

---

**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): December 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)

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

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

**30328-3495**  
(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 240.14a-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))
-

---

**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 December 22, 2004, Global Payments Inc., a Georgia corporation, issued a press release announcing its financial results for the second quarter ended November 30, 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<br/>Number</u> | <u>Description</u>                     |
|---------------------------|--|
| 99.1                      | Press Release dated December 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: December 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 Second Quarter Earnings

**ATLANTA, December 22, 2004** — Global Payments Inc. (NYSE: GPN) today announced results for the second quarter ended November 30, 2004. For the second quarter, revenue grew 27 percent to \$188.5 million compared to \$148.4 million in the prior year. This includes \$31.2 million in revenue recorded in the current quarter from the company's DolEx and MUZO acquisitions, which were completed during fiscal 2004. The company had previously recorded \$3.8 million in revenue in the prior year quarter from the DolEx acquisition, which annualized on November 12, 2004. Net income grew 59 percent to \$23.6 million compared to \$14.9 million in the prior year quarter, and diluted earnings per share grew 55 percent to \$0.59 compared to \$0.38 in the prior year quarter. Excluding a prior year restructuring charge of \$3.1 million, net income grew 40 percent from \$16.8 million last year, and diluted earnings per share grew 37 percent from \$0.43 last year.

For the six months ending November 30, 2004, revenue grew 34 percent to \$381.1 million compared to \$284.9 million in the prior year period. Net income grew 56 percent to \$47.8 million from \$30.7 million in the prior period, and diluted earnings per share grew 51 percent to \$1.21 from \$0.80 in the prior year period. Excluding prior year restructuring charges of \$4.7 million, net income grew 42 percent from \$33.6 million last year, and diluted earnings per share grew 39 percent from \$0.87 last year.

#### Comments and Outlook

Chairman, President and CEO, Paul R. Garcia, stated, "We are pleased to report another quarter of strong financial results driven by the impact of our DolEx and MUZO acquisitions and continued momentum in our core domestic direct channel. We also continue to gain operating leverage through greater economies of scale and the benefit from last year's consolidation of certain operating functions. Further, we are delighted to add Europhil to the Global Payments' family and look forward to expanding the presence of our consumer-to-consumer money transfer offering into Europe. Based on our financial results and the expected impact of our Europhil acquisition, we are raising our fiscal 2005 annual revenue guidance to a range of \$758 million

—More—

to \$768 million versus \$629 million in fiscal 2004, a growth of 21 percent to 22 percent. Also based on our financial results and our higher than expected operating margins, we are raising our fiscal 2005 annual diluted earnings per share guidance to a range of \$2.24 to \$2.30 for growth of 28 percent to 31 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)."<sup>1</sup>

**Conference Call**

Global Payments will hold a conference call on December 23, 2004 at 10:30 a.m. EST to discuss financial results, business highlights, and the Europhil transaction. The conference call may be accessed by calling 1-888-790-1641 (U.S.) or 1-210-234-8000 (internationally) and using a pass code of "GPN" for both numbers, or via Web cast at [www.globalpaymentsinc.com](http://www.globalpaymentsinc.com). A replay of the call will be available on the Global Payments Web site through January 12, 2005.

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](http://www.globalpaymentsinc.com).

<sup>1</sup> 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.

###

*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 10K, 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 November 30, |                  |
|--------------------------------------|---------------------------------|------------------|
|                                      | 2004                            | 2003             |
| Revenues                             | \$ 188,549                      | \$ 148,447       |
| Operating expenses:                  |                                 |                  |
| Cost of service                      | 79,350                          | 67,274           |
| Sales, general and administrative    | 68,421                          | 51,947           |
| Restructuring and other              | —                               | 3,123            |
|                                      | <u>147,771</u>                  | <u>122,344</u>   |
| Operating income                     | 40,778                          | 26,103           |
| Other income (expense):              |                                 |                  |
| Interest and other income            | 397                             | 429              |
| Interest and other expense           | (1,835)                         | (1,059)          |
| Minority interest                    | (1,915)                         | (1,716)          |
|                                      | <u>(3,353)</u>                  | <u>(2,346)</u>   |
| Income before income taxes           | 37,425                          | 23,757           |
| Provision for income taxes           | 13,847                          | 8,885            |
| Net income                           | <u>\$ 23,578</u>                | <u>\$ 14,872</u> |
| Earnings per share:                  |                                 |                  |
| Basic                                | \$ 0.61                         | \$ 0.40          |
| Diluted                              | <u>\$ 0.59</u>                  | <u>\$ 0.38</u>   |
| Weighted average shares outstanding: |                                 |                  |
| Basic                                | 38,481                          | 37,466           |
| Diluted                              | 39,801                          | 38,861           |

**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
**GLOBAL PAYMENTS INC. AND SUBSIDIARIES**

*(In thousands, except per share data)*

|                                      | Six Months Ended November 30, |                  |
|--------------------------------------|-------------------------------|------------------|
|                                      | 2004                          | 2003             |
| Revenues                             | \$ 381,140                    | \$ 284,911       |
| Operating expenses:                  |                               |                  |
| Cost of service                      | 159,790                       | 129,436          |
| Sales, general and administrative    | 138,958                       | 97,488           |
| Restructuring and other              | —                             | 4,703            |
|                                      | <u>298,748</u>                | <u>231,627</u>   |
| Operating income                     | <u>82,392</u>                 | <u>53,284</u>    |
| Other income (expense):              |                               |                  |
| Interest and other income            | 716                           | 753              |
| Interest and other expense           | (3,477)                       | (1,635)          |
| Minority interest                    | (3,796)                       | (3,366)          |
|                                      | <u>(6,557)</u>                | <u>(4,248)</u>   |
| Income before income taxes           | 75,835                        | 49,036           |
| Provision for income taxes           | 28,059                        | 18,339           |
|                                      | <u>47,776</u>                 | <u>30,697</u>    |
| Net income                           | <u>\$ 47,776</u>              | <u>\$ 30,697</u> |
| Earnings per share:                  |                               |                  |
| Basic                                | <u>\$ 1.25</u>                | <u>\$ 0.82</u>   |
| Diluted                              | <u>\$ 1.21</u>                | <u>\$ 0.80</u>   |
| Weighted average shares outstanding: |                               |                  |
| Basic                                | 38,321                        | 37,304           |
| Diluted                              | 39,552                        | 38,585           |

**CONSOLIDATED CONDENSED BALANCE SHEETS**  
**GLOBAL PAYMENTS INC. AND SUBSIDIARIES**

(In thousands)

|  | November 30,<br>2004 | May 31,<br>2004   |
|--|----------------------|-------------------|
|  | (Unaudited)          |                   |
| <b>Assets</b>                                  |                      |                   |
| Cash and cash equivalents                      | \$ 31,267            | \$ 34,472         |
| Accounts receivable, net                       | 53,423               | 47,414            |
| Claims receivable, net                         | 791                  | 761               |
| Settlement processing receivable, net          | 103,978              | 95,233            |
| Other current assets                           | 27,449               | 25,324            |
|  | <u>216,908</u>       | <u>203,204</u>    |
| Current assets                                 |                      |                   |
| Property and equipment, net                    | 99,147               | 97,482            |
| Goodwill                                       | 359,354              | 342,012           |
| Intangible assets, net                         | 184,415              | 182,658           |
| Other assets                                   | 6,127                | 7,539             |
|  | <u>649,048</u>       | <u>632,135</u>    |
| Total assets                                   | <u>\$ 865,951</u>    | <u>\$ 832,895</u> |
| <b>Liabilities &amp; Shareholders' Equity</b>  |                      |                   |
| Line of credit                                 | \$ 105,000           | \$ 122,000        |
| Line of credit with related party              | 56,140               | 83,109            |
| Notes payable-current portion                  | 2,574                | 3,409             |
| Accounts payable and other accrued liabilities | 84,478               | 79,773            |
| Obligations under capital leases               | 1,251                | 1,190             |
|  | <u>249,443</u>       | <u>289,481</u>    |
| Current liabilities                            |                      |                   |
| Notes payable                                  | —                    | 7,477             |
| Obligations under capital leases               | 1,420                | 2,061             |
| Other accrued liabilities                      | 71,883               | 61,324            |
|  | <u>73,303</u>        | <u>70,862</u>     |
| Total liabilities                              | <u>322,746</u>       | <u>360,343</u>    |
| Minority interest in equity of subsidiaries    | 17,139               | 23,130            |
| Shareholders' equity                           | 526,066              | 449,422           |
|  | <u>543,205</u>       | <u>472,552</u>    |
| Total liabilities & shareholders' equity       | <u>\$ 865,951</u>    | <u>\$ 832,895</u> |



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

(In thousands)

|  | Six months ended November 30, |                  |
|--|-------------------------------|------------------|
|  | 2004                          | 2003             |
| <b>Cash flows from operating activities:</b>                     |                               |                  |
| Net income   | \$ 47,776                     | \$ 30,697        |
| <b>Non-cash items</b>  |                               |                  |
| Depreciation and amortization                                    | 22,044                        | 15,521           |
| Minority interest in earnings                                    | 3,796                         | 3,366            |
| Other, net   | 2,216                         | 4,206            |
| <b>Changes in working capital, which provided (used) cash</b>    |                               |                  |
| Settlement processing  | (11,644)                      | 311              |
| Other, net   | 898                           | 874              |
| <b>Net cash provided by operating activities</b>                 | <b>65,086</b>                 | <b>54,975</b>    |
| <b>Cash flows from investing activities:</b>                     |                               |                  |
| Capital expenditures   | (14,795)                      | (9,668)          |
| Net business development activities                              | (12,286)                      | (61,460)         |
| <b>Net cash used in investing activities</b>                     | <b>(27,081)</b>               | <b>(71,128)</b>  |
| <b>Cash flows from financing activities:</b>                     |                               |                  |
| Net repayments on line of credit                                 | (17,000)                      | —                |
| Net (repayments) borrowings on line of credit with related party | (26,969)                      | 61,203           |
| Principal payments under capital leases and other notes          | (8,892)                       | (904)            |
| Net stock issued to employees under stock plans and dividends    | 9,688                         | (814)            |
| Distributions to minority interests                              | (5,043)                       | (4,291)          |
| <b>Net cash (used in) provided by financing activities</b>       | <b>(48,216)</b>               | <b>55,194</b>    |
| Effect of exchange rate changes on cash                          | 7,006                         | 2,702            |
| <b>(Decrease) increase in cash and cash equivalents</b>          | <b>(3,205)</b>                | <b>41,743</b>    |
| Cash and cash equivalents, beginning of period                   | 34,472                        | 38,010           |
| <b>Cash and cash equivalents, end of period</b>                  | <b>\$ 31,267</b>              | <b>\$ 79,753</b> |

**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
**GLOBAL PAYMENTS INC. AND SUBSIDIARIES**

(In thousands, except per share data)

| Three Months Ending November 30,  | 2004       | 2003       |                              |            |
|-----------------------------------|------------|------------|------------------------------|------------|
|                                   | GAAP       | Normalized | Restructuring <sup>(1)</sup> | GAAP       |
| Revenue                           | \$ 188,549 | \$ 148,447 | \$ —                         | \$ 148,447 |
| Operating expenses:               |            |            |                              |            |
| Cost of service                   | 79,350     | 67,274     | —                            | 67,274     |
| Sales, general and administrative | 68,421     | 51,947     | —                            | 51,947     |
| Restructuring                     | —          | —          | 3,123                        | 3,123      |
|                                   | 147,771    | 119,221    | 3,123                        | 122,344    |
| Operating income                  | 40,778     | 29,226     | (3,123)                      | 26,103     |
| Other income/(expense)            |            |            |                              |            |
| Interest and other income         | 397        | 429        | —                            | 429        |
| Interest and other expense        | (1,835)    | (1,059)    | —                            | (1,059)    |
| Minority interest in earnings     | (1,915)    | (1,716)    | —                            | (1,716)    |
|                                   | (3,353)    | (2,346)    | —                            | (2,346)    |
| Income before income taxes        | 37,425     | 26,880     | (3,123)                      | 23,757     |
| Provision for income taxes        | 13,847     | 10,053     | (1,168)                      | 8,885      |
| Net income                        | \$ 23,578  | \$ 16,827  | \$ (1,955)                   | \$ 14,872  |
| Basic shares                      | 38,481     | 37,466     | —                            | 37,466     |
| Basic earnings per share          | \$ 0.61    | \$ 0.45    | \$ (0.05)                    | \$ 0.40    |
| Diluted shares                    | 39,801     | 38,861     | —                            | 38,861     |
| Diluted earnings per share        | \$ 0.59    | \$ 0.43    | \$ (0.05)                    | \$ 0.38    |

<sup>(1)</sup> 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.

**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
**GLOBAL PAYMENTS INC. AND SUBSIDIARIES**

(In thousands, except per share data)

| Six Months Ending November 30,    | 2004      | 2003       |                              |           |
|-----------------------------------|-----------|------------|------------------------------|-----------|
|                                   | GAAP      | Normalized | Restructuring <sup>(1)</sup> | GAAP      |
| Revenue                           | \$381,140 | \$284,911  | \$ —                         | \$284,911 |
| Operating expenses:               |           |            |                              |           |
| Cost of service                   | 159,790   | 129,436    | —                            | 129,436   |
| Sales, general and administrative | 138,958   | 97,488     | —                            | 97,488    |
| Restructuring                     | —         | —          | 4,703                        | 4,703     |
|                                   | 298,748   | 226,924    | 4,703                        | 231,627   |
| Operating income                  | 82,392    | 57,987     | (4,703)                      | 53,284    |
| Other income/(expense)            |           |            |                              |           |
| Interest and other income         | 716       | 753        | —                            | 753       |
| Interest and other expense        | (3,477)   | (1,635)    | —                            | (1,635)   |
| Minority interest in earnings     | (3,796)   | (3,366)    | —                            | (3,366)   |
|                                   | (6,557)   | (4,248)    | —                            | (4,248)   |
| Income before income taxes        | 75,835    | 53,739     | (4,703)                      | 49,036    |
| Provision for income taxes        | 28,059    | 20,098     | (1,759)                      | 18,339    |
| Net income                        | \$ 47,776 | \$ 33,641  | \$ (2,944)                   | \$ 30,697 |
| Basic shares                      | 38,321    | 37,304     | —                            | 37,304    |
| Basic earnings per share          | \$ 1.25   | \$ 0.90    | \$ (0.08)                    | \$ 0.82   |
| Diluted shares                    | 39,552    | 38,585     | —                            | 38,585    |
| Diluted earnings per share        | \$ 1.21   | \$ 0.87    | \$ (0.07)                    | \$ 0.80   |

<sup>(1)</sup> 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.