

Card Association and Network Sponsorship. We rely on third party financial institutions in both domestic and foreign markets for sponsorship into the VISA, MasterCard and other card associations and electronic payment networks for domestic and foreign transactions.

Our sponsorship agreements allow our sponsor bank to terminate our sponsorship agreement in certain situations such as if we fail to comply with various card association rules and regulations.

ATM Cash Supply. We have a Contract Cash Solutions Agreement with Wells Fargo to provide cash for substantially all of our ATMs. This agreement calls for up to \$500.0 million in available cash and expires in November 2014. If our business demand for cash exceeds this limit or we default or cannot renew this limit we may have an inadequate supply of cash for our ATMs.

Product Development. We rely on our strategic and technology partners for some of our product development. These activities have risks resulting from unproven combinations of disparate products and services, reduced flexibility in making design changes in response to market changes, reduced control over product completion schedules and the risk of disputes with our joint venture partners and strategic partners.

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 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. 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 TSYS. 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 time. Any litigation of this type, whether successful or unsuccessful, could result in substantial costs to us and diversions 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, including with Live Gamer with respect to our proposed funding and cash access solutions for Internet gaming 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 these markets. In competitive bidding situations, we may not enjoy the advantage of being the incumbent provider of cash access products and services to gaming establishments in these new markets 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 also 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 remediate the prior material weaknesses in full or the need to remediate a 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.

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 income statements. Our calculation of the starting balance of the deferred tax asset is based upon information we received from M&C International and First Data about the gains they recorded in the transaction. If M&C International 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, 2012, five investment funds beneficially owned approximately 32% of our common stock as shown in their ownership filings made in February 2013. 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 and 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, which is currently not lawful in the United States of America. 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.

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 ATM at gaming establishments and our business, financial condition and operating results would be harmed.

In addition, 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 2012. If we are unable to maintain compliance with these stricter regulations, our business financial condition and operating results could be harmed.

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 the Company and materially disruptive of its 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 or 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 recently adopted amendments to the Nevada Gaming Control Act 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 as currently being conducted by us. 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.

In addition, 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 also are 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 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. Recently, several States, including Nevada, New Jersey and Delaware have passed implementing legislation to allow certain intra-state, wager-based, online casino 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 activity. Although these States have adopted implementing legislation authorizing certain wager-based casino games, the legislative and regulatory environment surrounding online wager-based casino 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 gaming activity. To date, no online wager-based casino activity has occurred under this State legislation and 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 games. In addition, 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 New Senior Credit Facility;
- the loss of a significant supplier or strategic partner, or the failure of a significant supplier or strategic partner to provide the goods or services that we rely on them for;
- 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 will also 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 the Company to buy its 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 40,000 square feet of office space, which is under a lease through April 2013. 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 consisting of approximately 59,000 square feet. We also lease several other properties that are used to support all our products and services: remote sales offices in Egg Harbor Township, New Jersey under a lease through September 2013 and in Macau SAR under a lease through November 2013, a facility in Burnsville, MN to support our technology development under lease through February 2013 that transitioned to a month-to-month lease for which we are currently exploring renewal options and our manufacturing facility in Las Vegas, Nevada where we support our redemption device operations that is under lease through November 2014.

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

ITEM 3. LEGAL PROCEEDINGS

Automated Systems America, Inc.

On July 7, 2010, an action was commenced by Automated Systems America, Inc. in the United States District Court, Central District of California, against Holdings, GCA and certain current employees of GCA. The complaint seeks a declaratory judgment of invalidity, unenforceability and non-infringement of certain patents owned by the Company and alleges antitrust violations of Section 2 of the Sherman Act, unfair competition violations under the Lanham Act and tortuous interference and defamation per se. The plaintiff seeks damages in excess of \$2 million, punitive damages, and a trebling of damages associated with the allegations under Section 2 of the Sherman Act. On March 3, 2011, the Company filed a motion to dismiss this action. The Company maintains insurance that may provide for reimbursement of some of the expenses associated with this action. In February 2012, the District Court entered an order granting the Company's motion to dismiss this action without prejudice, allowing the plaintiff to file a new complaint if it chooses to do so. The plaintiff subsequently filed an amended complaint alleging substantially similar claims to those contained in the original complaint, and the Company has filed a motion to dismiss the amended complaint. The Company has not accrued any amounts related to this matter as the Company does not believe it is probable that a loss has been incurred and has meritorious defenses and will vigorously defend this action.

We are also subject to a variety of other 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, 2013 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
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
2011		
First Quarter	\$3.96	\$2.95
Second Quarter	3.34	2.58
Third Quarter	3.26	2.07
Fourth Quarter	4.90	2.18

On February 28, 2013, the closing sale price of our common stock on the New York Stock Exchange was \$7.10.

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 New Senior Credit Facility limits the ability of GCA and Holdings to declare and pay cash dividends.

Common Stock Repurchases

Our Board of Directors has authorized and approved a new share repurchase program granting us the authority to repurchase up to \$40.0 million of outstanding Company common stock over a two year period, which commenced in the first quarter of 2013. This new share repurchase program superseded the share repurchase program that was authorized in February 2010. We intend to finance 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.

There were no common stock repurchases by us under the repurchase program for the years ended December 31, 2012 and December 31, 2011.

In April 2010, the Company repurchased in a privately negotiated transaction 3,105,590 shares of its outstanding common stock from various entities affiliated with an investment firm for an aggregate purchase price of \$25.0 million at a purchase price of \$8.05 per share of common stock. A member of our Board of Directors was a managing partner of the investment firm until his term expired in April 2010. We funded this repurchase with cash on hand. This repurchase was authorized by our Board of Directors in March 2010, separate and apart from the \$25.0 million share repurchase program previously made in February 2010.

In February 2010, pursuant to Rule 10b-18 under the Securities and Exchange Act of 1934, as amended, our Board of Directors authorized the repurchase of up to \$25.0 million of outstanding common stock, subject to compliance with such contractual limitations on such repurchases under our financing agreements in effect from time to time, including but not limited to those relating to our senior secured indebtedness and senior subordinated notes. For the year ended December 31, 2010, we repurchased 2,000,000 shares of our common stock pursuant to this repurchase authorization for an aggregate purchase price of \$7.7 million. For the years ended December 31, 2012 and 2011, we repurchased or withheld from restricted stock awards 38,331 and 59,167 shares, respectively, of common stock at an aggregate purchase price of \$0.3 million and \$0.2 million, respectively, to satisfy the minimum applicable tax withholding obligations incident to the vesting of such restricted stock awards.

ISSUER PURCHASES AND WITHHOLDING OF EQUITY SECURITIES

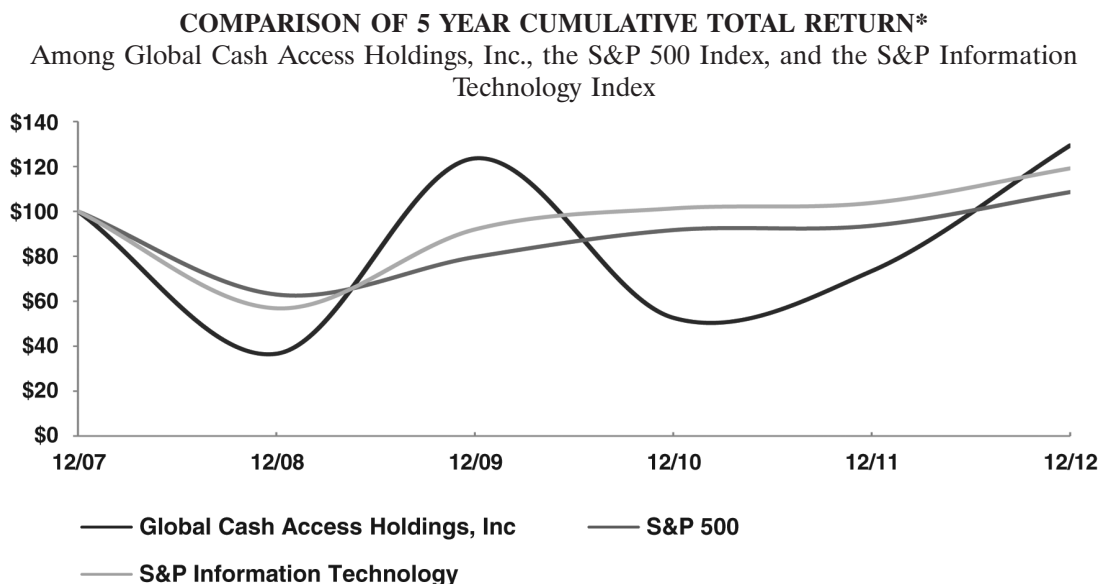
	Total Number of Shares Withheld	Average Share Withheld	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Rule 10b-18 Repurchases				
10/1/12 - 10/31/12	—(1)	—	—(1)	\$40,000,000(4)
11/1/12 - 11/30/12	—(1)	—	—(1)	\$40,000,000(4)
12/1/12 - 12/31/12	—(1)	—	—(1)	\$40,000,000(4)
Sub-Total	—(1)	—	—(1)	
Tax Withholdings				
10/1/12 - 10/31/12	3,270(2)	\$7.63(3)	3,270(2)	\$ —(4)
11/1/12 - 11/30/12	3,262(2)	6.84(3)	3,262(2)	\$ —(4)
12/1/12 - 12/31/12	3,280(2)	7.35(3)	3,280(2)	\$ —(4)
Sub-Total	9,812(2)	7.27(3)	9,812(2)	
Total	9,812	\$7.27	9,812	

- (1) For the year ended December 31, 2012, there were no repurchases of common stock pursuant to the Rule 10b-18 share repurchase authorization that we publicly announced in February 2010 that authorized the repurchase of up to \$25.0 million worth of common stock that was superseded by the new share repurchase program the Board of Directors authorized in October 2012 as discussed in note 4 below.
- (2) 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.
- (3) Represents the average price per share of shares of common stock withheld from restricted stock awards on the date of withholding.
- (4) Our Board of Directors has authorized and approved a new share repurchase program granting us the authority to repurchase up to \$40.0 million of outstanding Company common stock over a two year period, which commenced in the first quarter of 2013. This new share repurchase program superseded the share repurchase program that was authorized in February 2010.

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, 2012.

The graph assumes that \$100 was invested on December 31, 2007 in our common stock, in the S&P 500 Index and the S&P Information Technology Index, and that all dividends were reinvested. Research Data Group, Inc. furnished this data and the cumulative total stockholder returns for our common stock, 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.



* \$100 invested on 12/31/07 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,				
	2012	2011	2010	2009	2008
Income Statement Data					
Revenues	\$584,486	\$544,063	\$605,590	\$667,720	\$671,608
Operating income	55,982	38,296	52,630	72,054	78,646
Net income	25,689	9,129	17,550	33,582	23,470
Net income attributable to Global Cash					
Access Holdings, Inc. and Subsidiaries . . .	\$ 25,689	\$ 9,129	\$ 17,494	\$ 33,638	\$ 23,556
Basic earnings per share					
Net income	\$ 0.39	\$ 0.14	\$ 0.27	\$ 0.45	\$ 0.31
Net income attributable to Global Cash					
Access Holdings, Inc. and Subsidiaries . .	\$ 0.39	\$ 0.14	\$ 0.27	\$ 0.45	\$ 0.31
Diluted earnings per share					
Net income	\$ 0.38	\$ 0.14	\$ 0.26	\$ 0.45	\$ 0.31
Net income attributable to Global Cash					
Access Holdings, Inc. and Subsidiaries . .	\$ 0.38	\$ 0.14	\$ 0.26	\$ 0.45	\$ 0.31
Weighted average common shares					
outstanding					
Basic	65,933	64,673	65,903	74,232	76,787
Diluted	67,337	64,859	67,272	75,356	76,796

	At and For the Year Ended December 31,				
	2012	2011	2010	2009	2008
Balance sheet data					
Cash and cash equivalents	\$153,020	\$ 55,535	\$ 60,636	\$ 84,768	\$ 77,148
Total assets	553,895	529,067	458,394	501,767	559,150
Total borrowings	121,500	174,000	208,750	249,750	265,750
Stockholders' equity	198,759	159,858	143,478	145,409	160,878
Cash flow data					
Net cash provided by operating activities . . .	\$157,488	\$ 54,252	\$ 68,898	\$ 90,963	\$ 71,324
Net cash used in investing activities	(12,531)	(18,183)	(24,492)	(7,235)	(58,708)
Net cash used in financing activities	(46,783)	(41,227)	(68,845)	(74,425)	(7,217)
Other data (unaudited)					
Aggregate dollar amount processed (in billions)					
Cash advance	\$ 4.8	\$ 4.3	\$ 5.0	\$ 5.7	\$ 6.5
ATM	\$ 13.6	\$ 12.2	\$ 13.6	\$ 14.5	\$ 15.2
Check warranty	\$ 1.2	\$ 1.1	\$ 1.1	\$ 1.5	\$ 1.8
Number of transactions completed (in millions)					
Cash advance	9.0	8.4	10.1	11.7	12.2
ATM	72.3	68.8	78.3	83.4	84.7
Check warranty	4.3	4.4	4.9	6.3	6.5

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 services and solutions provide gaming establishment patrons access to cash through a variety of methods, including ATM cash withdrawals, credit card cash access transactions, POS debit card transactions, check verification and warranty services and money transfers. In addition, we also provide products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments. We also sell and service cash access devices such as redemption and jackpot kiosks to the gaming industry.

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 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, the Company 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 year 2012, as described in more detail in the *Trends* section below.
- In March 2011, GCA and Holdings entered into the New 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 New Senior Credit Facility and the Company used substantially all of these proceeds to repay indebtedness under the Company's existing senior secured credit facilities and the senior subordinated notes.
- In August 2010, GCA received notice from its then-largest customer, Caesars, of its intent not to renew its cash access agreements with us, which agreements expired in November 2010. Revenue derived from our contracts with this customer was \$79.6 million for the year ended December 31, 2010, representing 13% of our total revenue for the year ended December 31, 2010.
- In May 2010, we completed the acquisition of Western Money Systems ("Western Money"), a manufacturer of redemption kiosk devices. The results of operations of Western Money have been reflected in the applicable business segment financial information following this acquisition.

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 has stabilized, and modestly improved, and this modest improvement is expected to continue for 2013.
- The implementation of the Durbin Amendment in October 2011, under the Federal Reserve Board's Final Rule that imposes caps on the amount of the debit card interchange fees, and the second quarter 2012 implementation by the card associations of a reduction in the interchange fees paid by issuing banks on ATM transactions, had a material impact on our financial performance during 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. We believe that more changes are likely to be imposed as the industry continues to respond to these significant changes.

- 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 have been volatile and unpredictable.
- The Company is facing increased competition from smaller competitors in the gaming cash access market and faces 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 the Company's operating margins with respect to new customers and existing customers that have renewed their cash access agreements with the Company.
- 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 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 and 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 on the fees to patrons.
- Other revenues, which consist of revenues 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 Casino Marketing Services.

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 and exclude depreciation and amortization expenses.

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. Subject to the recent caps and limitations imposed by the Durbin Amendment, the amounts of these interchange fees are determined by the card associations and payment networks in their sole discretion, and are subject to increase in 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 when checks that we have warranted through our Central Credit Check Warranty service or that TeleCheck has warranted through its check warranty service 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, which consists primarily of costs related to our kiosk sales and services, our Central Credit service and our patron marketing activities.
- Operating expenses, which consist primarily of salaries and benefits, armored carrier expenses, the cost of repair and maintenance on our cash access devices, professional fees, telecommunications expenses and bank fees.
- Interest expense, which 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, 2012 Compared to Year Ended December 31, 2011

The following table sets forth the condensed 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%
Operating margin	10%		7%			3%
Other expenses						
Interest expense, net of interest income . . .	15,519	3%	18,638	4%	(3,119)	(17)%
Loss on early extinguishment of debt	—	0%	943	0%	(943)	(100)%
Total other expenses	15,519	3%	19,581	4%	(4,062)	(21)%
Income from operations before tax	40,463	7%	18,715	3%	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.

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.

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. 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%.

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.

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.

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.

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 for the Company increased to 10% for the year ended December 31, 2012 from 7% for the prior year.

Interest expense, net, 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 for the year ended December 31, 2012 was \$14.8 million, an increase of \$5.2 million 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 incentive 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 the Company's 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 for the year ended December 31, 2012, an increase of \$16.6 million, or 181%, as compared to the prior year.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

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

	December 31, 2011		December 31, 2010		December 31, 2011 vs 2010	
	\$	%	\$	%	\$ Variance	% Variance
Revenues						
Cash advance	\$203,869	37%	\$244,139	40%	\$(40,270)	(16)%
ATM	283,727	52%	314,627	52%	(30,900)	(10)%
Check services	26,269	5%	28,357	5%	(2,088)	(7)%
Other revenues	30,198	6%	18,467	3%	11,731	64%
Total revenues	544,063	100%	605,590	100%	(61,527)	(10)%
Costs and expenses						
Cost of revenues (exclusive of depreciation and amortization)	419,606	77%	463,045	76%	(43,439)	(9)%
Operating expenses	69,517	13%	73,720	12%	(4,203)	(6)%
Depreciation	7,971	1%	9,323	2%	(1,352)	(15)%
Amortization	8,673	2%	6,872	1%	1,801	26%
Total costs and expenses	505,767	93%	552,960	91%	(47,193)	(9)%
Operating income	38,296	7%	52,630	9%	(14,334)	(27)%
Other expenses						
Interest expense, net of interest income . . .	18,638	4%	16,329	3%	2,309	14%
Loss on early extinguishment of debt	943	0%	—	0%	943	0%
Total other expenses	19,581	4%	16,329	3%	3,252	20%
Income from operations before tax	18,715	3%	36,301	6%	(17,586)	(48)%
Income tax provision	9,586	2%	18,751	3%	(9,165)	(49)%
Net income	9,129	2%	17,550	3%	(8,421)	(48)%
Plus: net loss attributable to non-controlling interest	—	0%	(56)	(0)%	56	(100)%
Net income attributable to Global Cash Access Holdings, Inc. and Subsidiaries	\$ 9,129	2%	\$ 17,494	3%	\$ (8,365)	(48)%

Total Revenues

Total revenues, for the year ended December 31, 2011 were \$544.1 million as compared to \$605.6 million for the prior year, a decrease of \$61.5 million, or 10%, as compared to the year ended December 31, 2010. This was primarily due to the loss of our largest customer, Caesars, at the end of 2010. Revenue from our lost contracts with our largest customer for the year ended December 31, 2010 was approximately \$73.9 million (net of the revenue related to contracts re-acquired in connection with the November 2011 MCA asset purchase).

Cash advance revenue, for the year ended December 31, 2011 was \$203.9 million, a decrease of \$40.3 million, or 16%, as compared to the year ended December 31, 2010. This was primarily related to the loss of the net business from our largest customer, Caesars, that accounted for \$35.1 million, or 14%, of the credit card cash advance revenue in 2010.

ATM revenue, for the year ended December 31, 2011, was \$283.7 million, a decrease of \$30.9 million, or 10%, as compared to the year ended December 31, 2010. This was primarily due to the loss of the net business from our largest customer, Caesars, that accounted for \$38.7 million, or 12%, of the ATM revenue in 2010.

Check services revenue, for the year ended December 31, 2011, was \$26.3 million, a decrease of \$2.1 million, or 7%, as compared to the year ended December 31, 2010. This was primarily attributable to the decrease in the number of check services transactions by 0.5 million, or 10%, largely driven by the closure of unprofitable booth locations that were mostly completed by the third quarter of 2010.

Other revenue, for the year ended December 31, 2011, was \$30.2 million, an increase of \$11.7 million, or 64%, as compared to the year ended December 31, 2010. This was primarily due to the inclusion of the operating results generated from kiosk sales and services for the full year ended December 2011, but not included in the first four months of 2010 as we acquired Western Money in May 2010. Kiosk unit sales increased by 196 units for the year ended December 31, 2011 compared to the prior year.

We provide our cash access products and related services almost exclusively to the gaming establishments for the purpose of enabling gaming patrons to access cash. As a result, our business depends on consumer demand for gaming. As discussed above, the primary driver of the decline in revenue for the year ended December 31, 2011, as compared to the same periods of 2010, was due to the lost business from our then-largest customer, Caesars.

Costs and Expenses

Cost of revenues (exclusive of depreciation and amortization) for the year ended December 31, 2011, was \$419.6 million, a decrease of \$43.4 million, or 9%, as compared to the year ended December 31, 2010. This was primarily due to the loss of the contract with our largest customer, Caesars, discussed previously and the correlation with revenue, partially offset by an increase in costs due to the inclusion of the operating results generated from kiosk sales and services for the full year ended December 31, 2011, but not included in the first four months of 2010 as we acquired Western Money in May 2010. However, due to significant competitive market pressures and increases in the network association fees and expenses, both commissions and interchange rates have increased over the past year.

Operating expenses for the year ended December 31, 2011 were \$69.5 million, a decrease of \$4.2 million, or 6%, as compared to the year ended December 31, 2010. This was primarily due to lower ATM, cash advance and check services related expenses of \$2.4 million, professional fees of \$1.2 million, stock compensation charges of \$1.1 million, \$0.4 million in bank fees and \$0.4 million in occupancy expenses. These decreases were partially offset by increases primarily due to higher repairs and maintenance costs of \$0.6 million, franchise taxes of \$0.5 million and telecommunications costs of \$0.4 million.

Depreciation and amortization expense for the year ended December 31, 2011 was \$16.6 million, an increase of \$0.4 million, or 3%, as compared to the year ended December 31, 2010. This was primarily due to an increase in amortization expenses associated with the Western Money and MCA Processing acquisitions, partially offset by a decrease in depreciation related to fixed assets being fully depreciated.

Primarily as a result of the factors described above, operating income for the year ended December 31, 2011 was \$38.3 million, a decrease of \$14.3 million, or 27%, as compared to the year ended December 31, 2010. The operating margin for the Company also declined from 9% for the year ended December 31, 2010 to 7% for the same period in 2011.

Interest expense, net, was \$19.6 million in 2011, an increase of \$3.3 million, or 20%, as compared to 2010. This was primarily due to the non-recurring interest-related costs associated with refinancing all of the Company's borrowings in March 2011, which includes the loss on early extinguishment of debt (see table below). Additionally, the Company entered into a new vault cash agreement at the end of 2010 which resulted in an increase in the rate charged on the average balances of approximately 20 basis points. The increases in interest related to vault cash associated with the new rate and increases in outstanding balances was approximately \$0.9 million.

Non-recurring Interest-Related Costs Associated with the Refinancing of Debt (in thousands)

Loss on the early extinguishment of debt	\$ 943
Defeasance costs associated with the repayment of senior subordinated notes	838
	<u>\$1,781</u>

For the year ended December 31, 2011, income tax expense was \$9.6 million, a decrease of \$9.2 million as compared to the year ended December 31, 2010. The provision for income tax reflected an effective income tax rate of 51.2% for 2011 as compared to 51.7% for 2010. The effective tax rate for the year ended December 31, 2011 was negatively impacted by the expiration of certain equity awards to former officers, the re-valuation of the Company's deferred tax assets due to a decrease in effective state rate, the increase to the valuation allowance on state net operating loss carry forwards, and an increase in the effect of stock options in proportion to lower pretax income amounts. The effective tax rate for the year ended December 31, 2010 was negatively impacted as the result of one-time repatriation events, and the determination of the Company's inability to realize the foreign tax credit deferred tax asset.

Primarily as a result of the foregoing, net income was \$9.1 million for the year ended December 31, 2011, a decrease of \$8.4 million, or 48%, 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 its 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 have approximately \$180.1 million in net unamortized goodwill on our consolidated balance sheet at December 31, 2012 resulting from our acquisitions of other businesses. The Company tests 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 the Company's 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, the Company uses the Step "2" assessment to determine the impairment. Our most recent annual assessment was performed as of October 1, 2012. 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 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 for the accounting 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 of a change in rates is recognized in 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.

Recently Issued Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2012-02, which provides amendments stating that an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with Accounting Standards Codification ("ASC") 350—*Goodwill and Other*. An entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. These amendments are intended to reduce cost and complexity by providing an entity with the option to make a qualitative assessment about the likelihood that an indefinite-lived intangible asset is impaired to determine whether it should perform a quantitative test. The amendments also enhance the consistency of impairment testing guidance among long-lived asset categories by permitting an entity to assess qualitative factors to determine whether it is

necessary to calculate the asset's fair value when testing an indefinite-lived intangible asset for impairment, which is equivalent to the impairment testing requirements for other long-lived assets. We assessed the impairment of our intangible assets and determined the most appropriate form of action, which was to perform a qualitative assessment to ascertain the validity of a quantitative measure rather than bypassing the qualitative assessment and conducting a quantitative impairment test. The adoption of this amended guidance did not have an impact on the Company's financial position, results of operations or cash flows.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our cash flows (in thousands):

	Year Ended December 31,			Increase/(Decrease)	
	2012	2011	2010	2012 vs 2011	2011 vs 2010
Cash flow activities					
Net cash provided by operating activities .	\$157,488	\$ 54,252	\$ 68,898	\$103,236	\$(14,646)
Net cash used in investing activities	(12,531)	(18,183)	(24,492)	5,652	6,309
Net cash used in financing activities	(46,783)	(41,227)	(68,845)	(5,556)	27,618
Effect of exchange rates on cash	(689)	57	307	(746)	(250)
Cash and cash equivalents					
Net increase/(decrease) for the period . . .	97,485	(5,101)	(24,132)	102,586	19,031
Balance, beginning of the period	55,535	60,636	84,768	(5,101)	(24,132)
Balance, end of the period	<u>\$153,020</u>	<u>\$ 55,535</u>	<u>\$ 60,636</u>	<u>\$ 97,485</u>	<u>\$ (5,101)</u>

Our principal source of liquidity is cash flows provided by operating activities, which were \$157.5 million, \$54.3 million and \$68.9 million for the years ended December 31, 2012, 2011 and 2010, respectively. Cash flows provided by operating activities increased by \$103.2 million for the year ended December 31, 2012 as compared to 2011. This was primarily due to an increase in working capital of \$89.3 million 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 of \$16.5 million; partially offset by a decrease in non-cash expenses of \$2.6 million for the year ended December 31, 2012 as compared to 2011. Cash flows provided by operating activities decreased by \$14.6 million for the year ended December 31, 2011 as compared to 2010. This was primarily due to a decrease in working capital of \$8.3 million and a decrease in net income of \$8.4 million; partially offset by an increase in non-cash expenses of \$2.1 million for the year ended December 31, 2011 as compared to 2010.

Cash flows used in investing activities were \$12.5 million, \$18.2 million and \$24.5 million for the years ended December 31, 2012, 2011 and 2010, respectively. Cash flows used in investing activities decreased by \$5.7 million for the year ended December 31, 2012 as compared to 2011. This was primarily due to the acquisition of substantially all the assets of MCA Processing LLC with cash consideration of \$10.8 million in 2011, proceeds from the sale of fixed assets of \$0.9 million and changes in restricted cash and cash equivalents of \$0.2 million; partially offset by increased capital expenditures of \$6.2 million for the year ended December 31, 2012 as compared to 2011. Cash flows used in investing activities decreased by \$6.3 million for the year ended December 31, 2011 as compared to 2010. This was primarily due to the acquisition of Western Money with cash consideration of \$15.4 million in 2010, partially offset by the MCA acquisition of \$10.8 million, decreased capital expenditures of \$1.6 million and changes in restricted cash and cash equivalents of \$0.1 million for the year ended December 31, 2011 as compared to 2010.

Cash flows used in financing activities were \$46.8 million, \$41.2 million and \$68.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. Cash flows used in financing activities increased by

\$5.6 million for the year ended December 31, 2012 as compared to 2011. 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 2011. Cash flows used in financing activities decreased by \$27.6 million for the year ended December 31, 2011 as compared to 2010. This was primarily due to the purchase of treasury stock in 2010; partially offset by the refinancing of debt in 2011 and proceeds from the exercise of stock options for the year ended December 31, 2011 as compared to 2010.

Borrowings

On March 1, 2011, the Company refinanced all of its indebtedness outstanding under the Second Amended and Restated Credit Agreement (as described below) and repaid its obligations under the senior subordinated notes with proceeds from the New Senior Credit Facility as described below.

New Senior Credit Facility

On March 1, 2011, GCA, together with its sole stockholder, Holdings entered into 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 “New 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. We used the proceeds from the New Senior Credit Facility to repay all outstanding indebtedness under our then existing senior secured credit facility under the Second Amended and Restated Credit Agreement and to defease our senior subordinated notes.

The Credit Agreement also contains an increase option permitting GCA to arrange with existing lenders and/or new lenders for them to provide up to an aggregate of \$50.0 million in additional term loan commitments. All \$210.0 million of available borrowings under the term loan facility were borrowed concurrent with the establishment of the New Senior Credit Facility. Once repaid, no amounts under the term loan facility may be re-borrowed. In addition, \$4.0 million of available borrowings under the revolving credit facility were borrowed concurrent with the establishment of the New Senior Credit Facility. Once repaid, amounts under the revolving credit facility may be re-borrowed.

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. GCA may prepay the loans and terminate the commitments at any time after the first year, without premium or penalty, subject to certain qualifications set forth in the Credit Agreement. Furthermore, the Credit Agreement contains mandatory prepayment provisions which, under certain circumstances, such as asset or equity sales, obligate GCA to apply defined portions of its cash flow to prepayment of the New Senior Credit Facility.

Borrowings under the New Senior Credit Facility bear interest at either (x) a specified base rate plus a 4.50% margin, or (y) LIBOR plus a 5.50% margin. The base rate minimum is 2.50% and the LIBOR minimum is 1.50%. Interest in respect of base rate loans is payable quarterly in arrears and interest in respect of LIBOR loans is payable in arrears at the end of the applicable interest period and every three months in the case of interest periods in excess of three months. Interest is also payable at the time of repayment of any loans and at maturity. As of December 31, 2012, we had \$121.5 million of outstanding indebtedness under the New Senior Credit Facility, all of which is outstanding under the term loan facility.

The weighted average interest rate, inclusive of the applicable margin of 550 basis points, was 7.0%. 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, 2012. The New Senior Credit Facility is unconditionally guaranteed by

Holdings and each direct and indirect domestic subsidiary of GCA. All amounts owing under the New 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 GCA and a first priority perfected security interest in all other tangible and intangible assets owned by GCA and the guarantors.

On September 24, 2012, the Company entered into an amendment to its Credit Agreement. The amendment modifies certain financial covenants contained in the Credit Agreement with respect to the Company's ability to make capital expenditures, dividends and stock repurchases. Specifically, the Company, together with its 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 the Company could make certain dividends or stock repurchases if, among other things, the Company's total leverage ratio (as calculated under the Credit Agreement) was less than 2.0 to 1. The amendment provides that the Company may now make certain dividends and stock repurchases if, among other things, its total leverage ratio is less than 2.5 to 1.

The Credit Agreement contains customary affirmative and negative covenants, financial covenants, representations and warranties and events of defaults. As of December 31, 2012, the Company is 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>
March 31, 2011	2.50:1.00
June 30, 2011	2.50:1.00
September 30, 2011	2.75:1.00
December 31, 2011	2.75:1.00
March 31, 2012	3.00:1.00
June 30, 2012	3.00:1.00
September 30, 2012	3.00:1.00
December 31, 2012	3.00:1.00
March 31, 2013	3.25:1.00
June 30, 2013	3.25:1.00
September 30, 2013	3.25:1.00
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>
3/31/2011 - 12/30/11	4.25:1.00
12/31/11 - 3/30/12	4.00:1.00
3/31/12 - 9/29/12	3.75:1.00
9/30/12 - 3/30/15	3.25:1.00
Thereafter	2.75:1.00

Excess Cash Flow Sweep(1)

Period	Ratio
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 New Senior Credit Facility, GCA purchased a \$150.0 million notional amount interest rate cap with an effective date of January 5, 2012 and a term of three years. GCA purchased this interest rate cap to partially reduce the Company's exposure to increases in the London Interbank Offer Rate ("LIBOR") above 1.5% during the term of the interest rate cap with respect to its variable rate debt obligations under the New Senior Credit Facility and its 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 the income statement. The interest rate cap carrying value and fair value approximate each other and these values are insignificant as of December 31, 2012.

Contractual Obligations

The following is a summary of our contractual cash obligations (in thousands):

	At December 31, 2012						
	Total	2013	2014	2015	2016	2017	Thereafter
Contractual Obligations							
New senior credit facility	\$121,500	\$ 1,215	\$ 1,215	\$ 1,215	\$117,855	\$ —	\$ —
Estimated interest obligations(1)	27,599	8,615	8,504	8,418	2,062	—	—
Operating lease obligations	10,736	440	1,142	1,013	1,039	1,064	6,038
Purchase obligations(2)	9,606	3,813	3,631	1,826	336	—	—
Total contractual obligations(3)	\$169,441	\$14,083	\$14,492	\$12,472	\$121,292	\$1,064	\$6,038

- (1) Estimated interest payments are computed using the interest rate in effect at December 31, 2012 multiplied by the principal balance outstanding after scheduled principal amortization payments. For the new senior credit facility the rate assumed is 7.0%.
- (2) Included in purchase obligations are minimum transaction processing services from various third-party processors that we use.
- (3) On March 1, 2011 we refinanced all of our indebtedness under the Second Amended and Restated Credit Agreement as well as defeased the Notes as described above. The required principal payments under the New Senior Credit Facility are one quarter of 1% and also 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, 2012, we had a net deferred income tax asset of \$104.7 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 \$19.1 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 \$120.8 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

The Company's Contract Cash Solutions Agreement with Wells Fargo allows for the Company to utilize funds owned by Wells Fargo to provide the currency needed for normal operating requirements for the Company's ATMs. For the use of these funds, the Company pays 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 GCA 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.

As of December 31, 2012 and 2011, the outstanding balances of ATM cash utilized by GCA from Wells Fargo were \$360.4 million and \$467.8 million, 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.

For the years ended December 31, 2012, 2011 and 2010, the cash usage fees incurred by us were \$3.1 million, \$2.8 million and \$1.9 million, respectively, and are reflected as interest expense within the consolidated statement of income.

We are responsible for any losses of cash in the ATMs under its agreement with Wells Fargo and we self-insure for this risk. For the years ended December 31, 2012 and 2011, we incurred no material losses related to this self-insurance.

We also 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 New 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 New 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, 2012, the total currency obtained from Wells Fargo pursuant to this agreement was \$360.4 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, 2012, the currency supplied by Wells Fargo pursuant to this agreement was \$360.4 million.

Based upon the average outstanding amount of currency to be supplied by Wells Fargo pursuant to this agreement for the year ended December 31, 2012, which was \$312.2 million, each 1% increase in the applicable LIBOR would have a \$3.1 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 New Senior 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. As of December 31, 2012, the weighted average interest rate, inclusive of the applicable margin of 550 basis points, was 7.0%. Based upon the outstanding balance on the New Senior Credit Facility of \$121.5 million on December 31, 2012, each 1% increase in the applicable LIBOR would have a \$1.2 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, 2012 and 2011, 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, 2012. 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, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, 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, 2012, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 12, 2013 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte & Touche LLP
Las Vegas, NV
March 12, 2013

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except earnings per share amounts)

	Year Ended December 31,		
	2012	2011	2010
Revenues	\$584,486	\$544,063	\$605,590
Costs and expenses			
Cost of revenues (exclusive of depreciation and amortization)	436,059	419,606	463,045
Operating expenses	75,806	69,517	73,720
Depreciation	6,843	7,971	9,323
Amortization	9,796	8,673	6,872
Total costs and expenses	528,504	505,767	552,960
Operating income	55,982	38,296	52,630
Other expenses			
Interest expense, net of interest income	15,519	18,638	16,329
Loss on early extinguishment of debt	—	943	—
Total other expenses	15,519	19,581	16,329
Income from operations before tax	40,463	18,715	36,301
Income tax provision	14,774	9,586	18,751
Net income	25,689	9,129	17,550
Plus: net loss attributable to non-controlling interest	—	—	(56)
Net income attributable to Global Cash Access Holdings, Inc. and Subsidiaries	25,689	9,129	17,494
Foreign currency translation	218	(247)	397
Comprehensive income	\$ 25,907	\$ 8,882	\$ 17,891
Earnings per share			
Basic	\$ 0.39	\$ 0.14	\$ 0.27
Diluted	\$ 0.38	\$ 0.14	\$ 0.26
Weighted average common shares outstanding			
Basic	65,933	64,673	65,903
Diluted	67,337	64,859	67,272

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,	
	2012	2011
ASSETS		
Cash and cash equivalents	\$ 153,020	\$ 55,535
Restricted cash and cash equivalents	200	455
Settlement receivables	29,484	80,246
Other receivables, net	11,571	16,885
Inventory	7,126	7,087
Prepaid expenses and other assets	18,254	15,406
Property, equipment and leasehold improvements, net	15,441	15,577
Goodwill	180,141	180,122
Other intangible assets, net	33,994	38,216
Deferred income taxes, net	104,664	119,538
Total assets	<u>\$ 553,895</u>	<u>\$ 529,067</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Settlement liabilities	\$ 182,446	\$ 141,827
Accounts payable	35,374	32,223
Accrued expenses	15,816	21,159
Borrowings	121,500	174,000
Total liabilities	<u>355,136</u>	<u>369,209</u>
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Common stock, \$0.001 par value, 500,000 shares authorized and 87,545 and 85,651 shares issued at December 31, 2012 and December 31, 2011, respectively	87	86
Convertible preferred stock, \$0.001 par value, 50,000 shares authorized and 0 shares outstanding at December 31, 2012 and December 31, 2011, respectively	—	—
Additional paid-in capital	217,990	204,735
Retained earnings	123,614	97,925
Accumulated other comprehensive income	2,558	2,340
Treasury stock, at cost, 20,724 and 20,686 shares at December 31, 2012 and December 31, 2011, respectively	(145,490)	(145,228)
Total stockholders' equity	<u>198,759</u>	<u>159,858</u>
Total liabilities and stockholders' equity	<u>\$ 553,895</u>	<u>\$ 529,067</u>

See notes to consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2012	2011	2010
Cash flows from operating activities			
Net income	\$ 25,689	\$ 9,129	\$ 17,550
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	6,843	7,971	9,323
Amortization of intangibles	9,796	8,673	6,872
Amortization of financing costs	1,485	1,343	973
Loss/(gain) on sale or disposal of assets	95	991	(366)
Provision for bad debts	5,182	5,959	5,908
Loss on early extinguishment of debt	—	943	—
Stock-based compensation	6,655	6,809	7,935
Changes in operating assets and liabilities:			
Settlement receivables	50,823	(69,881)	1,660
Other receivables, net	1,196	(8,125)	2,757
Inventory	134	(3,146)	814
Prepaid and other assets	(3,425)	(2,323)	1,567
Deferred income taxes	14,376	9,252	17,505
Settlement liabilities	40,530	82,125	(2,655)
Accounts payable	3,148	3,658	(715)
Accrued expenses	(5,039)	874	(230)
Net cash provided by operating activities	<u>157,488</u>	<u>54,252</u>	<u>68,898</u>
Cash flows from investing activities			
Acquisitions, net of cash acquired	—	(10,763)	(15,354)
Capital expenditures	(13,654)	(7,420)	(9,051)
Proceeds from sale of fixed assets	868	—	—
Changes in restricted cash and cash equivalents	255	—	(87)
Net cash used in investing activities	<u>(12,531)</u>	<u>(18,183)</u>	<u>(24,492)</u>
Cash flows from financing activities			
Repayments against old credit facility	—	(208,750)	(41,000)
Securing of new credit facility	—	214,000	—
Issuance costs of new credit facility	(676)	(7,099)	—
Repayments against new credit facility	(52,500)	(40,000)	—
Proceeds from exercise of stock options	6,655	812	5,629
Purchase of treasury stock	(262)	(190)	(33,474)
Net cash used in financing activities	<u>(46,783)</u>	<u>(41,227)</u>	<u>(68,845)</u>
Effect of exchange rates on cash	<u>(689)</u>	<u>57</u>	<u>307</u>
Cash and cash equivalents			
Net increase/(decrease) for the period	97,485	(5,101)	(24,132)
Balance, beginning of the period	55,535	60,636	84,768
Balance, end of the period	<u>\$153,020</u>	<u>\$ 55,535</u>	<u>\$ 60,636</u>
Supplemental cash flow disclosures			
Cash paid for interest	\$ 15,494	\$ 19,166	\$ 15,922
Cash paid for income tax, net of refunds	\$ 665	\$ 366	\$ 689
Non-cash activities			
Purchase of other intangibles	\$ —	\$ —	\$ 1,500

See notes to consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2012, 2011 and 2010

(In thousands)

	Common Stock— Series A		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Equity Attributable to GCA Holdings, Inc.	Equity Attributable to Non-Controlling Interest	Total Equity
	Number of Shares	Amount							
Balance, December 31, 2009	<u>83,344</u>	<u>83</u>	<u>183,486</u>	<u>71,302</u>	<u>2,190</u>	<u>(111,564)</u>	<u>145,497</u>	<u>(88)</u>	<u>145,409</u>
Net income	—	—	—	17,494	—	—	17,494	56	17,550
Foreign currency translation	—	—	—	—	397	—	397	—	397
Share-based compensation expense	—	—	7,935	—	—	—	7,935	—	7,935
Exercise of options	1,200	1	5,629	—	—	—	5,630	—	5,630
Treasury share repurchases	—	—	—	—	—	(32,675)	(32,675)	—	(32,675)
Restricted share vesting withholdings	—	—	—	—	—	(799)	(799)	—	(799)
Restricted shares vested	462	1	—	—	—	—	1	—	1
Minority interest	—	—	—	—	—	—	—	32	32
Other	—	—	(2)	—	—	—	(2)	—	(2)
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>	<u>—</u>	<u>143,478</u>
Net income	—	—	—	9,129	—	—	9,129	—	9,129
Foreign currency translation	—	—	—	—	(247)	—	(247)	—	(247)
Share-based compensation expense	—	—	6,809	—	—	—	6,809	—	6,809
Exercise of options	399	1	878	—	—	—	879	—	879
Restricted share vesting withholdings	—	—	—	—	—	(190)	(190)	—	(190)
Restricted shares vested	246	—	—	—	—	—	—	—	—
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>	<u>—</u>	<u>159,858</u>
Net income	—	—	—	25,689	—	—	25,689	—	25,689
Foreign currency translation	—	—	—	—	218	—	218	—	218
Share-based compensation expense	—	—	6,655	—	—	—	6,655	—	6,655
Exercise of options	1,726	1	6,600	—	—	—	6,601	—	6,601
Restricted share vesting withholdings	—	—	—	—	—	(262)	(262)	—	(262)
Restricted shares vested	168	—	—	—	—	—	—	—	—
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>	<u>—</u>	<u>198,759</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 and related equipment services and solutions to the gaming industry. Our services, equipment and solutions 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. In addition, we also provide products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments. We also sell and service cash access devices such as slot machine ticket redemption and jackpot kiosks to the gaming industry.

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. The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash and cash equivalents. Such balances may at times exceed the federal insurance limits. However, the Company periodically evaluates the creditworthiness of these institutions to minimize risk.

Restricted Cash and Cash Equivalents

As part of certain of our sponsorship agreements, we are required to maintain minimum deposits as collateral for any potential chargeback loss activity occurring as a result of the sponsorship arrangements. All interest received on these deposits is also recorded to restricted cash and cash equivalents. As of December 31, 2012, the total balance of restricted cash and cash equivalents was \$0.2 million.

ATM Funding Agreements

The Company obtains all of the cash required to operate its 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 GCA and GCA is 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.

For our non-Site-Funded locations, the Company’s Contract Cash Solutions Agreement with Wells Fargo allows for the Company to utilize funds owned by Wells Fargo to provide the currency needed for normal operating requirements for the Company’s ATMs. For the use of these funds, the Company pays Wells Fargo a cash usage fee on the average daily balance of funds utilized multiplied by a contractually

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Company recognizes 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 GCA, 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. GCA receives 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 unpaid negotiable instrument amounts owing 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 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. In our Central Credit Check Warranty product and under our agreement with TeleCheck, we receive all of the check warranty revenue. We are exposed to risk for the losses associated with any warranted items that we cannot collect from patrons issuing the items. Warranty expenses are defined as any amounts paid by TeleCheck or Central Credit to gaming establishments to purchase dishonored checks that will not be collectible from patrons. Additionally, we pay a portion of TeleCheck's operating expenses and certain operating expenses associated with our third party partners related to the provision of these services.

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 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.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. As of December 31, 2012, the Company does not believe any of its property, equipment, or leasehold improvements are impaired.

Goodwill

Goodwill represents the excess of the purchase price over the identifiable tangible and intangible assets acquired plus liabilities assumed arising from business combinations.

The Company tests 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 the Company's 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, the Company uses the Step "2" assessment to determine the impairment.

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. Due to the infrequency of trading for our borrowing instrument(s), our position is that we can no longer support a Level 1 input to determine fair value and we have changed the fair value of our borrowings to a Level 2 input as of December 31, 2012. The fair values of all other financial instruments, including amounts outstanding under the ATM funding agreements 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 New Senior Credit Facility, as described in Note 8, GCA purchased a \$150.0 million notional amount interest rate cap with an effective date of January 5, 2012 and a term of three years. GCA purchased this interest rate cap to partially reduce the Company's exposure to increases in the London Interbank Offer Rate ("LIBOR") above 1.5% during the term of the interest rate cap with respect to its variable rate debt obligations under the New Senior Credit Facility and its obligations under the Contract Cash Solutions Agreement with Wells Fargo. This interest rate cap is

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recorded in other assets in the balance sheet, and is marked-to-market based on a quoted market price with the effects offset in the income statement. The interest rate cap carrying value and fair value approximate each other and these values are insignificant as of December 31, 2012.

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>
<i>December 31, 2012</i>			
New senior secured credit facility	2	\$122,715	\$121,500
<i>December 31, 2011</i>			
New senior secured credit facility	1	\$173,565	\$174,000

(*) 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, 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

The Company recognizes revenue when evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured. The Company evaluates its 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) represent 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 and check cashing warranties.

Advertising, Marketing and Promotional Costs

The Company expenses advertising, marketing and promotional costs as incurred. Total advertising, marketing and promotional costs, included in operating expenses in the consolidated statements of

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

income, were \$0.7 million, \$0.6 million and \$0.8 million for the years ended December 31, 2012, 2011 and 2010, 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 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 adjustments on intercompany balances of a long-term investment nature are recorded as a component of accumulated other comprehensive income on the Company's consolidated balance sheets.

Use of Estimates

The Company has 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 Company's 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; and
- the budgets for future performance, weighted average cost of capital ("WACC") and growth rates as well as other factors used in our annual goodwill impairment evaluation.

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.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 currently and in future periods are measured at 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.

Recently Issued Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2012-02, which provides amendments stating that an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with Accounting Standards Codification ("ASC") 350—*Goodwill and Other*. An entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. These amendments are intended to reduce cost and complexity by providing an entity with the option to make a qualitative assessment about the likelihood that an indefinite-lived intangible asset is impaired to determine whether it should perform a quantitative test. The amendments also enhance the consistency of impairment testing guidance among long-lived asset categories by permitting an entity to assess qualitative factors to determine whether it is necessary to calculate the asset's fair value when testing an indefinite-lived intangible asset for impairment, which is equivalent to the impairment testing requirements for other long-lived assets. We assessed the impairment of our intangible assets and determined the most appropriate form of action, which was to perform a qualitative assessment to ascertain the validity of a quantitative measure rather than bypassing the qualitative assessment and conducting a quantitative impairment test. The adoption of this amended guidance did not have an impact on the Company's financial position, results of operations or cash flows.

3. ATM FUNDING AGREEMENTS

Wells Fargo Contract Cash Solutions Agreement

Our Contract Cash Solutions Agreement with Wells Fargo allows for the Company to utilize funds owned by Wells Fargo to provide the currency needed for normal operating requirements for the Company's 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, the Company and Wells Fargo amended the Contract Cash Solutions Agreement to increase the maximum amount of cash to be provided to GCA from \$400.0 million to \$500.0 million, and

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. ATM FUNDING AGREEMENTS (Continued)

the initial term of the Contract Cash Solutions Agreement was extended from November 30, 2013 until November 30, 2014.

As of December 31, 2012 and 2011, the outstanding balances of ATM cash utilized by GCA from Wells Fargo were \$360.4 million and \$467.8 million, 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.

For the years ended December 31, 2012, 2011 and 2010, the cash usage fees incurred by us were \$3.1 million, \$2.8 million and \$1.9 million, respectively, and are reflected as interest expense within the consolidated statement of income.

We are responsible for any losses of cash in the ATMs under its agreement with Wells Fargo and we self-insure for this risk. For the years ended December 31, 2012 and 2011, we incurred no material losses related to this self-insurance.

Site-Funded ATMs

The Company operates 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 \$107.5 million and \$85.9 million as of December 31, 2012 and 2011, respectively.

4. WARRANTY RESERVES

The warranty receivables amount is recorded in other receivables, net on the 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) in the consolidated statement of income.

A summary activity of the reserve for warranty losses is as follows (in thousands):

	<u>Amount</u>
Balance, December 31, 2010	\$ 7,036
Warranty expense provision	5,700
Charge offs against reserve	<u>(5,980)</u>
Balance, December 31, 2011	6,756
Warranty expense provision	5,226
Charge offs against reserve	<u>(5,074)</u>
Balance, December 31, 2012	<u>\$ 6,908</u>

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. BUSINESS COMBINATIONS

The Company accounts 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.

Western Money

The Company completed its acquisition of Western Money in May 2010, in which 100 percent of the outstanding common shares of Western Money were acquired for a purchase price net of cash of approximately \$15.4 million. This acquisition did not have a material impact on the consolidated financial statements of the Company as of and for the year ended December 31, 2010. During the quarter ended June 30, 2011, the Company completed its determination of the estimated fair values of assets acquired and liabilities assumed in the Western Money acquisition.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for Western Money (in thousands):

	<u>Amount</u>
Net working capital	\$ 3,516
Property, plant and equipment	2,320
Goodwill	5,745
Intangible assets	6,284
Deferred income tax liabilities	(2,498)
Net assets acquired (excluding cash)	<u>\$15,367</u>

In connection with the acquisition, the Company acquired approximately \$6.3 million of intangible assets, of which \$4.0 million was assigned to customer contracts, which will be amortized over eleven years on an accelerated basis. The adjustments to the preliminary fair value amounts have not been applied retrospectively to the consolidated balance sheet or the consolidated statements of income and comprehensive income during the prior year as the impact of the final purchase price allocations was not material to previously reported financial statements.

Other intangibles acquired include \$0.7 million of trademarks which will be amortized on a straight-line basis over 10 years and \$1.4 million of developed technology and \$0.2 million of non-compete agreements both of which will be amortized on a straight-line basis over their useful lives of 5 years and 2 years, respectively.

As of December 31, 2012, the Western Money Systems subsidiary was merged with and into Global Cash Access, Inc.

MCA Processing

On November 15, 2011, the Company acquired substantially all of the assets of MCA Processing LLC ("MCA"), a provider of ATM, debit card and credit card cash access services to gaming establishments and also a manufacturer, seller, licensor and servicer of redemption kiosk devices. The Company acquired MCA for approximately \$13.4 million, of which approximately \$2.6 million was paid one year from the closing date in November 2012.

Although not currently a shareholder of the company, in conjunction with the purchase of certain of the assets of MCA Processing, LLC, a former shareholder of the Company, Robert Cucinotta, and USA

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. BUSINESS COMBINATIONS (Continued)

Payment Systems, an entity affiliated with Robert Cucinotta, entered into non-competition agreements with the Company.

The amount of revenue and earnings included in the Company's income statement for the year ended December 31, 2011, and the supplemental pro forma impact on the revenue and earnings of the combined entity had the acquisition date been January 1, 2011, or 2010, have not been presented as such amounts are not material.

6. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, equipment and leasehold improvements consist of the following (amounts in thousands):

	Useful Life (years)	At December 31,	
		2012	2011
Cash advance equipment	3	\$ 3,461	\$ 6,578
ATM equipment	5	29,512	55,800
Office, computer and other equipment	3	8,562	8,799
Leasehold and building improvements	Lease Term	4,308	2,788
Sub-total		45,843	73,965
Less: accumulated depreciation		(30,402)	(58,388)
Total		<u>\$ 15,441</u>	<u>\$ 15,577</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, 2010	\$100,895	\$33,051	\$23,281	\$27,883	\$185,110
Acquisition related—Western Money	—	—	—	(5,011)	(5,011)
Foreign translation adjustment	23	—	—	—	23
Balance, December 31, 2011	<u>\$100,918</u>	<u>\$33,051</u>	<u>\$23,281</u>	<u>\$22,872</u>	<u>\$180,122</u>
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>

In accordance with ASC 350, we test goodwill at the reporting unit level 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. The Company does not believe that any of its goodwill was impaired as of December 31, 2012 based upon the results of its impairment testing.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

Goodwill Testing

In performing the annual goodwill impairment test for 2012, we utilized the qualitative assessment approach, commonly known as the Step “0” approach, prescribed under 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 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, 2012 was also based on the Company’s estimation of the implied fair value of its 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, or DCF method. 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 (“DCF”), 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 segments included estimated future cash inflows from operations and estimated future cash outflows for capital expenditures.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

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.

After assessing the totality of events and circumstances for 2012, 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 as of October 1, 2012 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 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 the Company to make renewal assumptions, which impact the estimated useful lives of such assets. The acquisition cost of the 3-in-1 rollover patent is being amortized over the term of the patent, which expires in 2018.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

Other intangible assets consist of the following (in thousands):

	Useful Life (years)	At December 31, 2012	2011
Intangible assets			
Computer software	3	\$ 26,007	\$ 24,719
Patents and trademarks	17	11,149	11,134
Customer contracts	7 - 14	39,142	50,649
Non-compete agreements	3	1,200	1,400
Gross carrying amount		77,498	87,902
Less: accumulated amortization		(43,504)	(49,686)
Net carrying amount		<u>\$ 33,994</u>	<u>\$ 38,216</u>

Amortization expense related to these intangibles totaled approximately \$9.8 million, \$8.7 million and \$6.9 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The total net book value of amortizable intangible assets was approximately \$34.0 million at December 31, 2012. The anticipated amortization expense related to other intangible assets, assuming no subsequent impairment of the underlying assets, is as follows (in thousands):

	Amount
2013	\$10,217
2014	8,305
2015	7,196
2016	4,768
2017	1,986
Thereafter	1,522
Total	<u>\$33,994</u>

The Company accounts for the costs related to computer software developed or obtained for internal use in accordance with accounting guidance, which establishes that computer software costs that are incurred in the preliminary project stage should be expensed as incurred. Costs incurred in the application development phase and any upgrades and enhancements that modify the existing software and result in additional functionality are capitalized and amortized over their useful lives, generally not to exceed three years. These costs consist of outside professional fees related to the development of our systems. The Company capitalized \$0.7 million, \$0.2 million and \$0.1 million of development costs for the years ended December 31, 2012, 2011 and 2010, respectively.

8. BORROWINGS

On March 1, 2011, the Company refinanced all of its indebtedness outstanding under the Second Amended and Restated Credit Agreement (as described below) and repaid its obligations under the senior subordinated notes with proceeds from the New Senior Credit Facility as described below.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. BORROWINGS (Continued)

New Senior Credit Facility

On March 1, 2011, GCA, together with its sole stockholder, Holdings entered into 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 “New 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. We used the proceeds from the New Senior Credit Facility to repay all outstanding indebtedness under our then existing senior secured credit facility under the Second Amended and Restated Credit Agreement and to defease our senior subordinated notes.

The Credit Agreement also contains an increase option permitting GCA to arrange with existing lenders and/or new lenders for them to provide up to an aggregate of \$50.0 million in additional term loan commitments. All \$210.0 million of available borrowings under the term loan facility were borrowed concurrent with the establishment of the New Senior Credit Facility. Once repaid, no amounts under the term loan facility may be re-borrowed. In addition, \$4.0 million of available borrowings under the revolving credit facility were borrowed concurrent with the establishment of the New Senior Credit Facility. Once repaid, amounts under the revolving credit facility may be re-borrowed.

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. GCA may prepay the loans and terminate the commitments at any time after the first year, without premium or penalty, subject to certain qualifications set forth in the Credit Agreement. Furthermore, the Credit Agreement contains mandatory prepayment provisions which, under certain circumstances, such as asset or equity sales, obligate GCA to apply defined portions of its cash flow to prepayment of the New Senior Credit Facility.

Borrowings under the New Senior Credit Facility bear interest at either (x) a specified base rate plus a 4.50% margin, or (y) LIBOR plus a 5.50% margin. The base rate minimum is 2.50% and the LIBOR minimum is 1.50%. Interest in respect of base rate loans is payable quarterly in arrears and interest in respect of LIBOR loans is payable in arrears at the end of the applicable interest period and every three months in the case of interest periods in excess of three months. Interest is also payable at the time of repayment of any loans and at maturity. As of December 31, 2012, we had \$121.5 million of outstanding indebtedness under the New Senior Credit Facility, all of which is outstanding under the term loan facility.

The weighted average interest rate, inclusive of the applicable margin of 550 basis points, was 7.0%. 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, 2012. The New Senior Credit Facility is unconditionally guaranteed by Holdings and each direct and indirect domestic subsidiary of GCA. All amounts owing under the New 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 GCA and a first priority perfected security interest in all other tangible and intangible assets owned by GCA and the guarantors.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. BORROWINGS (Continued)

On September 24, 2012, the Company entered into an amendment to its Credit Agreement. The amendment modifies certain financial covenants contained in the Credit Agreement with respect to the Company's ability to make capital expenditures, dividends and stock repurchases. Specifically, the Company, together with its 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 the Company could make certain dividends or stock repurchases if, among other things, the Company's total leverage ratio (as calculated under the Credit Agreement) was less than 2.0 to 1. The amendment provides that the Company may now make certain dividends and stock repurchases if, among other things, its total leverage ratio is less than 2.5 to 1.

The Credit Agreement contains customary affirmative and negative covenants, financial covenants, representations and warranties and events of defaults. As of December 31, 2012, the Company is in compliance with the required covenants.

Principal Repayments

The maturities of the Company's borrowings at December 31, 2012 (excluding excess cash flow payments) are as follows (in thousands):

	<u>Amount</u>
2013	\$ 1,215
2014	1,215
2015	1,215
2016	117,855
Total	<u><u>\$121,500</u></u>

Interest Rate Cap

In conjunction with the terms and conditions of the New Senior Credit Facility, GCA purchased a \$150.0 million notional amount interest rate cap with an effective date of January 5, 2012 and a term of three years. GCA purchased this interest rate cap to partially reduce the Company's exposure to increases in the London Interbank Offer Rate ("LIBOR") above 1.5% during the term of the interest rate cap with respect to its variable rate debt obligations under the New Senior Credit Facility and its 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 the income statement. The interest rate cap carrying value and fair value approximate each other and these values are insignificant as of December 31, 2012.

9. COMMITMENTS AND CONTINGENCIES

Lease Obligations

The Company leases office facilities and operating equipment under cancelable and non-cancelable agreements. Total rent expense was approximately \$0.7 million, \$0.7 million and \$0.9 million for the years ended December 31, 2012, 2011 and 2010, respectively.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. COMMITMENTS AND CONTINGENCIES (Continued)

In October 2012, the Company entered into a long-term lease agreement related to office space for its new corporate headquarters located in Las Vegas, Nevada. The total estimated rental payments owing by the Company under the lease agreement total \$11.8 million.

The minimum aggregate rental commitment under all non-cancelable operating leases at December 31, 2012 were as follows (in thousands):

	<u>Amount</u>
2013	\$ 440
2014	1,142
2015	1,013
2016	1,039
2017	1,064
Thereafter	<u>6,038</u>
Total	<u><u>\$10,736</u></u>

Litigation Claims and Assessments

Automated Systems America, Inc.

On July 7, 2010, an action was commenced by Automated Systems America, Inc. in the United States District Court, Central District of California, against Holdings, GCA and certain current employees of GCA. The complaint seeks a declaratory judgment of invalidity, unenforceability and non-infringement of certain patents owned by the Company and alleges antitrust violations of Section 2 of the Sherman Act, unfair competition violations under the Lanham Act and tortious interference and defamation per se. The plaintiff seeks damages in excess of \$2.0 million, punitive damages, and a trebling of damages associated with the allegations under Section 2 of the Sherman Act. On March 3, 2011, the Company filed a motion to dismiss this action. In February 2012, the District Court entered an order granting the Company's motion to dismiss this action without prejudice, allowing the plaintiff to file a new complaint if it elected to do so. The plaintiff subsequently filed an amended complaint alleging substantially similar claims to those contained in the original complaint, and the Company has filed a motion to dismiss the amended complaint. The Company has not accrued any amounts related to this matter as the Company does not believe it is probable that a loss has been incurred and has meritorious defenses and will vigorously defend this action.

We are also subject to a variety of other claims and suits that arise from time to time in the ordinary course of its 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. The Company's 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,

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. SHAREHOLDERS' EQUITY (Continued)

including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences. As of December 31, 2012, 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 stock is fully paid and non-assessable. As of December 31, 2012, we had 87,544,605 shares of common stock issued.

Common Stock Repurchase Program. In October 2012, the Company's Board of Directors authorized a new two year Common Stock Repurchase Program that supersedes all outstanding share repurchase authorizations. This new share repurchase program grants the Company the authority to repurchase up to \$40.0 million of outstanding Company common stock over a two year period, which commenced in the first quarter of 2013. The Company intends to finance the share repurchases with cash on hand. The repurchase program authorizes the Company to buy its 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, and supersedes all other outstanding share repurchase programs of the Company.

There were no common stock repurchases by the Company under the share repurchase program for the years ended December 31, 2012 and December 31, 2011.

In April 2010, the Company repurchased in a privately negotiated transaction 3,105,590 shares of its outstanding common stock from various entities affiliated with an investment firm for an aggregate purchase price of \$25.0 million at a purchase price of \$8.05 per share of common stock. A member of our Board of Directors was a managing partner of the investment firm until his term expired in April 2010. We funded this repurchase with cash on hand. This repurchase was authorized by our Board of Directors in March 2010, separate and apart from the \$25.0 million share repurchase program previously made in February 2010.

In February 2010, pursuant to Rule 10b-18 under the Securities and Exchange Act of 1934, as amended, our Board of Directors authorized the repurchase of up to \$25.0 million of outstanding common stock, subject to compliance with such contractual limitations on such repurchases under our financing agreements in effect from time to time, including but not limited to those relating to our senior secured indebtedness and senior subordinated notes. For the year ended December 31, 2010, we repurchased 2,000,000 of its shares of common stock pursuant to this repurchase authorization for an aggregate purchase price of \$7.7 million.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. SHAREHOLDERS' EQUITY (Continued)

Treasury Stock. In addition to open market purchases of common stock authorized under the Common Stock Repurchase Program, employees may direct the Company to withhold vested shares of restricted stock to satisfy the minimum statutory withholding requirements applicable to their restricted stock vesting. For the year ended December 31, 2012, the Company repurchased or withheld from restricted stock awards 38,331 shares of common stock at an aggregate purchase price of \$0.3 million 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 2012 (number of shares and cost in thousands):

	Total Number of Shares Purchased or Withheld (in thousands)	Average Price Purchased or Withheld (per share)	Cost of Shares Purchased or Withheld (in thousands)
Outstanding, December 31, 2011	20,686	\$7.02	\$145,228
Shares withheld from restricted stock vesting	38	6.84	\$ 262
Outstanding, December 31, 2012	<u>20,724</u>	<u>\$7.02</u>	<u>\$145,490</u>

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,		
	2012	2011	2010
Weighted average number of common shares outstanding—basic	65,933	64,673	65,903
Potential dilution from equity grants(1)	1,404	186	1,369
Weighted average number of common shares outstanding—diluted	<u>67,337</u>	<u>64,859</u>	<u>67,272</u>

(1) The potential dilution excludes the weighted average effect of stock options to acquire 5.1 million, 8.1 million and 6.9 million of common stock of Holdings for the years ended December 31, 2012, 2011 and 2010, 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, the Company 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 the Company’s 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

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED COMPENSATION (Continued)

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.

We have estimated the fair value of options granted at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2012	2011	2010
Risk-free interest rate	1%	2%	3%
Expected life of options (in years)	6	6	6
Expected volatility	62%	63%	60%
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 2012 was based upon our historical volatility. The expected dividend yield is based on the Company's historical practice of not paying dividends. Stock-based compensation related to time-based restricted shares is calculated based on the closing market price of the Company's common stock on the date of grant, reduced by the present value of dividends expected to be paid, if any, on the Company's common stock prior to vesting of the restricted stock.

As of December 31, 2012, the Company had reserved 18,179,520 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 the lesser of: 3,800,000 shares, 3% of all outstanding shares of our common stock immediately prior to such increase, or a lesser amount determined by our Board of Directors. The Company did not increase the shares under the 2005 Plan during the year ended December 31, 2012.

The following table is a summary of award activity under the 2005 Plan (in thousands):

	Stock Options Granted	Restricted Stock Granted	Equity Awards Available for Grant
Outstanding, December 31, 2011	<u>9,228</u>	<u>198</u>	<u>4,656</u>
Additional authorized shares	—	—	—
Granted	2,375	85	(2,460)
Exercised options or vested shares .	(1,726)	(167)	—
Canceled or forfeited	<u>(428)</u>	<u>(5)</u>	<u>433</u>
Outstanding, December 31, 2012	<u><u>9,449</u></u>	<u><u>111</u></u>	<u><u>2,629</u></u>

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED COMPENSATION (Continued)

Stock Options

Stock options granted typically 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 and allow the option holder to purchase stock over specified periods of time, generally ten years, from the date of grant, at a fixed price equal to the market value of the common stock on date of grant.

The following 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, 2011	9,228	\$6.87	6.9	\$ 5,186
Granted	2,375	5.81		
Exercised	(1,726)	3.82		
Canceled or forfeited	(428)	6.14		
Outstanding, December 31, 2012	9,449	\$7.19	6.4	\$16,626
Vested and expected to vest, December 31, 2012 .	8,919	\$7.31	6.3	\$15,235
Exercisable, December 31, 2012	6,297	\$8.16	5.3	\$ 8,453

		Options Outstanding			Options Exercisable	
Range of Exercise Prices		Number Outstanding (000's)	Weighted Average Remaining Contract Life (Years)	Weighted Average Exercise Prices	Number Exercisable (000's)	Weighted Average Exercise Price
\$ —	\$ 5.99	4,228	8.0	\$ 4.37	1,726	\$ 3.86
6.00	8.99	2,977	6.4	7.22	2,327	7.19
9.00	12.99	1,000	4.8	9.99	1,000	9.99
13.00	13.99	797	2.1	13.98	797	13.98
14.00	14.99	160	3.4	14.22	160	14.22
15.00	15.99	152	3.5	15.22	152	15.22
16.00	18.99	135	3.7	16.80	135	16.80
		9,449			6,297	

The weighted average grant date fair value per share of the options granted was \$2.93, \$2.04 and \$4.24 for the years ended December 2012, 2011 and 2010, respectively.

There was \$8.1 million in unrecognized compensation expense related to options expected to vest for the year ended December 31, 2012. This cost is expected to be recognized on a straight-line basis over a weighted average period of 2.6 years. For the year ended December 31, 2012, the Company granted options to acquire approximately 2.4 million shares of common stock, received \$6.7 million in proceeds

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. SHARE-BASED COMPENSATION (Continued)

from the exercise of options and recorded \$6.2 million in non-cash compensation expense related to options granted that are expected to vest.

We recorded \$6.8 million and \$6.3 million, respectively, in non-cash compensation expense related to options granted that are expected to vest for the years ended December 31, 2011 and 2010, respectively. We received \$0.8 million and \$5.6 million in cash from the exercise of 0.4 million and 1.2 million options, for the years ended December 31, 2011 and 2010, respectively.

The total intrinsic value of options exercised was \$6.3 million, \$0.4 million and \$4.0 million for the years ended December 2012, 2011 and 2010, respectively.

Restricted Stock

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.

The following is a summary of non-vested share awards for the Company's time-based restricted shares:

	<u>Shares Outstanding (in thousands)</u>	<u>Weighted Average Grant Date Fair Value (per share)</u>
Outstanding, December 31, 2011	198	\$2.20
Granted	85	6.80
Vested	(167)	2.21
Forfeited	(5)	2.20
Outstanding, December 31, 2012	<u>111</u>	<u>\$5.72</u>

The weighted average grant date fair value per share of restricted stock granted was \$6.80 for the year ended December 2012. There were no restricted shares granted for the years ended December 2011 and 2010.

We recorded approximately \$0.4 million, \$0.0 and \$1.6 million in non-cash compensation expense related to the restricted stock granted that are expected to vest for the years ended December 31, 2012, 2011 and 2010, respectively. As of December 31, 2012, there was \$0.5 million in unrecognized compensation expense related to time-based restricted shares expected to vest. This cost is expected to be recognized on a straight-line basis over a weighted average period of 3.2 years.

The total fair value of shares vested were \$1.3 million, \$1.1 million and \$1.5 million for the years ended December 31, 2012, 2011 and 2010, respectively.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE BENEFIT PLAN

Defined Contribution Plan

The Company has a retirement savings plan (the “401(k) Plan”) under Section 401(k) of the Internal Revenue Code covering its 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, the Company matches a percentage of these employee contributions. Expenses related to the matching portion of the contributions to the 401(k) Plan were \$0.3 million, \$0.2 million and \$0.5 million for the years ended December 31, 2012, 2011 and 2010, respectively.

14. INCOME TAXES

The following presents consolidated income before tax for domestic and foreign operations (in thousands):

	Year Ended December 31,		
	2012	2011	2010
Consolidated income before tax			
Domestic	\$39,280	\$18,705	\$35,838
Foreign	1,183	10	463
Total	<u>\$40,463</u>	<u>\$18,715</u>	<u>\$36,301</u>

The income tax provision attributable to income from operations before tax consists of the following components (in thousands):

	Year Ended December 31,		
	2012	2011	2010
Income tax provision			
Domestic	\$14,358	\$9,528	\$17,680
Foreign	416	58	1,040
Income tax provision before non-controlling interest loss	14,774	9,586	18,720
Income tax provision from non-controlling interest loss	—	—	31
Total income tax provision	<u>\$14,774</u>	<u>\$9,586</u>	<u>\$18,751</u>
Income tax provision components			
Current	\$ 430	\$ 334	\$ 1,283
Deferred	14,344	9,252	17,468
Total income tax provision	<u>\$14,774</u>	<u>\$9,586</u>	<u>\$18,751</u>

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. INCOME TAXES (Continued)

A reconciliation of the federal statutory rate and the Company's effective income tax rate is as follows:

	Year Ended December 31,		
	2012	2011	2010
Income tax reconciliation			
Federal statutory rate	35.0%	35.0%	35.0%
Foreign provision	(0.4)%	0.1%	(0.1)%
State/province income tax	1.7%	2.4%	1.7%
Non-deductible compensation cost	0.2%	7.8%	2.4%
Change in valuation allowance	1.0%	2.1%	(4.1)%
Adjustment to carrying value	(2.2)%	3.6%	0.0%
Foreign dividends and IRC Sec. 956 inclusions, net of foreign tax deduction	1.1%	0.2%	14.7%
Non-deductible expenses and other items	0.1%	0.0%	2.1%
Effective tax rate	36.5%	51.2%	51.7%

The major tax-effected components of the deferred tax assets and liabilities are as follows (in thousands):

	Year Ended December 31,		
	2012	2011	2010
Deferred income tax assets related to:			
Intangibles	\$ 63,899	\$ 82,088	\$102,598
Net operating losses	32,171	29,733	16,576
Stock compensation expense	6,775	5,412	4,768
Accounts receivable allowances	1,968	2,770	6,675
Accrued and prepaid expenses	1,279	702	300
Other	367	492	734
Property, equipment and leasehold improvements	312	—	235
Valuation allowance	(1,307)	(905)	—
Total deferred income tax assets	\$105,464	\$120,292	\$131,886
Deferred income tax liabilities related to:			
Property, equipment and leasehold improvements	\$ —	\$ 242	\$ —
Other	800	512	339
Total deferred income tax liabilities	\$ 800	\$ 754	\$ 339
Deferred income taxes, net	\$104,664	\$119,538	\$131,547

For all of our investments in foreign subsidiaries, except for GCA (Macau), S.A. ("GCA Macau") and one-time repatriation events in 2010, deferred taxes have not been provided on unrepatriated foreign earnings. Unrepatriated earnings as of December 31, 2012, are approximately \$2.7 million. These earnings are considered permanently reinvested, as it is management's intention to reinvest foreign earnings in foreign operations. The Company projects that it will have sufficient cash flow in the U.S. and does not need to repatriate these foreign earnings to finance U.S. operations.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. INCOME TAXES (Continued)

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 at December 31, 2012, 2011 and 2010 that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting. Equity will be increased by \$3.3 million if and when such deferred tax assets are ultimately realized. The Company uses the accounting guidance on income taxes ordering for purposes of determining when excess tax benefits have been realized.

As of December 31, 2012, the Company has approximately \$94.0 million accumulated federal net operating losses. The net operating losses can be carried forward and applied to offset taxable income for 20 years and will expire starting in 2025.

The Company has state net operating loss carry forwards which began to expire in 2012 and will continue to expire in 2013 through 2031. 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, 2012, the Company has approximately \$2.4 million accumulated state net operating losses. We have a valuation allowance of \$1.3 million primarily 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.

At December 31, 2012, we had a net deferred income tax asset of \$104.7 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 \$19.1 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 \$120.8 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.

The Company has 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. The Company believes that its income tax filing positions and deductions will be sustained upon audit and does not anticipate any adjustments that will result in a material change to its 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. The Company's policy for recording interest and penalties associated with audits and unrecognized tax benefits is to record such items as a component of income tax expenses.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. INCOME TAXES (Continued)

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. The Company has a number of federal and state income tax years still open for examination as a result of the net operating loss carry forwards. Accordingly, the Company is 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, the Company is no longer subject to examination by tax authorities for years before 2009.

15. RELATED PARTY TRANSACTIONS

In April 2010, the Company repurchased in a privately negotiated transaction 3,105,590 shares of its outstanding common stock from various entities affiliated with an investment firm for an aggregate purchase price of \$25.0 million at a purchase price of \$8.05 per share of common stock. A member of our Board of Directors was a managing partner of the investment firm until his term expired in April 2010. We funded this repurchase with cash on hand. This repurchase was authorized by our Board of Directors in March 2010, separate and apart from the \$25.0 million share repurchase program previously made in February 2010.

A member of our Board of Directors also serves as a member of the board of directors of a gaming company for which the Company provides various cash access products and services that are insignificant to the Company's net income. Our Board member receives both cash and equity compensation from this gaming company in consideration for serving on its board of directors, however, none of this consideration is tied in any manner to the Company's performance or obligations under its cash access agreements with the gaming company. In addition, our Board member was not involved in the negotiation of the Company's cash access agreements with this gaming company.

In October 2012, the Company entered into a long-term lease agreement related to office space for its corporate headquarters, for which the Company engaged a brokerage firm. An executive officer of this brokerage firm is the brother of our Chief Financial Officer. The total estimated rental payments owing by the Company under the lease agreement total \$11.8 million and the brokerage firm is entitled to receive approximately \$0.4 million as compensation for acting as the Company's 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. The Company's 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.

The Company operates in the following business segments: (1) cash advance, (2) ATM, (3) check services and (4) other. These segments are monitored separately by management for performance against its internal forecast and are consistent with the Company's internal management reporting. The other segment consists of certain lines of business, none of which exceeds the established materiality for segment reporting, include: Central Credit reporting services, Kiosk Sales and Services and Casino Marketing Services, among others.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. SEGMENT INFORMATION (Continued)

The Company does 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.

The Company's business is predominantly domestic, with no specific regional concentrations and no significant assets in foreign locations.

Major customers. For the years ended December 31, 2012 and 2011, no single customer accounted for more than 10% of the Company's revenues. For the year ended December 31, 2010, the combined revenue from all segments for our largest customer, Caesars, was approximately \$79.6 million, representing 13% of the Company's total consolidated revenues. Our five largest customers accounted for approximately 34%, 28% and 35% of our total revenue in 2012, 2011 and 2010, respectively.

The accounting policies of the operating segments are generally the same as those described in the summary of significant accounting policies.

The following tables present the Company's segment information (in thousands):

	For and At the Year Ended December 31,		
	2012	2011	2010
Revenues			
Cash advance	\$227,517	\$203,869	\$244,139
ATM	303,159	283,727	314,627
Check services	25,401	26,269	28,357
Other	28,409	30,198	18,467
Corporate	—	—	—
Total revenues	<u>\$584,486</u>	<u>\$544,063</u>	<u>\$605,590</u>
Operating income			
Cash advance	\$ 63,785	\$ 38,468	\$ 49,439
ATM	32,333	34,832	41,102
Check services	13,930	14,197	15,798
Other	14,457	14,808	11,398
Corporate	(68,523)	(64,009)	(65,107)
Total operating income	<u>\$ 55,982</u>	<u>\$ 38,296</u>	<u>\$ 52,630</u>
Total assets			
Cash advance	\$149,113	\$164,515	
ATM	59,781	98,418	
Check services	35,216	37,231	
Other	39,838	39,570	
Corporate	269,947	189,333	
Total assets	<u>\$553,895</u>	<u>\$529,067</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 is as follows (in thousands, except for per share amounts):

	Quarter				
	First	Second	Third	Fourth	Year
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 attributable to Global Cash Access Holdings, Inc. and Subsidiaries . . .	7,128	7,084	7,079	4,398	25,689
Basic earnings per share					
Net income	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.07	\$ 0.39
Net income attributable to Global Cash Access Holdings, Inc. and Subsidiaries . .	\$ 0.11	\$ 0.11	\$ 0.11	\$ 0.07	\$ 0.39
Diluted earnings per share					
Net income	\$ 0.11	\$ 0.11	\$ 0.10	\$ 0.06	\$ 0.38
Net income attributable to Global Cash Access Holdings, Inc. and Subsidiaries . .	\$ 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
2011					
Revenues	\$134,389	\$135,052	\$136,889	\$137,733	\$544,063
Operating income	9,305	7,141	7,609	14,241	38,296
Net income	1,742	1,010	1,839	4,538	9,129
Net income attributable to Global Cash Access Holdings, Inc. and Subsidiaries . . .	1,742	1,010	1,839	4,538	9,129
Basic earnings per share					
Net income	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.07	\$ 0.14
Net income attributable to Global Cash Access Holdings, Inc. and Subsidiaries . .	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.07	\$ 0.14
Diluted earnings per share					
Net income	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.07	\$ 0.14
Net income attributable to Global Cash Access Holdings, Inc. and Subsidiaries . .	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.07	\$ 0.14
Weighted average common shares outstanding					
Basic	63,952	63,969	64,712	64,871	64,673
Diluted	64,182	64,094	64,751	65,227	64,859

18. SUBSEQUENT EVENTS

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, 2012 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, 2012.

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. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2012. Deloitte & Touche LLP has audited our internal control over financial reporting as of December 31, 2012 as stated in their attestation report which is included herein.

Changes in Internal Control over Financial Reporting during the Quarter Ended December 31, 2012

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, 2012 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, 2012, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’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, 2012, based on the criteria established in *Internal Control—Integrated Framework* 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, 2012 of the Company and our report dated March 12, 2013 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
Las Vegas, NV
March 12, 2013

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 II Directors” in the Company’s Definitive Proxy Statement in connection with the 2013 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, 2012. 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 there under. 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 2012, our 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	60
Consolidated Statements of Income and Comprehensive Income for the three years ended December 31, 2012	61
Consolidated Balance Sheets as of December 31, 2012 and 2011	62
Consolidated Statements of Cash Flows for the three years ended December 31, 2012	63
Consolidated Statement of Stockholders' Equity for the three years ended December 31, 2012	64
Notes to Consolidated Financial Statements	65

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.

Exhibit Number	Exhibit Description
10.12(1)	Patent License Agreement, dated as of March 10, 2004, between USA Payments, Inc. and Global Cash Access, L.L.C.
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.

Exhibit Number	Exhibit Description
*10.56(18)	Form of Notice of Stock Option Award and Stock Option Award Agreement—David Johnson effective April 1, 2011.
+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)	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.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche LLP.
24.1	Power of Attorney (see page 105).
31.1	Certification of David B. Lopez, Chief Executive Officer of Global Cash Access Holdings, Inc. dated March 12, 2013 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.
31.2	Certification of Mary E. Higgins, Chief Financial Officer of Global Cash Access Holdings, Inc. dated March 12, 2013 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 David B. Lopez, Chief Executive Officer of Global Cash Access Holdings, Inc. dated March 12, 2013 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 Mary E. Higgins, Chief Financial Officer of Global Cash Access Holdings, Inc. dated March 12, 2013 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**

Exhibit Number	Exhibit Description
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**

- (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 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.

* 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)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL CASH ACCESS HOLDINGS, INC.

By: /s/ DAVID B. LOPEZ
David B. Lopez
President and Chief Executive Officer
(Principal Executive Officer)

Dated: March 12, 2013

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Lopez and Mary E. Higgins, and each of them, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ DAVID B. LOPEZ</u> David B. Lopez	President and Chief Executive Officer (Principal Executive Officer) and Director	March 12, 2013
<u>/s/ MARY E. HIGGINS</u> Mary E. Higgins	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 12, 2013
<u>/s/ SCOTT BETTS</u> Scott Betts	Director	March 12, 2013
<u>/s/ C. MICHAEL RUMBOLZ</u> Michael Rumbolz	Director	March 12, 2013
<u>/s/ E. MILES KILBURN</u> E. Miles Kilburn	Director	March 12, 2013

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<div> <div>/s/ GEOFF JUDGE</div> <div>Geoff Judge</div> </div>	Director	March 12, 2013
<div> <div>/s/ FRED C. ENLOW</div> <div>Fred C. Enlow</div> </div>	Director	March 12, 2013

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