

tions (ISOs), merchants, financial institutions, government agencies, and other entities throughout the United States, Canada, Europe, and the Asia-Pacific region. Fiscal 2010 sales by line of business: North America Merchant Services, 74%; International

2.3% of stock; T. Rowe Price, 12.4% (8/10 proxy). Chief Executive Officer: Paul R. Garcia. Incorporated: Georgia. Address: 10 Glenlake Parkway, North Tower, Atlanta, Georgia 30328. Telephone: 800-560-2960. Internet: www.globalpaymentsinc.com

508.0 **ANNUAL RATES** Past Past Est'd '08-'10 10 Yrs. 11.5% 11.5% 5 Yrs. 17.5% to '13-'15 9.5% of change (per sh) Revenues "Cash Flow" 16.5% 11.0% 12.5% 13.5% Earnings 20.0% Dividends Book Value 8.5% 10.5% 18.5% 16.0%

180.0

116.6

336.2

396

968.3

173.6 227.4

271.5

672.5

805.3

180.1

222 0

105.9

Current Assets

Accts Payable Debt Due

Current Liab.

Fiscal Year Ends	QUART Aug.31		ENUES (\$ Feb.28		Full Fiscal Year
2007	260.3	260.7	260.4	280.1	1061.5
2008	311.0	308.8	310.6	343.8	1274.2
2009	405.8	401.1	392.6	402.0	1601.5
2010	409.9	409.0	398.5	425.1	1642.5
2011	440.1	440	429.9	445	1755
Fiscal	EARNINGS PER SHARE A B				_Full _
Year Ends	Aug.31		Feb.28	May 31	Fiscal Year
2007	.51	.42	.42	.43	1.78
2008	.54	.48	.44	.50	1.96
2009	.71	.60	.45	.46	2.23
2010	.68	.71	.58	.56	2.52
2011	.67	.67	.64	.72	2.70
Cal-	QUARTERLY DIVIDENDS PAID C				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2006	.02	.02	.02	.02	.08
2007	.02	.02	.02	.02	.08
2008	.02	.02	.02	.02	.08
2009	.02	.02	.02	.02	.08
2010	.02	.02	.02	.02	

Global Payments got off to a slow start, earnings-wise, in fiscal 2011 (which ends on May 31st of next year). That was attributed partly to a lackluster showing from operations in Canada, reflecting market-driven pricing pressure. Moreover, the U.K. segment was in a transition phase, as the company eliminated certain high-risk, low-margin businesses. Too, operating expenses were about 12% higher for the period. We see more of the same during the November interim.

But results ought to perk up during the second half, boosted, in part, by an expected strong seasonal performance from the U.S. units and assuming that the U.K. segment turns around. Too, it appears that operations in the Asia Pacific region will continue to generate healthy results. In all, share net for fiscal 2011, as a whole, may advance about 7%, to \$2.70. The bottom line stands to climb another 12%, to \$3.05 a share, the following year.

One strength of the company is its overseas operations, which account for roughly 45% of total revenues at present. We especially see opportunities

in the developing nations, as rising income levels there ought to boost demand for electronic transaction processing services. Notably, Global Payments (in partnership with HSBC) recently became the first foreign company of its kind to enter China, now the second-largest economy. Beijing, the capital, is the first market being served, and it seems plausible that other parts of the country will be reached in the future. Dealing with the Chinese government does present challenges, but we think the possible rewards are worth it.

The balance sheet is solid. At the end of the August period, cash on hand was nearly \$580 million, and long-term debt was manageable. Consequently, future acquisitions are a good possibility, although many uncertainties prevent us from including them in our figures.

stock The good-quality offers capital worthwhile appreciation potential. Patient accounts may want to consider it at the current quotation.

But momentum investors should look elsewhere, since the shares are ranked only (3) Average for Timeliness. Frederick L. Harris, III November 19, 2010

(A) Fiscal year ends May 31st.
(B) Diluted earnings. Excludes nonrecurring gain (losses): 2001, (\$0.06); 2002, (\$0.21); 2005, (\$0.03); 2006, (\$0.02); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2008, \$0.02; 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$0.03); 2007, (\$

2008, \$0.05; 2009, (\$1.77); Q1 2011, (\$0.06). Excludes loss from discontinued operations: (C) Dividends historically paid in Feb., May, 2010, \$0.04. Quarters for 2009 and 2010 don't Aug., and Nov.

Company's Financial Strength Stock's Price Stability 80 Price Growth Persistence **Earnings Predictability** 95

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