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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 22, 2004

Commission file number 001-16111



GLOBAL PAYMENTS INC.

(Exact name of registrant as specified in charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

10 Glenlake Parkway, North Tower, Atlanta, Georgia
(Address of principal executive offices)

58-2567903
(I.R.S. Employer
Identification No.)

30328+3473
(Zip Code)

Registrant's telephone number, including area code: 770-829-8234

NONE

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 2430.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition."

On September 22, 2004, Global Payments Inc., a Georgia corporation, issued a press release announcing its financial results for the quarter ended August 31, 2004. A copy of the press release is attached as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated September 22, 2004

Signatures

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

Global Payments Inc.

(Registrant)

Date: September 22, 2004

By: /s/ James G. Kelly

James G. Kelly
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

For Immediate Release

Contact: Jane M. Forbes
770-829-8234 Voice
770-829-8267 Fax
investor.relations@globalpay.com

Global Payments Reports First Quarter Earnings

ATLANTA, September 22, 2004 — Global Payments Inc. (NYSE: GPN) today announced results for the first quarter ended August 31, 2004. For the first quarter, revenue grew 41 percent to \$192.6 million compared to \$136.5 million in the prior year. This includes \$31.1 million in revenue recorded in the current quarter as a result of the company's DolEx and MUZO acquisitions, which were completed during the 2004 fiscal year. Net income grew 53 percent to \$24.2 million compared to \$15.8 million in the prior year quarter, and diluted earnings per share grew 51 percent to \$0.62 compared to \$0.41 in the prior year quarter. Excluding a prior year restructuring charge of \$1.6 million, net income grew 44 percent from \$16.8 million last year, and diluted earnings per share grew 41 percent from \$0.44 last year.

Comments and Outlook

Chairman, President and CEO, Paul R. Garcia, stated, "We are very pleased with our strong financial results for the quarter. I am particularly pleased with the performance of our DolEx and MUZO channels, in addition to the strong growth in our core domestic direct channel as driven by solid transaction growth and a continued increase in pricing spreads. Finally, we continue to gain operating leverage through greater economies of scale and the benefit from last year's consolidation of certain operating functions. As a result, we are raising our annual revenue guidance from our previous range of \$722 million to \$743 million to our revised range of \$737 million to \$758 million versus \$629 million in fiscal 2004, a growth of 17 percent to 21 percent. In addition, we are raising our fiscal 2005 annual diluted earnings per share guidance from our previous range of \$1.96 to \$2.05 to our revised range of \$2.10 to \$2.19 for growth of 20 percent to 25 percent versus diluted earnings per share of \$1.75 in fiscal 2004, excluding restructuring and other items (\$1.60 in fiscal 2004 on a GAAP basis)."¹

Conference Call

Global Payments will hold a conference call on September 23, 2004 at 10:30 a.m. EDT to discuss financial results and business highlights. The conference call can be accessed by calling

—More—

GPN Reports First Quarter Fiscal 2005 Earnings

September 22, 2004

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1-888-455-3614 (U.S.) or 1-517-308-9007 (internationally) and using a pass code of "GPN" for both numbers, or via Web cast at www.globalpaymentsinc.com. A replay of the call will be available on the Global Payments Web site through October 7, 2004.

Global Payments Inc. (NYSE:GPN) is a leading provider of electronic transaction processing services for consumers, merchants, Independent Sales Organizations (ISOs), financial institutions, government agencies and multi-national corporations located throughout the United States, Canada, Latin America and Europe. Global Payments offers a comprehensive line of processing solutions for credit and debit cards, business-to-business purchasing cards, gift cards, electronic check conversion and check guarantee, check verification and recovery, terminal management and money transfer services. For more information about the company and its services, visit www.globalpaymentsinc.com.

¹ The fiscal 2004 diluted earnings per share of \$1.60 on a GAAP basis reflects restructuring and other items of \$5.7 million, net of tax, or \$0.15 diluted earnings per share.

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This announcement and comments made by Global Payments' management during the conference call may contain forward-looking statements pursuant to the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements involve risks and uncertainties such as product demand, market and customer acceptance, the effect of economic conditions, competition, pricing, development difficulties, foreign currency risks, costs of capital, continued certification by credit card associations, the ability to consummate and integrate acquisitions, and other risks detailed in the Company's SEC filings, including the most recently filed Form 10-Q or Form 10-K, as applicable. The Company undertakes no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except per share data)

	Three Months Ended August 31,	
	2004	2003
Revenues	\$ 192,591	\$ 136,464
Operating expenses:		
Cost of service	80,440	62,162
Sales, general and administrative	70,537	45,541
Restructuring and other	—	1,580
	150,977	109,283
Operating income	41,614	27,181
Other income (expense):		
Interest and other income	319	324
Interest and other expense	(1,642)	(575)
Minority interest	(1,881)	(1,650)
	(3,204)	(1,901)
Income before income taxes	38,410	25,280
Provision for income taxes	14,212	9,455
Net income	\$ 24,198	\$ 15,825
Earnings per share:		
Basic	\$ 0.63	\$ 0.43
Diluted	\$ 0.62	\$ 0.41
Weighted average shares outstanding:		
Basic	38,162	37,145
Diluted	39,220	38,310

CONSOLIDATED CONDENSED BALANCE SHEETS
GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands)

	August 31, 2004	May 31, 2004
	(Unaudited)	
Assets		
Cash and cash equivalents	\$ 23,319	\$ 34,472
Accounts receivable, net	53,470	47,414
Claims receivable, net	865	761
Settlement processing receivable, net	105,656	95,233
Other current assets	25,883	25,324
	<u>209,193</u>	<u>203,204</u>
Current assets		
Property and equipment, net	99,513	97,482
Goodwill	346,570	342,012
Intangible assets, net	181,661	182,658
Other assets	6,584	7,539
	<u>6,584</u>	<u>7,539</u>
	<u>209,193</u>	<u>203,204</u>
	<u>209,193</u>	<u>203,204</u>
Total assets	\$ 843,521	\$ 832,895
Liabilities & Shareholders' Equity		
Line of credit	\$ 110,000	\$ 122,000
Line of credit with related party	73,259	83,109
Notes payable-current portion	3,336	3,409
Accounts payable and other accrued liabilities	87,546	79,773
Obligations under capital leases	1,220	1,190
	<u>275,361</u>	<u>289,481</u>
Current liabilities		
Notes payable	1,755	7,477
Obligations under capital leases	1,745	2,061
Other accrued liabilities	62,672	61,324
	<u>62,672</u>	<u>61,324</u>
	<u>275,361</u>	<u>289,481</u>
Total liabilities	341,533	360,343
Minority interest in equity of subsidiaries	17,482	23,130
Shareholders' equity	484,506	449,422
	<u>484,506</u>	<u>449,422</u>
Total liabilities & shareholders' equity	\$ 843,521	\$ 832,895

UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW
GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands)

	Three Months Ended August 31,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 24,198	\$ 15,825
Non-cash items		
Depreciation and amortization	10,668	7,519
Minority interest in earnings	1,881	1,650
Other, net	1,925	1,454
Changes in working capital, which provided (used) cash		
Settlement processing	(12,031)	5,570
Other, net	3,763	8,875
Net cash provided by operating activities	30,404	40,893
Cash flows from investing activities:		
Capital expenditures	(8,801)	(3,128)
Net business development activities	(7,830)	—
Net cash used in investing activities	(16,631)	(3,128)
Cash flows from financing activities:		
Net repayments on line of credit	(12,000)	—
Net (repayments) borrowings on line of credit restricted for merchant funding	(9,850)	23,973
Principal payments under capital leases and other notes	(6,081)	(542)
Net stock issued to employees under stock plans and dividends	4,044	(3)
Distributions to minority interests	(2,785)	(1,962)
Net cash (used in) provided by financing activities	(26,672)	21,466
Effect of exchange rate changes on cash	1,746	(1,121)
(Decrease) Increase in cash and cash equivalents	(11,153)	58,110
Cash and cash equivalents, beginning of period	34,472	38,010
Cash and cash equivalents, end of period	\$ 23,319	\$ 96,120

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except per share data)

Three Months Ending August 31,	2004	2003		
	GAAP	Normalized	Restructuring ⁽¹⁾	GAAP
Revenue	\$ 192,591	\$ 136,464	\$ —	\$ 136,464
Operating expenses:				
Cost of service	80,440	62,162	—	62,162
Sales, general and administrative	70,537	45,541	—	45,541
Restructuring	—	—	1,580	1,580
	150,977	107,703	1,580	109,283
Operating income	41,614	28,761	(1,580)	27,181
Other income/(expense)				
Interest and other income	319	324	—	324
Interest and other expense	(1,642)	(575)	—	(575)
Minority interest in earnings	(1,881)	(1,650)	—	(1,650)
	(3,204)	(1,901)	—	(1,901)
Income before income taxes	38,410	26,860	(1,580)	25,280
Provision for income taxes	14,212	10,046	(591)	9,455
Net income	\$ 24,198	\$ 16,814	\$ (989)	\$ 15,825
Basic shares	38,162	37,145	—	37,145
Basic earnings per share	\$ 0.63	\$ 0.45	\$ (0.02)	\$ 0.43
Diluted shares	39,220	38,310	—	38,310
Diluted earnings per share	\$ 0.62	\$ 0.44	\$ (0.03)	\$ 0.41

⁽¹⁾ Primarily relating to severance and facilities due to redundant activities and facility closures, as well as the related income tax benefit using the company's effective tax rate.