

GLOBAL CASH ACCESS HOLDINGS, INC.

FORM 10-Q (Quarterly Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark one)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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 no 001 — 32622

GLOBAL CASH ACCESS HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

20-0723270
(I.R.S. Employer I.D. No.)

**3525 EAST POST ROAD, SUITE 120
LAS VEGAS, NEVADA**
(Address of Principal Executive Offices)

89120
(Zip Code)

Registrant's telephone number, including area code:
(800) 833-7110

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 November 3, 2011 there were 64,821,010 shares of the Registrant's \$0.001 par value per share common stock outstanding.

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PART I: FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except par value)
(unaudited)

	September 30, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 38,346	\$ 60,636
Restricted cash and cash equivalents	455	455
Settlement receivables	10,412	10,374
Other receivables, net	16,885	15,211
Inventory	6,516	3,845
Prepaid and other assets	16,882	8,200
Property, equipment and leasehold improvements, net	15,619	16,648
Goodwill	180,112	185,110
Other intangibles, net	28,572	26,368
Deferred income taxes	124,758	131,547
	<u>438,557</u>	<u>458,394</u>
Total assets	<u>\$ 438,557</u>	<u>\$ 458,394</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Settlement liabilities	\$ 57,767	\$ 59,741
Accounts payable	29,064	28,562
Accrued expenses	19,175	17,863
Borrowings	179,000	208,750
	<u>285,006</u>	<u>314,916</u>
Total liabilities	<u>285,006</u>	<u>314,916</u>
COMMITMENTS AND CONTINGENCIES (NOTE 5)		
STOCKHOLDERS' EQUITY		
Common stock, \$0.001 par value, 500,000 shares authorized and 85,478 and 85,006 shares issued at September 30, 2011 and December 31, 2010, respectively.	85	85
Convertible preferred stock, \$0.001 par value, 0 shares authorized and 0 shares outstanding at September 30, 2011 and December 31, 2010, respectively.	—	—
Additional paid in capital	202,876	197,048
Retained earnings	93,387	88,796
Accumulated other comprehensive income	2,397	2,587
Treasury stock, at cost, 20,676 and 20,626 shares at September 30, 2011 and December 31, 2010, respectively.	(145,194)	(145,038)
	<u>153,551</u>	<u>143,478</u>
Total stockholders' equity	<u>153,551</u>	<u>143,478</u>
Total liabilities and stockholders' equity	<u>\$ 438,557</u>	<u>\$ 458,394</u>

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
REVENUES				
Cash Advance	\$ 50,913	\$ 60,546	\$ 152,036	\$ 190,514
ATM	71,044	79,727	213,450	242,136
Check Services	6,479	6,442	19,813	22,030
Central Credit and other revenues	8,452	5,406	21,031	13,103
Total revenues	136,888	152,121	406,330	467,783
Cost of revenues (exclusive of depreciation and amortization)	(106,953)	(116,077)	(317,900)	(355,744)
Operating expenses	(18,529)	(18,740)	(51,922)	(57,036)
Amortization	(1,929)	(1,729)	(6,250)	(5,418)
Depreciation	(1,867)	(2,252)	(6,201)	(7,011)
OPERATING INCOME	7,610	13,323	24,057	42,574
INTEREST INCOME (EXPENSE)				
Interest income	24	44	83	123
Interest expense	(4,438)	(3,977)	(14,250)	(12,517)
Loss on early extinguishment of debt	—	—	(943)	—
Total interest expense	(4,414)	(3,933)	(15,110)	(12,394)
INCOME BEFORE INCOME TAX PROVISION	3,196	9,390	8,947	30,180
INCOME TAX PROVISION	(1,356)	(4,471)	(4,356)	(12,371)
NET INCOME	1,840	4,919	4,591	17,809
PLUS: NET LOSS ATTRIBUTABLE TO MINORITY INTEREST	—	—	—	(56)
NET INCOME ATTRIBUTABLE TO GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES	1,840	4,919	4,591	17,753
Foreign currency translation, net of tax	(218)	376	(191)	196
COMPREHENSIVE INCOME	\$ 1,622	\$ 5,295	\$ 4,400	\$ 17,949
Earnings per share				
Basic	\$ 0.03	\$ 0.08	\$ 0.07	\$ 0.27
Diluted	\$ 0.03	\$ 0.07	\$ 0.07	\$ 0.26
Weighted average number of common shares outstanding:				
Basic	64,712	65,384	64,597	66,543
Diluted	64,751	66,240	64,708	68,186

See notes to unaudited condensed consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(amounts in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,591	\$ 17,809
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization of financing costs	988	729
Amortization of intangibles	6,250	5,418
Depreciation	6,201	7,011
Loss on sale or disposal of assets	216	28
Provision for bad debts	4,016	3,793
Loss on early extinguishment of debt	943	—
Stock-based compensation	5,238	6,414
Changes in operating assets and liabilities:		
Settlement receivables	10,266	7,774
Other receivables, net	(829)	2,646
Inventory	(5,307)	368
Prepaid and other assets	(3,477)	1,105
Deferred income taxes	4,092	11,796
Settlement liabilities	(12,221)	(29,828)
Accounts payable	505	1,908
Accrued expenses	(4,030)	(1,978)
Net cash provided by operating activities	<u>17,442</u>	<u>34,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Western Money Systems, net of cash	(14)	(15,354)
Purchase of property, equipment and leasehold improvements	(1,312)	(7,787)
Purchase of other intangibles	(2,183)	—
Changes in restricted cash and cash equivalents	—	(100)
Net cash used in investing activities	<u>(3,509)</u>	<u>(23,241)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of old credit facility	(208,750)	(25,750)
Securing of new credit facility	214,000	—
Issuance costs of new credit facility	(7,099)	—
Repayments on new credit facility	(35,000)	—
Proceeds from exercise of stock options	591	5,599
Purchase of treasury stock	(156)	(33,157)
Net cash used in financing activities	<u>(36,414)</u>	<u>(53,308)</u>

(continued)

See notes to unaudited condensed consolidated financial statements.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(amounts in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2011	2010
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ 191	\$ 37
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,290)	(41,519)
CASH AND CASH EQUIVALENTS - Beginning of period	60,636	84,768
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 38,346</u>	<u>\$ 43,249</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 15,202</u>	<u>\$ 15,081</u>
Cash paid for taxes, net of refunds	<u>\$ 336</u>	<u>\$ 497</u>

See notes to unaudited condensed consolidated financial statements.

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

1. BUSINESS AND BASIS OF PRESENTATION

Overview

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.

The Company is a provider in the United States and several international jurisdictions of cash access products and data intelligence services and solutions to the gaming industry. Our services 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, the Company also provides products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments. These services are provided either directly by GCA or through one of its subsidiaries.

The Company also owns and operates a credit reporting agency for the gaming industry through a wholly-owned subsidiary, Central Credit, LLC (“Central Credit”), which provides credit-information services and credit-reporting history on gaming patrons to various gaming establishments. Central Credit operates in both international and domestic gaming markets.

In May 2010, we completed the acquisition of Western Money Systems (“Western Money”), a manufacturer of redemption kiosks devices. The results of operations of Western Money have been reflected in Central Credit and other revenues.

Innovative Funds Transfer, LLC (“IFT”), formerly known as QuikPlay, LLC, was a joint venture that was formed on December 6, 2000, and owned 60% by GCA and 40% by International Game Technology (“IGT”). IGT is one of the largest manufacturers of gaming equipment in the United States. GCA was the managing member of this entity. IFT was consolidated in the Company’s consolidated financial statements prior to April 19, 2010, at which time GCA and IGT dissolved IFT. The dissolution of IFT did not have a material impact on the condensed consolidated financial statements of the Company.

Basis of Presentation

The unaudited condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Some of the information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (which include normal recurring adjustments) necessary for a fair presentation of results for the interim periods have been made. The results for the three and nine months ended September 30, 2011 are not necessarily indicative of results to be expected for the full fiscal year.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto included within the Company’s Annual Report on Form 10-K for the year ended December 31, 2010 (the “2010 10-K”).

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

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. The significant accounting estimates incorporated into the Company's unaudited condensed consolidated financial statements include:

- 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 tax asset;
- the estimated effective income tax rate; and
- the estimated cash flows in assessing the recoverability of long-lived assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The unaudited condensed consolidated financial statements presented for the three and nine months ended September 30, 2011 and 2010 and as of September 30, 2011 and December 31, 2010 include the accounts of Holdings and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Earnings Applicable to Common Stock

Basic earnings per share are 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.

The weighted-average number of common shares outstanding used in the computation of basic and diluted earnings per share is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Weighted average common shares outstanding - basic (1)	64,712	65,384	64,597	66,543
Potential dilution from equity grants (2)(3)	39	856	111	1,643
Weighted average common shares outstanding - diluted	<u>64,751</u>	<u>66,240</u>	<u>64,708</u>	<u>68,186</u>

- (1) Included in the calculation of weighted average common shares outstanding — basic are 16 and 44 and 220 and 470 unvested shares of restricted common stock of Holdings granted in share-based payment transactions for the three and nine months ended September 30, 2011 and 2010, respectively, that are participating securities because such shares have voting rights as well as the right to participate in dividend distributions made by the Company to its common stockholders.
- (2) The potential dilution excludes the weighted average effect of stock options to acquire 20 and 61 and 618 and 7,533 shares of common stock of Holdings for the three and nine months ended September 30, 2011 and 2010, respectively, because the application of the treasury stock method, as required, makes them anti-dilutive.
- (3) The potential dilution excludes the weighted average effect of shares of time-based shares of restricted common stock of Holdings of 20 and 49 and 238 and 477 shares for the three and nine months ended September 30, 2011 and 2010, respectively, because the application of the treasury stock method, as required, makes them anti-dilutive.

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

Warranty Receivables

In the check services transactions provided by Central Credit, Central Credit warrants check cashing transactions performed at gaming establishments. If a gaming establishment chooses to have a check warranted, it sends a request to a check warranty service provider asking whether it will warrant the check. The gaming establishment then pays the patron the check amount and deposits the check. If the check is dishonored by the patron's bank, 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. All amounts paid out to the gaming establishment related to these items result in a warranty receivable from the patron. This amount is recorded in other receivables, net on the condensed consolidated balance sheets. On a monthly basis, Central Credit 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 condensed consolidated statements of income. The Company writes off substantially all warranty receivables that are practically older than one year in age.

A summary of the activity for the check warranty reserve for the nine months ended September 30, 2011, is as follows (amounts in thousands):

	Balance at Beginning of Period	Additions Charged to Expense	Deductions	Balance at End of Period
Nine months ended September 30, 2011	\$ 7,036	\$ 6,816	\$ (7,258)	\$ 6,594

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, other receivables, net, settlement receivables and settlement liabilities approximates fair value due to the short-term maturities of these instruments. The fair value of GCA's borrowings are estimated based on quoted market prices for the same issue or in instances where no market exists the quoted market prices for similar issues with similar terms are used to estimate fair value. 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.

GCA uses the market approach when measuring the fair value of an asset or liability for recurring and nonrecurring fair value measurements categorized within Levels 1 and 2 of the fair value hierarchy. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices that are directly or indirectly observable for the asset or liability. The market approach uses prices and other relevant information from market transactions involving identical or comparable assets or liabilities to measure fair value. Level 3 inputs indicate 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. The Company does not have any assets or liabilities with level 3 inputs.

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

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>
September 30, 2011			
New senior secured credit facility	1	175,420	179,000
December 31, 2010			
Old senior secured credit facility	2	81,000	81,000
Senior subordinated notes	1	128,229	127,750

Inventory

Inventory consists of finished goods such as redemption kiosk devices, work-in-progress and raw materials and is stated at lower of cost or market. The cost of inventory includes cost of materials, labor, overhead and freight. Inventory is accounted for using the average cost method. Inventory as of September 30, 2011 and December 31, 2010 was \$6.5 million and \$3.8 million, respectively. All inventory was acquired as part of the Western Money acquisition in May 2010.

Acquisitions

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. 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 \$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):

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

In connection with the acquisition, the Company acquired \$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 as illustrated below. The adjustments to the preliminary fair value amounts have not been applied retrospectively to the condensed consolidated balance sheet as of December 31, 2010 or the condensed consolidated statements of income and comprehensive income for the three and nine months ended September 30, 2010, as the impact of the final purchase price allocations was not material to previously reported financial statements.

The following table shows the amortization of the customer contracts (in thousands):

	<u>Amount</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Thereafter</u>
Customer contracts	\$ 3,962	\$ 256	\$ 516	\$ 583	\$ 556	\$ 494	\$ 1,557

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

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.

3. ATM FUNDING AGREEMENTS

On December 19, 2007, GCA entered into the Treasury Services Agreement with Bank of America to utilize up to \$360 million in funds owned by Bank of America to provide currency needed for normal operating requirements for the Company's ATMs. For the use of these funds, the Company paid Bank of America a cash usage fee equal to the average daily balance of funds utilized multiplied by the one-month LIBOR plus a contractually defined margin.

In December 2010, the Company terminated the Treasury Services Agreement with Bank of America, and began utilizing funds of up to \$400 million owned by Wells Fargo pursuant to a Contract Cash Solutions Agreement entered into with Wells Fargo on November 12, 2010. The Contract Cash Solutions Agreement provides essentially the same services as provided under the Treasury Services Agreement.

As of September 30, 2011 and December 31, 2010, the outstanding balances of ATM cash utilized by GCA from Wells Fargo and Bank of America were \$339.7 million and \$368.4 million, respectively. For the three and nine months ended September 30, 2011 and 2010, the cash usage fees incurred by the Company were \$0.6 million and \$1.9 million and \$0.5 million and \$1.4 million, respectively, and is reflected as interest expense within the condensed consolidated statements of income.

The Company is responsible for any losses of cash in the ATMs under its agreements with Wells Fargo and Bank of America. The Company is self-insured related to this risk. For the three and nine months ended September 30, 2011 and 2010, the Company incurred no material losses related to this self-insurance.

Site Funded ATMs

The Company operates some ATMs at customer locations where the customer provides the cash required for the ATM operational needs. The Company is 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 condensed consolidated balance sheets and was \$36.2 million and \$28.6 million as of September 30, 2011 and December 31, 2010, respectively.

4. BENEFIT PLANS

The Company has issued stock options to acquire shares of the common stock of the Company to directors, officers and key employees under the Company's 2005 Stock Incentive Plan (the "2005 Plan"). Options 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. Options are issued at the current market price on the date of grant, with a contractual term of 10 years.

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

A summary of award activity under the 2005 Plan as of September 30, 2011 and changes during the nine months ended is as follows:

	<u>Options</u>	<u>Weighted Average Exercise Prices</u>	<u>Weighted Average Life Remaining</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
Outstanding - December 31, 2010	8,756,110	\$ 7.50	7.3 years	\$ 2,336
Granted	2,066,150			
Exercised	(269,359)			
Forfeited	<u>(1,081,469)</u>			
Outstanding - September 30, 2011	<u>9,471,432</u>	\$ 6.81	7.1 years	\$ 1,768
Exercisable - September 30, 2011	<u>5,669,345</u>	\$ 8.43	6.2 years	\$ 981

The fair value of options was determined as of the date of grant using Black-Scholes option pricing model with the following weighted-average assumption in the period ended September 30, 2011 and 2010, respectively.

	<u>2011</u>	<u>2010</u>
Risk-free interest rate	2.5%	2.1%
Expected life of options (in years)	6.3	6.3
Expected volatility of GCA's stock price	62.9%	61.6%
Expected dividend yield	0.0%	0.0%

As of September 30, 2011, there was \$8.2 million in unrecognized compensation expense related to options expected to vest. This cost is expected to be recognized on a straight-line basis over a weighted average period of 0.9 years. During the nine months ended September 30, 2011, the Company granted options to acquire 2.1 million shares of common stock, received \$0.6 million in proceeds from the exercise of options and recorded \$5.4 million in non-cash compensation expense related to options granted that are expected to vest.

As of September 30, 2010, there was \$12.6 million in unrecognized compensation expense related to options expected to vest. This cost was expected to be recognized on a straight-line basis over a weighted average period of 1.1 years. During the nine months ended September 30, 2010, the Company granted options to acquire 1.8 million shares of common stock, received \$5.6 million in proceeds from the exercise of options and recorded \$5.1 million in non-cash compensation expense related to options granted that are expected to vest.

Restricted Stock

The Company began issuing shares of restricted common stock of the Company to directors, officers and key employees in the first quarter of 2006. The vesting provisions are similar to those applicable to options. Because these shares of restricted stock are issued primarily to employees of the Company, some of the shares issued will be withheld by the Company to satisfy the minimum statutory tax withholding requirements applicable to such restricted stock awards. Therefore, as these awards vest the actual number of shares outstanding as a result of the restricted stock awards is reduced and the number of shares included within treasury stock is increased by the amount of shares withheld. During the nine months ended September 30, 2011, the Company withheld 49,447 shares of restricted stock from employees with a cumulative vesting commencement date fair value of \$0.2 million. These amounts have been included as part of the total treasury stock repurchased during the period.

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

A summary of all non-vested awards for the Company's time-based restricted stock awards as of September 30, 2011 is as follows:

	<u>Shares Outstanding</u>	<u>Weighted Average Grant Date Fair Value</u>	<u>Aggregate Fair Value</u> (in thousands)
Balance, December 31, 2010	481,050	\$ 2.55	\$ 1,227
Granted	—	—	—
Vested	(201,991)	3.01	(608)
Canceled	(36,316)	2.21	(80)
Balance - September 30, 2011	<u>242,743</u>	<u>\$ 2.22</u>	<u>\$ 539</u>

As of September 30, 2011, there was \$0.6 million in unrecognized compensation expense related to shares of 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 0.5 years. During the nine months ended September 30, 2011, there were 201,991 shares of time-based restricted shares vested, and we recorded a credit of \$0.1 million in non-cash compensation expense related to restricted stock granted that is expected to vest.

As of September 30, 2010, there was \$1.7 million in unrecognized compensation expense related to shares of time-based restricted shares expected to vest. This cost was expected to be recognized on a straight-line basis over a weighted average period of 1.0 years. During the nine months ended September 30, 2010, there were 394,023 shares of time-based restricted shares vested, and we recorded \$1.3 million in non-cash compensation expense related to the restricted stock granted that is expected to vest.

5. COMMITMENTS AND CONTINGENCIES

Litigation Claims and Assessments

Sightline Payments, LLC

On March 22, 2010, an action was commenced by Sightline Payments, LLC in the United States District Court, District of Nevada, against Holdings and GCA (the "Federal Court Action"). The complaint alleged antitrust violations of Sections 1 and 2 of the Sherman Act and Section 7 of the Clayton Act. The plaintiff sought damages in the amount of \$300 million and that such damages be trebled. On August 9, 2010, the District Court issued an Order and Judgment granting the Company's motion to dismiss this action. On August 13, 2010, Sightline Payments, LLC filed a Notice of Appeal of the Order and Judgment granting the Company's Motion to Dismiss (the "Appellate Action").

On April 16, 2010, the Company commenced an action in the District Court of Nevada, Clark County, against the three current principals of Sightline Payments, LLC, all of whom are former executives of the Company (the "State Court Action"). The Company alleged misappropriation of trade secrets, breach of contract, breach of duty of good faith and fair dealing and sought damages and declaratory and injunctive relief. The Company has received a temporary restraining order barring the defendants in this action from making any continued disclosure of the Company's proprietary and confidential information.

On August 9, 2011, GCA and Holdings entered into a settlement agreement with Sightline Payments, LLC and the three current principals of Sightline Payments, LLC pursuant to which GCA agreed to release its claims against Sightline, and its principals, arising in connection with the State Court Action, and Sightline Payments, LLC agreed to release its claims against GCA and Holdings arising in connection with the Federal Court Action and the Appellate Action. The United States Court of Appeals dismissed the Appellate Action with prejudice on August 18, 2011 and the District Court of Nevada, Clark County dismissed the State Court Action with prejudice on September 21, 2011.

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 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. At this stage of the litigation, the Company is unable to make an evaluation of whether the likelihood of an unfavorable outcome is either probable or remote or the amount or range of potential loss; however, the Company believes it has meritorious defenses and will vigorously defend this action.



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

Commitments

TSYS Acquiring Solutions, Inc. (“TSYS”) Processing Commitments . The Company obtains transaction processing services from TSYS. Under terms of this agreement, GCA is obligated to pay TSYS monthly processing and hosting fees during the term of this Agreement which expires in June 2013.

6. 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

As of December 31, 2010, we had total indebtedness of \$208.8 million in principal amount (of which \$127.8 million consisted of senior subordinated notes described below and \$81.0 million consisted of senior secured debt under the Second Amended and Restated Credit Agreement described below). On March 1, 2011, we entered into a new \$245 million senior secured credit facility, consisting of a \$210.0 million term loan and a \$35.0 million revolving credit facility (the “New Senior Credit Facility”). We used the proceeds from the New Senior Credit Facility to repay all outstanding indebtedness under our existing senior secured credit facility under the Second Amended and Restated Credit Agreement and to defease our senior subordinated notes.

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 New Senior Credit Facility established by the Credit Agreement provides for a \$210.0 million term loan facility and a \$35.0 million revolving 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 swingline loans. 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 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 reborrowed. In addition, \$4 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 reborrowed.

The term loan requires principal repayments of one quarter of 1% of the aggregate initial principal amount of term loans, or \$525,000 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 September 30, 2011, we had \$179.0 million of outstanding indebtedness under the New Senior Credit Facility, consisting of \$179.0 million 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 a balance of \$2.8 million under our letter of credit sub facility that is part of our revolving credit facility as of September 30, 2011.

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

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.

The Credit Agreement contains customary affirmative and negative covenants, financial covenants, representations and warranties and events of defaults. As of September 30, 2011, the Company is in compliance with the required covenants.

Second Amended and Restated Credit Agreement

On November 1, 2006, GCA and Holdings entered into the Second Amended and Restated Credit Agreement with certain lenders, Bank of America, N.A., as Administrative Agent and Wachovia Bank, N.A., as Syndication Agent.

The Second Amended and Restated Credit Agreement significantly amended and restated the terms of GCA's existing senior secured credit facilities to provide for a \$100.0 million term loan facility and a \$100.0 million five-year revolving credit facility, with a \$25.0 million letter of credit sublimit and a \$5.0 million swingline loan sublimit.

Borrowings under the Second Amended and Restated Credit Agreement bore interest at LIBOR plus an applicable margin, which was based on the Company's Senior Leverage Ratio (as defined under the Second Amended and Restated Credit Agreement). As of December 31, 2010, the applicable margin was 112.5 basis points and the effective rate of interest was 1.39%. Principal, together with accrued and unpaid interest, was due on the maturity date, November 1, 2011. As of December 31, 2010, the balance of this financial instrument was \$81.0 million with \$0 under the revolving portion.

Senior Subordinated Notes

On March 10, 2004, GCA completed a private placement offering of \$235.0 million of 8.75% senior subordinated notes due 2012 (the "Notes"). All of GCA's existing and future domestic wholly owned subsidiaries were guarantors of the Notes on a senior subordinated basis. In addition, effective upon the closing of our initial public offering of common stock, Holdings guaranteed, on a subordinated basis, all of GCA's obligations under the Notes.

Interest on the Notes accrued based upon a 360-day year comprised of twelve 30-day months and was payable semiannually on March 15th and September 15th. On October 31, 2005, \$82.3 million or 35% of these Notes were redeemed at a price of 108.75% of face, out of the net proceeds from our initial public offering. GCA could have redeemed all or a portion of the Notes at redemption prices of 104.375%, on or after March 15, 2008, 102.19% on or after March 15, 2009, or 100.00% on or after March 15, 2010. On May 3, 2010, GCA redeemed prior to their maturity \$25.0 million in the aggregate principal amount of the Notes at a redemption price of 100% of the principal amount of such Notes. As of December 31, 2010, the Company had \$127.8 million in borrowings outstanding under the indenture governing the Notes.

7. RELATED PARTY TRANSACTIONS

Michael Rumbolz, who serves as a member of our Board of Directors, also serves as a member of the board of directors of Affinity Gaming, LLC ("Affinity"), formerly Herbst Gaming, LLC. The Company provides various cash access products and services to Affinity. Mr. Rumbolz receives both cash and equity compensation from Affinity in consideration for serving on the board of directors of Affinity, however, none of this consideration is tied in any manner to the Company's performance or obligations under its cash access agreements with Affinity. In addition, Mr. Rumbolz was not involved in the negotiation of the Company's cash access agreements with Affinity.

8. INCOME TAXES

The Company's effective income tax rate from continuing operations for the three and nine months ended September 30, 2011 and 2010 was 42.4%, 48.7% and 47.6% and 41.0%, respectively.

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

The following table presents the recorded income tax expense for the three and nine months ended September 30, 2011 and 2010, respectively (amounts in thousands):

	Three Months Ended September 30,		Nine months Ended September 30,	
	2011	2010	2011	2010
Provision for income taxes	\$ 1,356	\$ 4,471	\$ 4,356	\$ 12,371
Benefit for income taxes, minority loss	—	—	—	(31)
Provision for income taxes, GCA Holdings, Inc.	<u>\$ 1,356</u>	<u>\$ 4,471</u>	<u>\$ 4,356</u>	<u>\$ 12,340</u>

The Company accounts for uncertain tax positions in accordance with the accounting guidance issued in July 2006, which clarifies the accounting and disclosure for uncertainty in tax positions. As of September 30, 2011, there has been no material change to the balance of unrecognized tax benefits reported at December 31, 2010.

9. 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 or services that can be, and often are, marketed and sold separately to our customers.

The Company operates in three distinct business segments: (1) cash advance transactions, (2) ATM transactions, and (3) check services. These segments are monitored separately by management for performance against its internal forecasts and are consistent with the Company's internal management reporting.

Other lines of business, none of which exceed the established materiality for segment reporting, include Western Money, Arriva, credit reporting services, Western Union and Casino Marketing Services, among others.

The Company's internal management reporting does not allocate overhead or depreciation and amortization expenses to the respective business segments.

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

Major Customers

For the three and nine months ended September 30, 2011, none of our customers had combined revenues from all segments equal to or exceeding 10.0%. For the three and nine months ended September 30, 2010, the combined revenues from our largest customer, Caesars Entertainment Corporation ("Caesars") (formerly Harrah's Operating Company, Inc.) and its subsidiaries and affiliates, was approximately \$21.3 million and \$64.3 million, respectively, representing 14.2% and 13.8% of the Company's total consolidated revenues, respectively. For the three and nine months ended September 30, 2011 and 2010, our five largest customers accounted for approximately 29.1% and 29.1% and 35.5% and 34.8%, respectively, of our total revenue.

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

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

The tables below present the results of operations by operating segment for the three and nine months ended September 30, 2011 and 2010, respectively (amounts in thousands):

	Cash Advance	ATM	Check Services	Other	Corporate	Total
Three Months Ended						
September 30, 2011						
Revenues	\$ 50,913	\$ 71,044	\$ 6,479	\$ 8,452	\$ —	\$ 136,888
Operating Income (1)	\$ 7,789	\$ 8,659	\$ 3,579	\$ 4,393	\$ (16,810)	\$ 7,610
Three Months Ended						
September 30, 2010						
Revenues	\$ 60,546	\$ 79,727	\$ 6,442	\$ 5,406	\$ —	\$ 152,121
Operating Income (1)	\$ 12,008	\$ 10,656	\$ 3,863	\$ 3,154	\$ (16,358)	\$ 13,323
Nine months Ended						
September 30, 2011						
Revenues	\$ 152,036	\$ 213,450	\$ 19,813	\$ 21,031	\$ —	\$ 406,330
Operating Income (1)	\$ 23,375	\$ 27,157	\$ 11,168	\$ 10,029	\$ (47,672)	\$ 24,057
Nine months Ended						
September 30, 2010						
Revenues	\$ 190,514	\$ 242,136	\$ 22,030	\$ 13,103	\$ —	\$ 467,783
Operating Income (1)	\$ 39,386	\$ 31,202	\$ 13,068	\$ 9,754	\$ (50,836)	\$ 42,574

(1) Depreciation and amortization expense for segment presentation purposes have been included within the Corporate segment, and have not been allocated to individual operating segments.

The table below presents total assets by operating segment as of September 30, 2011 and December 31, 2010, respectively (amounts in thousands):

Total Assets	September 30, 2011	December 31, 2010
Cash advance	\$ 131,166	\$ 138,631
ATM	52,549	52,424
Check services	34,568	33,816
Other	38,620	38,003
Corporate	181,654	195,520
Total assets	\$ 438,557	\$ 458,394

10. SUBSEQUENT EVENTS

On November 3, 2011, the Company entered into a definitive agreement to acquire substantially all of the assets of MCA Processing LLC, the terms of which have not been disclosed. MCA is a provider of ATM, debit card, and credit card cash access services to gaming establishments and also manufactures, sells, licenses and services redemption kiosk devices. The Company anticipates that the acquisition will close in the fourth quarter of 2011 and is subject to the fulfillment of customary closing conditions. The Company does not believe that the acquisition of MCA will have a material impact on the results of operations and financial condition of the Company for the year ended December 31, 2011.

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

Our Management's Discussion and Analysis of our Financial Condition and Results of Operations ("MD&A") begins with an overview of our business which includes our business goals, certain trends, risks and challenges and certain subsequent events. We then discuss our results of operations for the three and nine months ended September 30, 2011 as compared to the same period for 2010, respectively. This is followed by a description of our liquidity and capital resources, including discussions about sources and uses of cash, our borrowings, deferred tax asset, other liquidity needs and off-balance sheet arrangements. We conclude with a discussion of critical accounting policies and their impact on our unaudited condensed consolidated financial statements.

You should read the following discussion together with our condensed consolidated financial statements and the notes to those financial statements included in this Quarterly Report on Form 10-Q and our 2010 Annual Report on Form 10-K (our "2010 10-K"). When reviewing our MD&A, you should also refer to the description of our Critical Accounting Policies and Estimates in our 2010 10-K because understanding these policies and estimates is important in order to fully understand our reported financial results and our business outlook for future periods. In addition to historical information, this discussion contains "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could adversely or positively affect our future results include: the future financial performance of the gaming industry, the behavior of financial markets, including fluctuations in interest rates; the impact of regulation and regulatory changes (including any changes to the scope and timing of the implementation of the Durbin Amendment and the rules and regulations promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act), investigative and legal actions; strategic actions, including acquisitions and dispositions; future integration of acquired businesses and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. All forward-looking statements are subject to various risks and uncertainties that could cause our actual future results to differ materially from those presently anticipated due to a variety of factors, including those discussed in Item 1A of our 2010 10-K.

Overview

The Company is a provider in the United States and several international jurisdictions of cash access and data intelligence services and solutions 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, the Company also provides products and services that improve credit decision-making, automate cashier operations and enhance patron marketing activities for gaming establishments. These services are provided either directly by GCA or through one of its subsidiaries.

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:

- The gaming sector in the United States after having experienced revenue declines over the past several years has appeared to show signs of stabilization. It is expected to be relatively flat to modestly higher and subject to short term fluctuations for the remainder of 2011.

- Gaming activity continues to expand into more domestic and international markets.
- In recent years, there has been a migration from the use of traditional paper checks and cash to electronic payments. The impact of the Durbin Amendment and other regulatory factors may alter this dynamic.
- 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 may face additional competition from gaming equipment manufacturers and systems providers.
- 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.
- We believe that the implementation of the Durbin Amendment and the Federal Reserve Board's implementing rule that imposes caps on the amount of the debit card interchange fees will have a material positive impact on our financial performance beginning in the fourth quarter of 2011 due to the anticipated decrease in the amount of interchange expense that we will be required to pay on both PIN-based and signature-based debit card transactions. Specifically, we believe that our gross margins (exclusive of depreciation and amortization) for the quarter ended December 31, 2011, will increase by approximately 100 basis points as a result of such anticipated decreases in interchange expense.

Subsequent Events

- On November 3, 2011, the Company entered into a definitive agreement to acquire substantially all of the assets of MCA Processing LLC, the terms of which have not been disclosed. MCA is a provider of ATM, debit card, and credit card cash access services to gaming establishments and also manufactures, sells, licenses and services redemption kiosk devices. The Company anticipates that the acquisition will close in the fourth quarter of 2011 and is subject to the fulfillment of customary closing conditions. The Company does not believe that the acquisition of MCA will have a material impact on the results of operations and financial condition of the Company for the year ended December 31, 2011.

Results of Operations**Three and nine months ended September 30, 2011 compared to three and nine months ended September 30, 2010**

The following table presents our unaudited condensed consolidated results of operations for the three and nine months ended September 30, 2011 and 2010, respectively (dollars in thousands):

	<u>Three Months Ended September 30,</u>			<u>Nine months Ended September 30,</u>		
	<u>2011</u>	<u>2010</u>	<u>%</u>	<u>2011</u>	<u>2010</u>	<u>%</u>
REVENUES:						
Cash advance	\$ 50,913	\$ 60,546	(16)%	\$ 152,036	\$ 190,514	(20)%
ATM	71,044	79,727	(11)%	213,450	242,136	(12)%
Check services	6,479	6,442	1%	19,813	22,030	(10)%
Central Credit and other revenues	8,452	5,406	56%	21,031	13,103	61%
Total revenues	136,888	152,121	(10)%	406,330	467,783	(13)%
Cost of revenues (exclusive of depreciation and amortization)	(106,953)	(116,077)	(8)%	(317,900)	(355,744)	(11)%
Operating expenses	(18,529)	(18,740)	(1)%	(51,922)	(57,036)	(9)%
Amortization	(1,929)	(1,729)	12%	(6,250)	(5,418)	15%
Depreciation	(1,867)	(2,252)	(17)%	(6,201)	(7,011)	(12)%
OPERATING INCOME	7,610	13,323	(43)%	24,057	42,574	(44)%
INTEREST INCOME (EXPENSE), NET						
Interest income	24	44	(45)%	83	123	(33)%
Interest expense	(4,438)	(3,977)	12%	(14,250)	(12,517)	14%
Loss on early extinguishment of debt	—	—	—%	(943)	—	—%
Total interest income (expense), net	(4,414)	(3,933)	12%	(15,110)	(12,394)	22%
INCOME BEFORE INCOME TAX PROVISION	3,196	9,390	(66)%	8,947	30,180	(70)%
INCOME TAX PROVISION	(1,356)	(4,471)	(70)%	(4,356)	(12,371)	(65)%
NET INCOME	1,840	4,919	(63)%	4,591	17,809	(74)%
PLUS: NET LOSS (INCOME) ATTRIBUTABLE TO MINORITY INTEREST	—	—	—%	—	(56)	(100)%
NET INCOME ATTRIBUTABLE TO GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES	\$ 1,840	\$ 4,919	(63)%	\$ 4,591	\$ 17,753	(74)%
OTHER DATA:						
Aggregate dollar amount processed (in billions):						
Cash advance	\$ 1.1	\$ 1.2	(8)%	\$ 3.2	\$ 3.8	(16)%
ATM	\$ 3.0	\$ 3.4	(12)%	\$ 9.2	\$ 10.5	(12)%
Check warranty services	\$ 0.3	\$ 0.3	—%	\$ 0.9	\$ 0.9	—%
Number of transactions completed (in millions):						
Cash advance	2.1	2.5	(16)%	6.3	7.9	(20)%
ATM	17.0	19.8	(14)%	52.0	60.4	(14)%
Check warranty services	1.1	1.2	(8)%	3.3	3.8	(13)%

Total Revenues

Total revenues for the three and nine months ended September 30, 2011 were \$136.9 million and \$406.3 million, respectively, a decrease of \$15.2 million and \$61.5 million, or 10% and 13%, respectively, as compared to the three and nine months ended September 30, 2010. The primary driver of the decreased revenue for the three and nine months ended September 30, 2011 was the decline in revenue due to the lost business from Caesars. Revenue from Caesars for the three and nine months ended September 30, 2010 was approximately \$21.3 million and \$64.3 million, respectively. Exclusive of the Caesars related revenue, the Company's base revenue increased by \$5.8 million and \$1.6 million for the three and nine months ended September 30, 2011 due to the addition of revenue derived from several new customers and a stabilization of revenue derived from our existing portfolio of customers.

Cash advance revenues for the three and nine months ended September 30, 2011 were \$50.9 million and \$152.0 million, a decrease of \$9.6 million and \$38.5 million, or 16% and 20%, respectively, as compared to the three and nine months ended September 30, 2010. The number of cash advance transactions declined by approximately 0.4 million and 1.6 million, or 16% and 20%, respectively, which is primarily due to the lost business from Caesars. The cash advance revenue from the lost business from Caesars accounted for approximately \$9.9 million and \$30.1 million, respectively, of the decrease in revenues during the three and nine months ended September 30, 2011. Cash advance revenues for the three months ended September 30, 2011, adjusted for the lost business of Caesars, were up 0.6% as compared to cash advance revenues for the three months ended September 30, 2010. Cash advance revenues for the nine months ended September 30, 2011, adjusted for the lost business of Caesars, were down 5.3% as compared to cash advance revenues for the nine months ended September 30, 2010 due primarily to the lower volume of cash advance transactions.

ATM revenues for the three and nine months ended September 30, 2011 were \$71.0 million and \$213.5 million, a decrease of \$8.7 million and \$28.6 million, or 11% and 12%, respectively, as compared to the three and nine months ended September 30, 2010. The number of ATM transactions declined by approximately 2.8 million and 8.4 million, or 14% for both periods, respectively, which is primarily due to the lost business of Caesars. The ATM revenues from the lost business of Caesars, for the three and nine months ended September 30, 2011, accounted for approximately \$11.1 million and \$32.8 million, respectively. ATM revenue per transaction for the three and nine months ended September 30, 2011 was \$4.18 and \$4.10, slightly up by \$0.14 and \$0.09, or 3.5% and 2.4%, respectively, as compared to the three and nine months ended September 30, 2010. ATM revenues for the three and nine months ended September 30, 2011, adjusted for the lost business of Caesars, were up approximately 3.5% and 1.9%, respectively, as compared to the ATM revenues for the three and nine months ended September 30, 2010.

Check services revenues for the three and nine months ended September 30, 2011 were \$6.5 million and \$19.8 million, flat as compared to the three months ended September 30, 2010 and a decrease of \$2.2 million, or 10%, as compared to the nine months ended September 30, 2010. This decrease in the nine month period ended September 30, 2011 was due to the closure of unprofitable booths which was primarily completed by the third quarter of 2010.

Other revenues for the three and nine months ended September 30, 2011 were \$8.5 million and \$21.0 million, an increase of \$3.1 million and \$7.9 million, or 56% and 61%, respectively, due primarily to the revenues generated by Western Money included in the results of operations for the three and nine months ended September 30, 2011, but not included in the first four months of 2010. Western Money was acquired in May 2010.

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 three and nine months ended September 30, 2011 as compared to the same periods of 2010 was due to the lost business from Caesars, our then largest customer.

Costs and Expenses

Costs of revenues (exclusive of depreciation and amortization) for the three and nine months ended September 30, 2011 were \$107.0 million and \$317.9 million, a decrease of \$9.1 million and \$37.8 million, or 8% and 11%, respectively, as compared to the three and nine months ended September 30, 2010. This decrease was primarily due to the loss of the Caesars contract discussed previously. However, due to significant competitive market pressures and increases in the network associations fees and expenses, both commissions and interchange rates have increased over the past year. Due primarily to these two issues, the operating margin for the Company has declined from 8.8% and 9.1% for the three and nine months ended September 30, 2010 to 5.6% and 5.9% for the same periods in 2011.

Beginning in October 2011, interchange rates are expected to decline in the Cash Advance segment due to the implementation of the Durbin Amendment. These decreases may be partially offset by other financial services and payments industry fees and charges implemented over the next year as the financial services and payments industry reacts to the significant impact of the Durbin Amendment on debit card fees.

Operating expenses (exclusive of depreciation and amortization) for the three and nine months ended September 30, 2011 were \$18.5 million and \$51.9 million, a decrease of \$0.2 million and \$5.1 million, or 1% and 9%, respectively, as compared to the three and nine months ended September 30, 2010. The operating expenses during the third quarter of 2011 were flat as compared to the same period in the prior year. The decrease in operating expenses for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 was primarily a result of the decrease in legal services expenses of \$1.5 million and a decrease in direct ATM operating costs (primarily associated with the loss of the Caesars contract) of \$1.7 million.

Depreciation and amortization expenses for the three and nine months ended September 30, 2011 were \$3.8 million and \$12.5 million. Depreciation and amortization decreased by approximately \$0.2 million for the three months ended September 30, 2011 as compared to the same period in 2010. Depreciation and amortization was flat for the nine months ended September 30, 2011 as compared to the same period in 2010.

Primarily as a result of the factors described above, operating income for the three and nine months ended September 30, 2011 was \$7.6 million and \$24.1 million, a decrease of \$5.7 million and \$18.5 million, or 43% and 44%, respectively, as compared to the three and nine months ended September 30, 2010.

Interest expense, net for the three and nine months ended September 30, 2011 was \$4.4 million and \$15.1 million, an increase of \$0.5 million and \$2.7 million, or 12% and 22% as compared to the three and nine months ended September 30, 2010. This increase is primarily due to the non-recurring interest-related costs associated with refinancing all of the Company's borrowings in March 2011. 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. During the nine months ended September 30, 2011, the Company incurred \$0.9 million in one-time debt retirement costs as well as \$0.8 million in additional interest expense associated with the repayment of the Company's senior subordinated notes in March 2011.

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

Loss on the early extinguishment of debt	\$ 943
Repayment of senior subordinated notes	838
	<u>\$ 1,781</u>

Income tax expense for the three and nine months ended September 30, 2011 was \$1.4 million and \$4.4 million, a decrease of \$3.1 million and \$8.0 million, or 70% and 65%, respectively, as compared to the three and nine months ended September 30, 2010. The decrease in income tax expense for the three and nine months ended September 30, 2011 was directly related to the decrease in income from operations before income tax expense of 66% and 70%, respectively. The provision for income tax reflected an effective income tax rate of 42.4% and 48.7% for the three and nine months ended September 30, 2011, respectively, as compared to 47.6% and 41.0% for the three and nine months ended September 30, 2010. The higher effective tax rate for the three months ended September 30, 2010 was due primarily to prior year tax return and income tax payable adjustments. The increase in effective income tax rate for the nine months ended September 30, 2011 was primarily due to the expiration of non-qualified stock options, combined with the increase in the impact of incentive stock options on the effective income tax rate, as compared to the same period last year.

Primarily as a result of the foregoing, net income was \$1.8 million and \$4.6 million, a decrease of \$3.1 million and \$13.2 million, or 63% and 74% for the three and nine months ended September 30, 2011, respectively, as compared to the three and nine months ended September 30, 2010.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Information about our financial position as of September 30, 2011 and December 31, 2010 is presented below:

(in thousands)	September 30, 2011	December 31, 2010	% Change
Cash and cash equivalents	\$ 38,346	\$ 60,636	(37)%
Borrowings	179,000	208,750	(14)%
Stockholders' equity	153,551	143,478	7%

Cash Resources

Our cash balance, cash flows and credit facilities are expected to be sufficient to meet our recurring operating commitments and to fund our planned capital expenditures. Cash and cash equivalents at September 30, 2011 included cash in non-U.S. jurisdictions of approximately \$7.2 million. Generally, these funds are available for operating and investment purposes within the jurisdiction in which they reside but are subject to taxation in the U.S. upon repatriation.

We provide cash settlement services to our customers. These services involve the movement of funds between the various parties associated with cash access transactions, and this activity results in a balance due to us at the end of each business day that we recoup over the next few business days. The balances due to us are included in settlement receivables. As of September 30, 2011, approximately \$10.4 million was due to us, and we received these funds in early October 2011. As of September 30, 2011, we had approximately \$57.8 million in settlement liabilities due to our customers for these settlement services which were paid in early October 2011.

Sources and Uses of Cash

The following table sets forth a summary of our cash flow activity for the nine month period ended September 30, 2011 and 2010, respectively (in thousands), and should be read in conjunction with our unaudited condensed consolidated statements of cash flows:

	Nine months Ended	
	September 30, 2011	September 30, 2010
Net cash provided by operating activities	\$ 17,442	\$ 34,993
Net cash used in investing activities	(3,509)	(23,241)
Net cash used in financing activities	(36,414)	(53,308)
Net effect of exchange rates on cash and cash equivalents	191	37
Net decrease in cash and cash equivalents	(22,290)	(41,519)
Cash and cash equivalents, beginning of period	60,636	84,768
Cash and cash equivalents, end of period	\$ 38,346	\$ 43,249

Net cash provided by operating activities was approximately \$17.4 million and \$35.0 million for the nine months ended September 30, 2011 and 2010, respectively, a decrease of \$17.6 million. This was primarily due to a decrease in net income of \$13.2 million, and the impact on cash of the change in operating assets and liabilities of \$4.8 million. This was partially offset by the change in non cash adjustments to reconcile net income to cash of approximately \$0.4 million.

Net cash used in investing activities was approximately \$3.5 million and \$23.2 million for the nine months ended September 30, 2011 and 2010, respectively, a decrease of \$19.7 million. This was primarily due to the decrease in acquisitions of \$15.4 million, as 2010 included the acquisition of Western Money, a decrease in capital expenditures of \$6.5 million; partially offset by \$2.2 million for the purchase of other intangible assets.

Net cash used in financing activities was approximately \$36.4 million and \$53.3 million for the nine months ended September 30, 2011 and 2010, respectively, a decrease of \$16.9 million. This was primarily due to less purchases of treasury stock of \$33.0 million, which was partially offset by refinancing the credit facility in March 2011 that resulted in additional cash used in financing activities of \$11.1 million and due to less proceeds from the exercise of stock options of \$5.0 million for the nine months ended September 30, 2011 as compared to the same period last year.

Deferred Tax Asset

At September 30, 2011, we had a net deferred income tax asset of \$124.8 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 million that was generated as part of the conversion to a corporation plus approximately \$98 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 effective tax rate of 36.4%, this results in tax payments being approximately \$19.0 million less than the annual provision for income taxes shown on the income statement for financial accounting purposes, or the amount of the annual provision, if less. There is an expected aggregate of \$144.3 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 beyond our control including our earnings, a change of control of the Company and future estimations of earnings.

Other Liquidity Needs and Resources

In November 2010, we entered into a Contract Cash Solutions Agreement with Wells Fargo to supply us with currency needed for normal operating requirements of our domestic ATMs. The maximum allowable average daily limit is \$400 million, but Wells Fargo has agreed to allow us to exceed this amount by \$50 million on a calendar day but not more than four times per calendar year and subject to certain additional conditions and limitations. In December 2010, we terminated the Amended Treasury Services Agreement with Bank of America, our vault cash provider for a significant portion of 2010. Under the terms of the Contract Cash Solutions Agreement and the Amended Treasury Services Agreement, we paid 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, therefore, exposed to interest rate risk to the extent that the applicable LIBOR increases. On September 30, 2011, the currency supplied by Wells Fargo pursuant to the Contract Cash Solutions Agreement was \$339.7 million.

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 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 September 30, 2011, the total currency obtained from Wells Fargo pursuant to this agreement was \$339.7 million. Because 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.

Letters of Credit — On October 1, 2010, we entered into an Amended and Restated Sponsorship Agreement, pursuant to which Bank of America agreed to provide sponsorship services to GCA through November 12, 2010, which was subsequently extended through March 28, 2011. GCA agreed to maintain a letter of credit in the amount of \$2.5 million for the benefit of Bank of America during the term of the Amended and Restated Sponsorship Agreement and for a period of nine months thereafter to secure GCA’s obligations under the Amended and Restated Sponsorship Agreement. The letter of credit is due to expire on December 28, 2011. As of September 30, 2011, the outstanding balance on the Bank of America letter of credit was \$2.5 million. We maintained a letter of credit with the Financial Services Commission of Florida for approximately \$0.3 million, which expired on September 15, 2011. As of September 30, 2011, the outstanding balance of all letters of credit was \$2.8 million.

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.

Critical Accounting Policies

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America 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.

There were not any material changes to the critical accounting policies and estimates discussed in the Company's audited consolidated financial statements for the year ended December 31, 2010, included in the Company's Annual Report on Form 10-K filed on March 14, 2011.

ITEM 3. 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. At present, we do not hold any derivative securities of any kind.

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 September 30, 2011, the currency supplied by Wells Fargo pursuant to this agreement was \$339.7 million. Based upon the average outstanding amount of currency to be supplied by Wells Fargo pursuant to this agreement during the nine months ended September 30, 2011, which was \$338.7 million, each 1% increase in the applicable LIBOR would have a \$3.4 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 September 30, 2011, 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 \$179.0 million on September 30, 2011, each 1% increase in the applicable LIBOR would add an additional \$1.8 million of interest expense over a 12-month period.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective in that they did provide a reasonable level of assurance that information required to be disclosed by the Company in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Security Exchange Commission's rules and forms.

In the second quarter ended June 30, 2011, the Company's management concluded that the disclosure controls and procedures were ineffective. Specifically, the CEO and CFO noted a material weakness in the preparation of the segment information regarding the incorrect allocation of operating income amongst the Company's operating segments reported in the notes to the financial statements, as previously disclosed in the Company's Form 10-Q reports for the quarters ended March 31 and June 30, 2011, as amended. The Company's management also noted the plans to fully remediate this material weakness by the quarter ending September 30, 2011.

In the third quarter ended September 30, 2011, the Company's management remediation plans with respect to this material weakness included an enhanced level of oversight related to its internal control over financial reporting by reviewing all source documents used in the preparation of the Company's financial statements and disclosures. Moreover, management has added supplemental processes to increase the substantive level of review. Management believes this material weakness has been fully remediated as of September 30, 2011.

We believe the Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.



Changes in Internal Control over Financial Reporting

The only changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the nine months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting are management's conclusion that a material weakness in the preparation of our segment footnote information existed as of March 31 and June 30, 2011 and the remediation of such material weakness during the quarter ended September 30, 2011 as described above.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Sightline Payments, LLC

On March 22, 2010, an action was commenced by Sightline Payments, LLC in the United States District Court, District of Nevada, against Holdings and GCA (the "Federal Court Action"). The complaint alleged antitrust violations of Sections 1 and 2 of the Sherman Act and Section 7 of the Clayton Act. The plaintiff sought damages in the amount of \$300 million and that such damages be trebled. On August 9, 2010, the District Court issued an Order and Judgment granting the Company's motion to dismiss this action. On August 13, 2010, Sightline Payments, LLC filed a Notice of Appeal of the Order and Judgment granting the Company's Motion to Dismiss (the "Appellate Action").

On April 16, 2010, the Company commenced an action in the District Court of Nevada, Clark County, against the three current principals of Sightline Payments, LLC, all of whom are former executives of the Company (the "State Court Action"). The Company alleged misappropriation of trade secrets, breach of contract, breach of duty of good faith and fair dealing and sought damages and declaratory and injunctive relief. The Company has received a temporary restraining order barring the defendants in this action from making any continued disclosure of the Company's proprietary and confidential information.

On August 9, 2011, GCA and Holdings entered into a settlement agreement with Sightline Payments, LLC and the three current principals of Sightline Payments, LLC pursuant to which GCA agreed to release its claims against Sightline arising in connection with the State Court Action, and Sightline Payments, LLC agreed to release its claims against GCA and Holdings arising in connection with the Federal Court Action and the Appellate Action. The United States Court of Appeals dismissed the Appellate Action with prejudice on August 18, 2011 and the District Court of Nevada, Clark County dismissed the State Court Action with prejudice on September 21, 2011.

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 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. At this stage of the litigation, the Company is unable to make an evaluation of whether the likelihood of an unfavorable outcome is either probable or remote or the amount or range of potential loss; however, the Company believes it has meritorious defenses and will vigorously defend this action.

ITEM 1A. RISK FACTORS

In addition to the updated risk factors set forth below, there are a number of factors that may affect the Company's business and financial results or stock price. A complete description of these factors is set forth in our Annual Report on Form 10-K for the year ended December 31, 2010.

Our belief that the Durbin Amendment and its implementing rules and regulations will have a material positive impact on our financial performance is based on many assumptions which may prove to be inaccurate.

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 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. Under the final rule, the maximum permissible interchange fee that certain issuing banks may receive for an electronic debit transaction will be capped in an amount equal to the sum of 21 cents per transaction and 5 basis points multiplied by the face amount of the transaction.

We believe that this cap on debit interchange fees will have a material positive impact on our financial performance beginning in the fourth quarter of 2011 and in subsequent periods. Our belief, however, regarding the size and impact of our anticipated interchange cost

reductions is subject to several assumptions which may prove to be inaccurate and factors beyond our control. We may not retain all of the anticipated financial benefits due to competitive factors that may require us to pass on a portion or all of the anticipated cost savings to our customers. Additionally, our anticipated interchange cost reductions could be offset in whole or in part by corresponding increases in other items of expense, such as additional fees, surcharges or expenses charged by card associations and/or payment networks or other costs that we must incur to complete transactions following the effectiveness of the rule. If any of our assumptions regarding the implementation or interpretation of the Durbin Amendment prove to be inaccurate, we may not retain all of the anticipated cost savings described herein. This change has significant implications for the financial services industry as a whole and its cost structure. Although not directly related to the debit interchange reduction, Visa has recently announced changes in their interchange reimbursement structure for ATM transactions that will become effective in April 2012. This change will materially reduce the net reimbursement that the Company receives from ATM transactions processed by VISA. We anticipate other networks may make similar changes. Although we believe that we will be able to pass through to most of our customers the amount of any such decrease in ATM interchange reimbursements, certain of our contracts with gaming operators do not enable us to pass through such amounts.

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

ISSUER PURCHASES AND WITHHOLDING OF EQUITY SECURITIES

	Total Number of Shares Purchased or Withheld	Average Price per Share Purchased or Withheld	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Rule 10b-18 Repurchases				
07/1/11 – 07/31/11	—(1)	\$ —	—(1)	\$ 17,324,976(4)
08/1/11 – 08/31/11	—(1)	—	—(1)	\$ 17,324,976(4)
09/1/11 – 09/30/11	—(1)	—	—(1)	\$ 17,324,976(4)
Subtotals	—(1)	—	—(1)	
Tax Withholdings				
07/1/11 – 07/31/11	9,151(2)	\$ 3.16(3)	9,151(2)	\$ —(4)
08/1/11 – 08/31/11	3,606(2)	2.47(3)	3,606(2)	\$ —(4)
09/1/11 – 09/30/11	3,402(2)	2.78(3)	3,402(2)	\$ —(4)
Subtotals	16,159(2)	2.92(3)	16,159(2)	
Total	<u>16,159</u>	<u>\$ 2.92</u>	<u>16,159</u>	

- (1) For the nine months ended September 30, 2011, there were no repurchases of common stock pursuant to the Rule 10b-18 share repurchases authorization that we publicly announce on February 16, 2010. Our Board of Directors authorized the repurchase of up to \$25.0 million worth of common stock. The share buyback program does not obligate us to repurchase any specific number of shares and can be suspended or terminated at any time.
- (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) Represents the maximum approximate dollar value of shares of common stock available for repurchase pursuant to Rule 10b-18 share repurchase authorization at the end of the stated period. As of September 30, 2011, the maximum dollar value of shares that may yet be purchased pursuant to the Rule 10b-18 share buyback program is \$17.3 million. However, there are no limitations on the number of shares of common stock that may be withheld from restricted stock awards to satisfy the minimum applicable tax withholding obligations incident to the vesting of such restricted stock awards.

ITEM 6. EXHIBITS

Exhibit No.	Description.
31.1*	Certification of Scott Betts, Chief Executive Officer of Global Cash Access Holdings, Inc. dated November 9, 2011 in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Mary E. Higgins, in her capacity as Chief Financial Officer of Global Cash Access Holdings, Inc. dated November 9, 2011 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 Scott Betts, Chief Executive Officer of Global Cash Access Holdings, Inc. dated November 9, 2011 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, in her capacity as Chief Financial Officer of Global Cash Access Holdings, Inc. dated November 9, 2011 in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Furnished herewith. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

SIGNATURES

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

November 9, 2011
(Date)

GLOBAL CASH ACCESS HOLDINGS, INC.
(Registrant)

By: /s/ Mary E. Higgins
Mary E. Higgins
Chief Financial Officer
(For the Registrant and as
Principal Financial Officer)

EXHIBIT INDEX

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GLOBAL CASH ACCESS HOLDINGS, INC.
CERTIFICATION

I, Scott Betts, certify that:

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

Dated: November 9, 2011

By: /s/ Scott Betts

Scott Betts
Chief Executive Officer

GLOBAL CASH ACCESS HOLDINGS, INC.
CERTIFICATION

I, Mary E. Higgins, certify that:

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

Dated: November 9, 2011

By: /s/ Mary E. Higgins
Mary E. Higgins
Chief Financial Officer

GLOBAL CASH ACCESS HOLDINGS, INC.

CERTIFICATION

In connection with the periodic report of Global Cash Access Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, Scott Betts, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

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

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: November 9, 2011

By: /s/ Scott Betts
Scott Betts
Chief Executive Officer

GLOBAL CASH ACCESS HOLDINGS, INC.

CERTIFICATION

In connection with the periodic report of Global Cash Access Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission (the "Report"), I, Mary E. Higgins, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

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

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: November 9, 2011

By: /s/ Mary E. Higgins
Mary E. Higgins
Chief Financial Officer
