

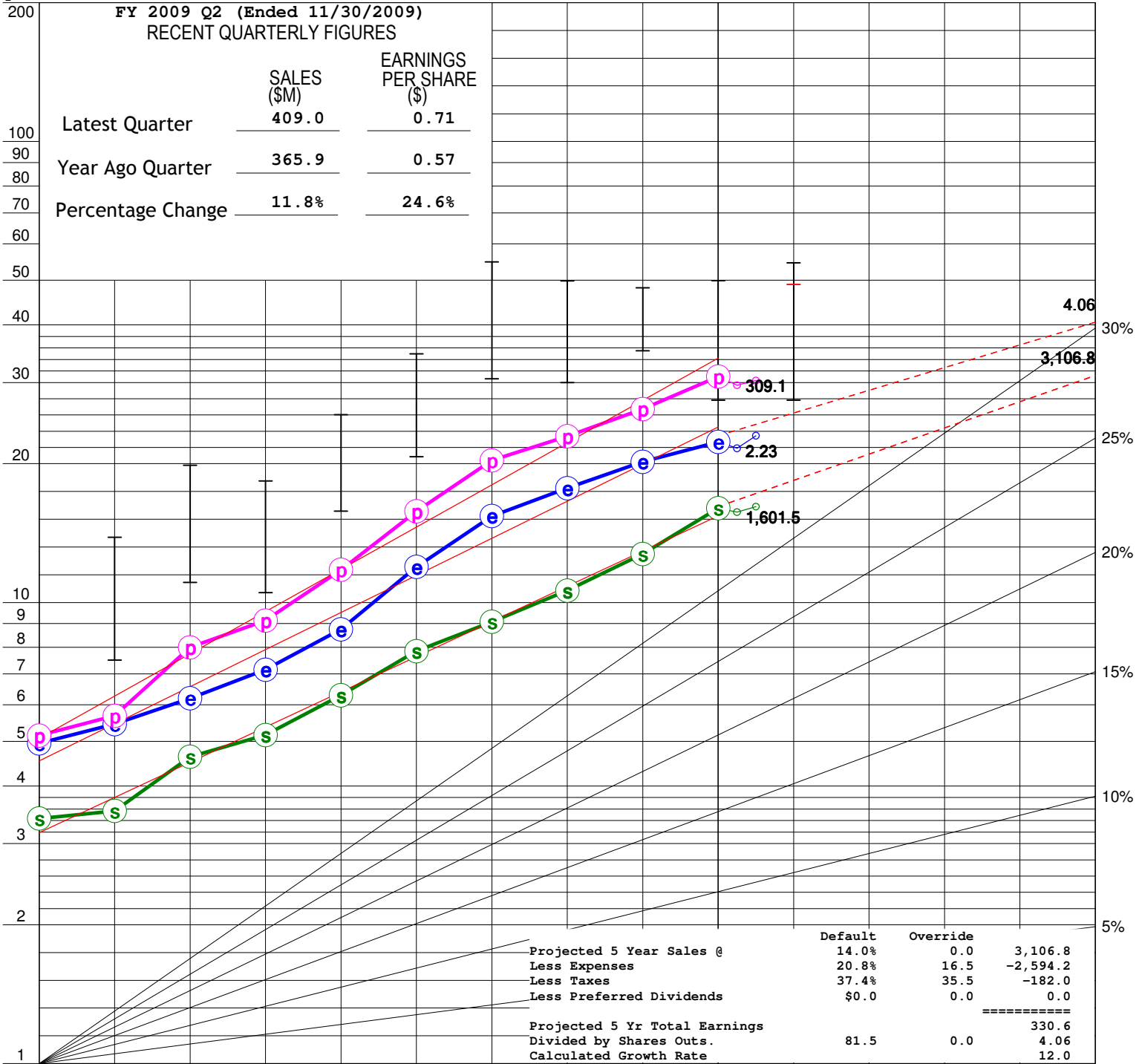


# Stock Study

Company	GLOBAL PAYMENTS INC.	Price Date	01/08/10
Study by	MG	Data Date	01/08/10
Sector	Information Technology	Data Source	NAIC Data
Industry Data	Processing & Outsou	Reference	
Preferred(\$M)	0.0		
Common(M Shares)	81.5	% Insiders	0.8
Debt(\$M)	460.9	% Institutions	94.8
% to Tot.Cap.	30.3	Quality	A- (S&P)

## 1 Growth Analysis

NYSE: GPN



- |                                   |        |  |        |  |
|-----------------------------------|--------|--|--------|--|
| (1) Historical Sales Growth       | 19.2 % | (3) Historical Earnings Per Share Growth       | 20.4 % | <a href="http://www.iclub.com">www.iclub.com</a> |
| (2) Estimated Future Sales Growth | 14.0 % | (4) Estimated Future Earnings Per Share Growth | 12.0 % |  |
| (5) Sales Growth R^2              | 0.99   | (6) Earnings Per Share Growth R^2              | 0.98   |  |

## 2 QUALITY ANALYSIS

Company **GLOBAL PAYMENTS INC.** (GPN)

01/08/10

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	5 YEAR AVG.	TREND UP / DOWN
<b>A</b> % Pre-tax Profit on Sales	15.1	16.1	17.3	17.7	18.7	20.1	22.4	21.6	20.6	19.3	20.8	DOWN
<b>B</b> % ROE (Beginning Yr)	<del>16.8</del>	<del>16.8</del>	<del>16.8</del>	17.8	17.7	20.2	20.8	18.3	17.1	15.8	18.4	DOWN
<b>C</b> % Debt to Equity	NMF	NMF	1.6	0.9	2.9	0.1	0.0	0.0	0.0	16.0	3.2	UP

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE 48.970 52-WEEK HIGH 54.520 52-WEEK LOW 27.480

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2004	34.7	20.7	1.20	29.0	17.3	0.080	6.7	0.4
2 2005	54.8	30.6	1.54	35.6	19.9	0.080	5.2	0.3
3 2006	49.8	30.0	1.77	28.1	16.9	0.080	4.5	0.3
4 2007	48.2	35.1	2.02	23.9	17.4	0.080	4.0	0.2
5 2008	49.9	27.5	2.23	22.4	12.3	0.080	3.6	0.3
6 AVERAGE		28.8		27.8	16.8		4.8	
AVERAGE P/E RATIO	22.3	PROJECTED P/E RATIO		19.0	TTM EPS		2.30	
CURRENT P/E RATIO	21.3	PEG RATIO		1.6	FTM EPS		2.58	
RELATIVE VALUE	95.5%	PROJ. RELATIVE VALUE		85.2%				

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E ~~27.8~~ 24.0 X Estimated High Earnings/Share 4.06 = Forecast High Price \$ 97.4

### B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Avg. Low P/E ~~16.8~~ 12.0 X Estimated Low Earnings/Share 2.22 = \$ 26.6

(b) Average 5-Year Low Price = 28.8

(c) Recent Severe Low Price = 27.5

(d) Price Dividend Will Support = Present Divd. + High Yield = 0.080 + 0.004 = 20.7

Selected Estimated Low Price = \$ 26.6

### C PRICE RANGES

Forecast High Price 97.4 - Estimated Low Price 26.6 = Range 70.8 25% of Range = 17.7

BUY (Lower 25% of Range) = 26.6 to 44.3

MAYBE (Middle 50% of Range) = 44.3 to 79.7

SELL (Upper 25% of Range) = 79.7 to 97.4

Current Price 48.970 is in the Hold Range

### D REWARD/RISK ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price 97.4 - Current Price 48.970) ÷ (Current Price 48.970 - Estimated Low Price 26.6) = 2.2 To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ 0.080 ÷ Current Price of Stock \$ 48.970 = 0.2 % Present Yield or % Returned on Purchase Price

### B AVERAGE YIELD OVER NEXT 5 YEARS

(Avg. EPS Next 5 Years 3.23 X Avg. % Payout ~~4.8~~ 9.4) ÷ Current Price \$ 48.970 = 0.6 %

### C % COMPOUND ANNUAL TOTAL RETURN

Average Yield 0.4 % + Annual Appreciation 14.7 % = Compound Annual Total Return 15.1 %

### D % PROJECTED AVERAGE RETURN

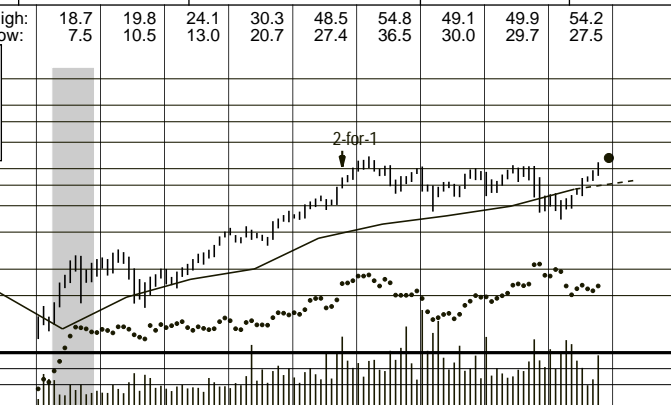
Average Yield 0.5 % + Annual Appreciation 8.3 % = Projected Average Total Return 8.9 %

# GLOBAL PAYMENTS NYSE-GPN

RECENT PRICE **53.87** P/E RATIO **22.8** (Trailing: 24.3 Median: NMF) RELATIVE P/E RATIO **1.33** DIV'D YLD **0.1%** VALUE LINE

TIMELINESS **1** Raised 10/23/09  
 SAFETY **2** Raised 2/20/09  
 TECHNICAL **2** Raised 11/13/09  
 BETA .85 (1.00 = Market)

LEGENDS  
 — 12.5 x "Cash Flow" p sh  
 ... Relative Price Strength  
 2-for-1 split 10/05  
 Options: Yes  
 Shaded area: prior recession  
 Latest recession began 12/07



**2012-14 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 65 (+20%) 5%  
 Low 50 (-5%) -1%

**Insider Decisions**  
 D J F M A M J J A  
 to Buy 0 0 0 0 0 0 0 0  
 Options 0 1 2 1 1 1 1 5  
 to Sell 0 3 3 1 1 1 1 5

**Institutional Decisions**  
 4Q2008 1Q2009 2Q2009  
 to Buy 135 129 134  
 to Sell 131 126 121  
 Hld's(000) 75993 76255 75116

Percent shares traded: 24, 16, 8

Target Price Range	2012	2013	2014
	128		
	96		
	80		
	64		
	48		
	40		
	32		
	24		
	16		
	12		

% TOT. RETURN 10/09	THIS STOCK	VLARITH. INDEX
1 yr.	21.8	35.8
3 yr.	13.3	-4.8
5 yr.	81.6	26.5

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14	
--	--	--	--	--	--	--	--	4.84	6.29	6.95	8.27	10.03	11.38	13.13	16.00	19.91	21.25	Revenues per sh <sup>A</sup>	32.35	
--	--	--	--	--	--	--	--	.67	.94	1.15	1.29	1.80	2.10	2.29	2.55	3.07	3.40	"Cash Flow" per sh	4.55	
--	--	--	--	--	--	--	--	.47	.53	.71	.80	1.21	1.54	1.78	1.96	2.23	2.50	Earnings per sh <sup>A B</sup>	3.50	
--	--	--	--	--	--	--	--	.04	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08	Div'ds Decl'd per sh <sup>C</sup>	.12
--	--	--	--	--	--	--	--	.19	.30	.24	.32	.44	.31	.44	.56	.51	.55	Cap'l Spending per sh	.70	
--	--	--	--	--	--	--	--	3.72	4.03	4.93	5.90	7.40	9.65	11.84	14.15	13.02	13.50	Book Value per sh	20.80	
--	--	--	--	--	--	--	--	72.95	73.57	74.26	76.14	78.20	79.81	80.88	79.64	80.45	81.50	Common Shs Outst'g <sup>D</sup>	86.50	
--	--	--	--	--	--	--	--	21.8	30.9	20.5	26.3	22.4	27.6	23.1	21.1	17.4		Avg Ann'l P/E Ratio	16.5	
--	--	--	--	--	--	--	--	1.12	1.69	1.17	1.39	1.19	1.49	1.23	1.31	1.20		Relative P/E Ratio	1.10	
--	--	--	--	--	--	--	--	4%	5%	6%	4%	3%	2%	2%	2%	2%		Avg Ann'l Div'd Yield	.2%	

**CAPITAL STRUCTURE as of 8/31/09**  
 Total Debt \$482.4 mill. Due in 5 Yrs \$220.0 mill.

LT Debt \$374.4 mill. LT Interest \$15.0 mill.  
 (31% of Capital)

Leases, Uncapitalized: Annual rentals \$19.7 mill.

Pension Assets-5/09 \$7.0 mill.  
 Oblig. \$9.5 mill.

Pfd Stock None

Common Stock 81,038,740 shs.  
 as of 9/30/09  
 MARKET CAP: \$4.4 billion (Mid Cap)

**CURRENT POSITION** 2008 2009 8/31/09  
 (\$MILL.)

--	--	353.2	462.8	516.1	629.3	784.3	908.1	1061.5	1274.2	1601.5	1730	Revenues (\$mill)	2800
--	--	22.6%	24.2%	24.5%	25.1%	26.7%	26.8%	24.6%	23.3%	23.4%	23.5%	Operating Margin	25.5%
--	--	21.8	29.6	32.1	35.5	45.3	40.5	40.4	44.0	66.3	73.0	Depreciation (\$mill)	95.0
--	--	26.9	39.8	53.3	62.4	95.3	126.8	145.1	158.7	180.8	205	Net Profit (\$mill)	300
--	--	38.1%	38.2%	37.4%	37.4%	34.7%	33.5%	32.4%	34.6%	33.2%	34.0%	Income Tax Rate	35.5%
--	--	7.6%	8.6%	10.3%	9.9%	12.2%	14.0%	13.7%	12.5%	11.3%	11.8%	Net Profit Margin	10.7%
--	--	4.0	d17.5	65.3	d82.9	7.2	198.7	301.5	399.6	259.0	230	Working Cap'l (\$mill)	300
--	--	2.0	4.7	3.3	12.9	.7	--	--	--	167.6	375	Long-Term Debt (\$mill)	300
--	--	271.0	296.3	366.4	449.4	578.4	770.2	957.8	1126.8	1047.0	1100	Shr. Equity (\$mill)	1800
--	--	9.9%	13.4%	15.0%	13.6%	16.5%	16.5%	15.1%	14.1%	15.2%	14.5%	Return on Total Cap'l	14.5%
--	--	9.9%	13.4%	14.5%	13.9%	16.5%	16.5%	15.1%	14.1%	17.3%	18.5%	Return on Shr. Equity	16.5%
--	--	9.4%	11.5%	12.9%	12.6%	15.4%	15.6%	14.5%	13.5%	16.7%	18.0%	Retained to Com Eq	16.0%
--	--	5%	15%	11%	10%	7%	5%	4%	4%	4%	3%	All Div'ds to Net Prof	3%

**BUSINESS:** Global Payments Inc. is a leading provider of electronic transaction processing services for consumers, merchants, financial institutions, government agencies, and other entities in the U.S., Canada, Latin America, Europe, and the Asia-Pacific region. It also provides consumer money transfer services from the U.S. and Europe to Latin America, Morocco, and elsewhere. Fiscal 2009 sales by unit: North America Merchant Services, 69%; International Merchant Services, 22%; Money Transfer, 9%. Foreign units generated 43% of fiscal 2009 sales. Officers own 3.0% of stock; T. Rowe Price, 12.7% (9/09 proxy). CEO: Paul R. Garcia. Incorporated: GA. Address: 10 Glenlake Parkway, North Tower, Atlanta, GA 30328. Telephone: 800-560-2960. Web: www.globalpaymentsinc.com.

Cal-endar	QUARTERLY REVENUES (\$ mill.) <sup>A</sup>				Full Year
	Aug.31	Nov.30	Feb.28	May 31	
2006	224.5	219.7	225.2	238.7	908.1
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	441.3	435	423.7	430	1730

**We expect healthy results for Global Payments in fiscal 2010, which ends on May 31st of next year.** The company is enjoying the benefits of a transaction conducted with HSBC last June, whereby it bought the remaining 49% stake it did not own in their United Kingdom joint venture. What's more, the North America Merchant Services division is being aided by a good performance from the domestic Independent Sales Organization channel. Despite ongoing economic problems, we expect share net for fiscal 2010 to grow about 12%, to \$2.50. Assuming further expansion in operating margins, the bottom line could advance at a similar rate, to \$2.80 a share, the following year.

possibility, but we have not included any in our presentation. **Prospects out to 2012-2014 look bright.** The company maintains a leading position in the United States, accounting for a key portion of global credit and debit card volumes. Another strength is the foreign operations, which comprise over 40% of total revenues at present. We particularly see opportunities in developing countries, like China, India, and those in Eastern Europe. Lastly, results ought to be bolstered by new products and additional improvements in operating efficiencies. In the current corporate configuration, annual share-net advances could range between 10% and 15% over the 3- to 5-year time frame.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '07-'09 to '12-'14
Revenues	--	18.0%	14.5%
"Cash Flow"	--	18.5%	11.5%
Earnings	--	24.0%	12.0%
Dividends	--	--	8.5%
Book Value	--	21.5%	10.5%

**The balance sheet is solid.** At the end of the fiscal first quarter, there was some \$1 billion in cash available. Too, long-term debt stood at a manageable level, around one third of total capital. It should also be mentioned that, several months ago, the company obtained a \$300 million unsecured term loan from a syndicate of financial institutions. That was quite a feat, given the still-difficult credit market. Future business combinations are a strong

**The good-quality stock is a market favorite.** That's partly because of the company's healthy prospects for fiscal 2010, as transaction volume is projected to rise. Consequently, these shares are ranked 1 (Highest) for Timeliness. **But long-term capital appreciation possibilities are limited at the present quotation.**

Cal-endar	EARNINGS PER SHARE <sup>A B</sup>				Full Year
	Aug.31	Nov.30	Feb.28	May 31	
2006	.39	.38	.36	.41	1.54
2007	.51	.42	.42	.43	1.78
2008	.54	.48	.44	.50	1.96
2009	.71	.60	.45	.46	2.23
2010	.71	.62	.57	.60	2.50

**Frederick L. Harris, III** November 20, 2009

Frederick L. Harris, III November 20, 2009

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2005	.02	.02	.02	.02	.08
2006	.02	.02	.02	.02	.08
2007	.02	.02	.02	.02	.08
2008	.02	.02	.02	.02	.08
2009	.02	.02	.02	.02	.08

**Company's Financial Strength** A  
**Stock's Price Stability** 80  
**Price Growth Persistence** 90  
**Earnings Predictability** 90

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(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); 2008, \$0.05; 2009, (\$1.77). Quarters for 2009 don't equal total due to rounding. Next earnings report due late Dec. (C) Dividends historically paid in Feb., May, Aug., and Nov. (D) In millions, adjusted for stock split.