

TSYS  
Financial Highlights  
(unaudited)  
*(in thousands, except per share data)*

	Three Months Ended March 31,		Percent Change
	2016	2015	
Total revenues	\$ 739,378	662,156	11.7 %
Cost of services	480,556	449,705	6.9
Selling, general and administrative expenses	107,135	89,955	19.1
Total expenses	<u>587,691</u>	<u>539,660</u>	8.9
Operating income	151,687	122,496	23.8
Nonoperating expenses	<u>(22,440)</u>	<u>(9,209)</u>	nm
Income before income taxes, noncontrolling interests and equity in income of equity investments	129,247	113,287	14.1
Income taxes	<u>43,429</u>	<u>39,782</u>	9.2
Income before noncontrolling interests and equity in income of equity investments	85,818	73,505	16.8
Equity in income of equity investments, net of tax	<u>6,590</u>	<u>5,394</u>	22.2
Net income	92,408	78,899	17.1
Net income attributable to noncontrolling interests	<u>(1,780)</u>	<u>(1,144)</u>	(55.6)
Net income attributable to TSYS common shareholders	<u>\$ 90,628</u>	<u>77,755</u>	16.6 %
Earnings per share (EPS):			
Basic EPS	<u>\$ 0.49</u>	<u>0.42</u>	17.3 %
Diluted EPS	<u>\$ 0.49</u>	<u>0.42</u>	17.6 %
Weighted average shares outstanding: (includes participating securities)			
Basic	<u>183,256</u>	<u>184,481</u>	
Diluted	<u>183,886</u>	<u>185,563</u>	
Dividends declared per share	<u>\$ 0.10</u>	<u>0.10</u>	
<u>Non-GAAP measures:</u>			
Net revenue	<u>\$ 671,644</u>	<u>595,784</u>	12.7 %
Adjusted EPS from continuing operations	<u>\$ 0.66</u>	<u>0.54</u>	22.8 %
Adjusted EBITDA	<u>\$ 230,829</u>	<u>193,454</u>	19.3 %

nm = not meaningful

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TSYS Segment Breakdown (unaudited) (in thousands)				
Three Months Ended March 31,				
	2016	2015	Change	
			\$	%
Net revenue				
North America Services	\$ 303,641	266,219	37,422	14.1 %
International Services	75,354	73,730	1,624	2.2
Merchant Services	120,612	110,398	10,214	9.3
NetSpend	184,992	155,074	29,918	19.3
Intersegment revenues	(12,955)	(9,637)	(3,318)	(34.4)
Net revenue from external customers	<u>\$ 671,644</u>	<u>595,784</u>	<u>75,860</u>	<u>12.7 %</u>
Depreciation and amortization:				
North America Services	\$ 27,483	23,064	4,419	19.2 %
International Services	8,136	8,778	(642)	(7.3)
Merchant Services	5,050	4,277	773	18.1
NetSpend	3,109	2,293	816	35.6
Segment depreciation and amortization	<u>43,778</u>	<u>38,412</u>	<u>5,366</u>	<u>14.0</u>
Acquisition intangible amortization	22,921	23,867	(946)	(4.0)
Corporate admin and other	884	536	348	64.9
Total depreciation and amortization	<u>\$ 67,583</u>	<u>62,815</u>	<u>4,768</u>	<u>7.6 %</u>
Adjusted segment operating income:				
North America Services	\$ 124,788	102,570	22,218	21.7 %
International Services	10,289	6,983	3,306	47.3
Merchant Services	38,357	34,115	4,242	12.4
NetSpend	42,201	35,467	6,734	19.0
Total adjusted segment operating income	<u>215,635</u>	<u>179,135</u>	<u>36,500</u>	<u>20.4</u>
Acquisition intangible amortization	(22,921)	(23,867)	946	4.0
TransFirst M&A operating expenses	(3,401)	-	(3,401)	nm
Share-based compensation	(8,158)	(8,143)	(15)	(0.2)
Corporate admin and other	(29,468)	(24,629)	(4,839)	(19.6)
Operating income	<u>\$ 151,687</u>	<u>122,496</u>	<u>29,191</u>	<u>23.8 %</u>

nm = not meaningful

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TSYS  
Condensed Balance Sheet  
(unaudited)  
(in thousands)

	March 31, 2016	December 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,932,111	389,328
Accounts receivable, net	349,271	314,705
Other current assets	145,052	154,199
Total current assets	<u>2,426,434</u>	<u>858,232</u>
Goodwill	1,545,631	1,545,424
Other intangible assets, net	309,372	328,320
Property, equipment and software, net	679,903	694,968
Other long term assets	462,593	450,951
Total assets	<u>\$ 5,423,933</u>	<u>3,877,895</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 44,526	52,213
Bonds, notes and capital leases	21,647	53,546
Other current liabilities	217,524	233,173
Total current liabilities	<u>283,697</u>	<u>338,932</u>
Bonds, notes and capital leases, excluding current portion	2,887,247	1,377,541
Other long-term liabilities	306,362	289,330
Total liabilities	<u>3,477,306</u>	<u>2,005,803</u>
<b>Redeemable noncontrolling interest</b>	<u>25,086</u>	<u>23,410</u>
<b>Equity</b>		
Shareholders' equity	<u>1,921,541</u>	<u>1,843,018</u>
Noncontrolling interests in consolidated subsidiaries	-	5,664
Total equity	<u>1,921,541</u>	<u>1,848,682</u>
Total liabilities and equity	<u>\$ 5,423,933</u>	<u>3,877,895</u>

Note: TSYS adopted Accounting Standards Update (ASU) 2015-03 "Interest - Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Cost" on January 1, 2016. This ASU requires TSYS to present debt issuance costs in the balance sheet as a direct deduction from the carrying amount of the corresponding debt liability, consistent with debt discounts. All prior periods presented have been restated for this ASU.

TSYS also adopted ASU 2015-17 "Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes" on January 1, 2016. This ASU requires the classification of all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. All prior periods presented have been restated for this ASU.

TSYS  
Selected Cash Flow Highlights  
(unaudited)  
(in thousands)

	Three Months Ended March 31,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net income	\$ 92,408	78,899
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of equity investments	(6,590)	(5,394)
Dividends received from equity investments	-	-
Depreciation and amortization	67,583	62,815
Other noncash adjustments	47,629	16,836
Changes in operating assets and liabilities	(55,202)	5,336
<b>Net cash provided by operating activities</b>	<b>145,828</b>	<b>158,492</b>
<b>Net cash used in investing activities</b>	<b>(44,388)</b>	<b>(41,714)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>1,442,012</b>	<b>(73,756)</b>
<b>Cash and cash equivalents:</b>		
Effect of exchange rate changes on cash and cash equivalents	(669)	(4,093)
Net increase in cash and cash equivalents	1,542,783	38,929
Cash and cash equivalents at beginning of period	389,328	289,183
Cash and cash equivalents at end of period	<u>\$ 1,932,111</u>	<u>328,112</u>
<b>Supplemental - Non-GAAP:</b>		
Net cash provided by operating activities	\$ 145,828	158,492
Capital expenditures	(44,388)	(43,554)
Free cash flow	101,440	114,938
Principal payments on debt and capital leases*	(9,654)	(15,086)
Available free cash flow	<u>\$ 91,786</u>	<u>99,852</u>

\* Less accelerated principal payments

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Supplemental Information  
(unaudited)

**Other**

**Accounts on File (AOF):**

<i>(in millions)</i>	Total Accounts on File		
	March 2016	March 2015	% Change
Consumer	414.8	392.8	5.6
Commercial	46.3	42.3	9.3
Other	27.7	22.7	22.5
Traditional AOF	488.8	457.8	6.8
Prepaid*/Stored Value	103.1	126.6	(18.6)
Government Services	82.7	74.5	11.1
Commercial Card Single Use	75.9	64.8	17.1
Total AOF	750.5	723.7	3.7

\* Prepaid does not include NetSpend accounts

Growth in Accounts on File (in millions):

	March 2015 to March 2016	March 2014 to March 2015
Beginning balance	723.7	556.2
Change in accounts on file due to:		
Internal growth of existing clients	52.3	39.8
New clients	43.1	172.5
Purges/Sales	(24.3)	(44.2)
Deconversions	(44.3)	(0.6)
Ending balance	750.5	723.7

**Segment data:**

	Three Months Ended March 31,			
	2016	2015	Change Inc(Dec)	%
North America Segment:				
AOF <i>(in millions)</i>	669.7	653.2	16.5	2.5 %
Traditional AOF <i>(in millions)</i>	423.3	396.3	27.0	6.8 %
Transactions <i>(in millions)</i>	3,969.5	3,310.7	658.8	19.9 %
International Segment:				
AOF <i>(in millions)</i>	80.8	70.5	10.3	14.7 %
Traditional AOF <i>(in millions)</i>	65.5	61.5	4.0	6.6 %
Transactions <i>(in millions)</i>	618.3	572.0	46.3	8.1 %
Merchant Segment:				
Point-of-sale transactions <i>(in millions)</i>	1,091.0	984.6	106.4	10.8 %
Dollar sales volume <i>(in millions)</i>	\$ 11,783.4	\$ 11,301.6	\$ 481.8	4.3 %
NetSpend Segment:				
Gross dollar volume <i>(in millions)</i>	\$ 9,161.5	\$ 7,660.7	\$ 1,500.8	19.6 %
Direct deposit 90-day active cards <i>(in thousands)</i>	2,789.2	2,403.5	385.7	16.0 %
90-day active cards <i>(in thousands)</i>	4,881.6	4,193.0	688.6	16.4 %
% of 90-day active cards with direct deposit	57.1%	57.3%		

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### **Reconciliation of GAAP to Non-GAAP Financial Measures**

#### **Non-GAAP Measures**

The schedule below provides a reconciliation of revenues and operating results on a constant currency basis to reported revenues and operating income. This non-GAAP measure presents first quarter 2016 financial results using the previous year's foreign currency exchange rates. On a full year constant currency basis, TSYS' total revenues grew 12.5% as compared to a reported GAAP increase of 11.7%.

The schedule below also provides a reconciliation of basic EPS, adjusted for the after-tax impact of acquisition intangible amortization, share-based compensation and merger and acquisition costs, to adjusted EPS.

The schedule below provides a reconciliation of total revenues to net revenue. Net revenue is defined as total revenues less reimbursable items (such as postage), as well as, merchant acquiring interchange and assessment fees charged by the card associations or payment networks that are recorded by TSYS as expense.

The tax rate used in the calculation of adjusted EPS for the quarter and year is equal to an estimate of our annual effective tax rate on GAAP income. This effective rate is estimated annually and may be adjusted during the year to take into account events or trends that materially impact the effective tax rate including, but not limited to, significant changes resulting from tax legislation, material changes in the mix of revenues and expenses by entity and other significant events.

The schedule also provides a reconciliation of net income, adjusted for income from discontinued operations, equity in income of equity investments, income taxes, nonoperating expense, depreciation and amortization, share-based compensation, and merger and acquisition expenses, to adjusted EBITDA.

TSYS believes that non-GAAP financial measures are important to enable investors to understand and evaluate its ongoing operating results. Accordingly, TSYS includes non-GAAP financial measures when reporting its financial results to shareholders and potential investors in order to provide them with an additional tool to evaluate TSYS' ongoing business operations. TSYS believes that the non-GAAP financial measures are representative of comparative financial performance that reflects the economic substance of TSYS' current and ongoing business operations.

Although non-GAAP financial measures are often used to measure TSYS' operating results and assess its financial performance, they are not necessarily comparable to similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

TSYS believes that its use of non-GAAP financial measures provides investors with the same key financial performance indicators that are utilized by management to assess TSYS' operating results, evaluate the business and make operational decisions on a prospective, going-forward basis. Hence, management provides disclosure of non-GAAP financial measures to give shareholders and potential investors an opportunity to see TSYS as viewed by management, to assess TSYS with some of the same tools that management utilizes internally and to be able to compare such information with prior periods. TSYS believes that the presentation of GAAP financial measures alone would not provide its shareholders and potential investors with the ability to appropriately analyze its ongoing operational results, and therefore expected future results. TSYS therefore believes that inclusion of non-GAAP financial measures provides investors with additional information to help them better understand its financial statements just as management utilizes these non-GAAP financial measures to better understand the business, manage budgets and allocate resources.

Reconciliation of GAAP to Non-GAAP

Constant Currency Comparison (unaudited) (in thousands)			
	Three Months Ended March 31,		
	2016	2015	Percent Change
<b>Consolidated</b>			
Constant currency (1)	\$ 744,974	662,156	12.5 %
Foreign currency impact (2)	(5,596)	-	
Total revenues	<u>\$ 739,378</u>	<u>662,156</u>	11.7 %
Constant currency (1)	\$ 676,845	595,784	13.6 %
Foreign currency impact (2)	(5,201)	-	
Net revenue	<u>\$ 671,644</u>	<u>595,784</u>	12.7 %
Constant currency (1)	\$ 152,781	122,496	24.7 %
Foreign currency impact (2)	(1,094)	-	
Operating income	<u>\$ 151,687</u>	<u>122,496</u>	23.8 %
<b>International Services</b>			
Constant currency (1)	\$ 86,611	79,802	8.5 %
Foreign currency impact (2)	(5,538)	-	
Total revenues	<u>\$ 81,073</u>	<u>79,802</u>	1.6 %

(1) Reflects current period results on a non-GAAP basis as if foreign currency rates did not change from the comparable prior year period.

(2) Reflects the impact of calculated changes in foreign currency rates from the comparable period.

Net Revenue (unaudited) (in thousands)			
	Three Months Ended March 31,		
	2016	2015	Percent Change
Total revenues	\$ 739,378	662,156	11.7 %
Reimbursable items	67,734	66,372	2.1
Interchange & assessments expense	-	-	-
Net revenue	<u>\$ 671,644</u>	<u>595,784</u>	12.7 %

Reconciliation of GAAP to Non-GAAP

Adjusted Earnings per Share (unaudited) <i>(in thousands, except per share data)</i>			
	Three Months Ended March 31,		
	2016	2015	Percent Change
<b>Income from continuing operations attributable to TSYS common shareholders</b>	\$ 90,628	77,755	16.6 %
Adjust for amounts attributable to TSYS common shareholders:			
Add: Acquisition intangible amortization, net of taxes	15,021	15,761	(4.7)
Add: Share-based compensation, net of taxes	5,406	5,441	(0.6)
Add: TransFirst M&A expenses, net of taxes*	9,655	-	nm
Adjusted earnings	<u>\$ 120,710</u>	<u>98,957</u>	22.0 %
<b>Basic EPS - Income from continuing operations attributable to TSYS common shareholders</b>			
As reported (GAAP)	<u>\$ 0.49</u>	<u>0.42</u>	17.3 %
Adjust for amounts attributable to TSYS common shareholders:			
Add: Acquisition intangible amortization, net of taxes	0.08	0.09	(4.0)
Add: Share-based compensation, net of taxes	0.03	0.03	(0.1)
Add: TransFirst M&A expenses, net of taxes*	0.05	-	nm
Adjusted EPS **	<u>\$ 0.66</u>	<u>0.54</u>	22.8 %
Weighted average shares outstanding	<u>183,256</u>	<u>184,481</u>	

\* Certain merger and acquisition costs are nondeductible for income tax purposes

\*\* Adjusted EPS amounts may not total due to rounding.

Adjusted EBITDA (unaudited) <i>(in thousands)</i>			
	Three Months Ended March 31,		
	2016	2015	Percent Change
<b>Net income</b>	\$ 92,408	78,899	17.1 %
Adjust for:			
Deduct: Equity in income of equity investments	(6,590)	(5,394)	(22.2)
Add: Income taxes	43,429	39,782	9.2
Add: Nonoperating expense	22,440	9,209	nm
Add: Depreciation and amortization	67,583	62,815	7.6
<b>EBITDA</b>	<u>\$ 219,270</u>	<u>185,311</u>	18.3 %
Adjust for:			
Add: Share-based compensation	8,158	8,143	0.2
Add: TransFirst M&A operating expenses	3,401	-	nm
<b>Adjusted EBITDA</b>	<u>\$ 230,829</u>	<u>193,454</u>	19.3 %

nm = not meaningful



Reconciliation of GAAP to Non-GAAP

Segment Operating Margin and Consolidated Adjusted Operating Margin  
(unaudited)  
(in thousands)

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	Adjusted Segment Operating Income	Net Revenue	Adjusted Operating Margin	Adjusted Segment Operating Income	Net Revenue	Adjusted Operating Margin
North America Services	\$ 124,788	303,641	41.10 %	\$ 102,570	266,219	38.53 %
International Services	10,289	75,354	13.65	6,983	73,730	9.47
Merchant Services	38,357	120,612	31.80	34,115	110,398	30.90
NetSpend	42,201	184,992	22.81	35,467	155,074	22.87
Intersegment	-	(12,955)		-	(9,637)	
Corporate admin and other	(29,468)			(24,629)		
Adjusted operating margin	\$ 186,167	671,644	27.72 %	\$ 154,506	595,784	25.93 %
Acquisition intangible amortization	(22,921)			(23,867)		
TransFirst M&A operating expenses	(3,401)			-		
Share-based compensation	(8,158)			(8,143)		
Operating income and margin*	\$ 151,687	671,644	22.58 %	\$ 122,496	595,784	20.56 %
Reimbursable items		67,734			66,372	
Operating income and margin (US GAAP)	\$ 151,687	739,378	20.52 %	\$ 122,496	662,156	18.50 %

\* Operating margin on net revenue

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