

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Total revenues	\$ 1,151,587	692,652	66.3 %	\$ 1,890,965	1,354,808	39.6 %
Cost of services	837,660	459,960	82.1	1,318,216	909,676	44.9
Selling, general and administrative expenses	178,106	102,090	74.5	285,241	192,034	48.5
Total expenses	<u>1,015,766</u>	<u>562,050</u>	80.7	<u>1,603,457</u>	<u>1,101,710</u>	45.5
Operating income	135,821	130,602	4.0	287,508	253,098	13.6
Nonoperating expenses	<u>(30,061)</u>	<u>(10,209)</u>	nm	<u>(52,501)</u>	<u>(19,418)</u>	nm
Income before income taxes, noncontrolling interests and equity in income of equity investments	105,760	120,393	(12.2)	235,007	233,680	0.6
Income taxes	<u>40,290</u>	<u>41,597</u>	(3.1)	<u>83,719</u>	<u>81,379</u>	2.9
Income before noncontrolling interests and equity in income of equity investments	65,470	78,796	(16.9)	151,288	152,301	(0.7)
Equity in income of equity investments, net of tax	<u>6,278</u>	<u>4,579</u>	37.1	<u>12,868</u>	<u>9,973</u>	29.0
Net income	71,748	83,375	(13.9)	164,156	162,274	1.2
Net income attributable to noncontrolling interests	<u>(2,040)</u>	<u>(536)</u>	nm	<u>(3,820)</u>	<u>(1,680)</u>	nm
Net income attributable to TSYS common shareholders	<u>\$ 69,708</u>	<u>82,839</u>	(15.9) %	<u>\$ 160,336</u>	<u>160,594</u>	(0.2) %
Earnings per share (EPS):						
Basic EPS	<u>\$ 0.38</u>	<u>0.45</u>	(15.8) %	<u>\$ 0.87</u>	<u>0.87</u>	0.2 %
Diluted EPS	<u>\$ 0.38</u>	<u>0.45</u>	(15.7) %	<u>\$ 0.87</u>	<u>0.87</u>	0.4 %
Weighted average shares outstanding: (includes participating securities)						
Basic	<u>183,724</u>	<u>183,829</u>		<u>183,489</u>	<u>184,153</u>	
Diluted	<u>184,598</u>	<u>185,020</u>		<u>184,336</u>	<u>185,299</u>	
Dividends declared per share	<u>\$ 0.10</u>	<u>0.10</u>		<u>\$ 0.20</u>	<u>0.20</u>	
<b>Non-GAAP measures:</b>						
Net revenue	<u>\$ 794,937</u>	<u>622,084</u>	27.8 %	<u>\$ 1,466,581</u>	<u>1,217,868</u>	20.4 %
Adjusted EPS from continuing operations	<u>\$ 0.74</u>	<u>0.58</u>	27.9 %	<u>\$ 1.40</u>	<u>1.11</u>	25.5 %
Adjusted EBITDA	<u>\$ 274,032</u>	<u>206,537</u>	32.7 %	<u>\$ 504,862</u>	<u>399,991</u>	26.2 %

nm = not meaningful

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TSYS  
Segment Breakdown  
(unaudited)  
(in thousands)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016	2015	Change		2016	2015	Change	
			\$	%			\$	%
Total revenues	\$ 1,151,587	692,652	458,935	66.3 %	\$ 1,890,965	1,354,808	536,157	39.6 %
Less reimbursable items	66,137	70,568	(4,431)	(6.3)	133,871	136,940	(3,069)	(2.2)
Less interchange & assessments expense	290,513	-	290,513	na	290,513	-	290,513	na
Net revenue	\$ 794,937	622,084	172,853	27.8 %	\$ 1,466,581	1,217,868	248,713	20.4 %
Net revenue (by segment):								
North America Services	\$ 297,168	287,199	9,969	3.5 %	\$ 600,809	553,418	47,391	8.6 %
International Services	81,771	83,857	(2,086)	(2.5)	157,125	157,587	(462)	(0.3)
Merchant Services	261,467	117,868	143,599	nm	382,079	228,266	153,813	67.4
NetSpend	162,620	141,621	20,999	14.8	347,613	296,695	50,918	17.2
Intersegment revenues	(8,089)	(8,461)	372	4.4	(21,045)	(18,098)	(2,947)	(16.3)
Net revenue from external customers	\$ 794,937	622,084	172,853	27.8 %	\$ 1,466,581	1,217,868	248,713	20.4 %
Depreciation and amortization:								
North America Services	\$ 27,442	24,468	2,974	12.2 %	\$ 54,925	47,532	7,393	15.6 %
International Services	8,207	8,628	(421)	(4.9)	16,343	17,406	(1,063)	(6.1)
Merchant Services	6,806	4,446	2,360	53.1	11,856	8,723	3,133	35.9
NetSpend	3,116	2,622	494	18.8	6,225	4,915	1,310	26.7
Segment depreciation and amortization	45,571	40,164	5,407	13.5	89,349	78,576	10,773	13.7
Acquisition intangible amortization	58,486	22,852	35,634	nm	81,407	46,718	34,689	74.3
Corporate admin and other	912	889	23	2.6	1,796	1,426	370	25.9
Total depreciation and amortization	\$ 104,969	63,905	41,064	64.3 %	\$ 172,552	126,720	45,832	36.2 %
Adjusted segment operating income:								
North America Services	\$ 112,737	108,385	4,352	4.0 %	\$ 237,525	210,956	26,569	12.6 %
International Services	15,751	13,353	2,398	18.0	26,040	20,336	5,704	28.0
Merchant Services	89,915	40,690	49,225	nm	128,272	74,805	53,467	71.5
NetSpend	42,481	36,442	6,039	16.6	84,682	71,909	12,773	17.8
Total adjusted segment operating income	260,884	198,870	62,014	31.2	476,519	378,006	98,513	26.1
Acquisition intangible amortization	(58,486)	(22,852)	(35,634)	nm	(81,407)	(46,718)	(34,689)	(74.3)
TransFirst M&A operating expenses	(20,676)	-	(20,676)	na	(24,078)	-	(24,078)	na
Share-based compensation	(12,566)	(12,030)	(536)	(4.5)	(20,724)	(20,173)	(551)	(2.7)
Corporate admin and other	(33,335)	(33,386)	51	0.2	(62,802)	(58,017)	(4,785)	(8.2)
Operating income	\$ 135,821	130,602	5,219	4.0 %	\$ 287,508	253,098	34,410	13.6 %

nm = not meaningful  
na = not applicable

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TSYS  
Condensed Balance Sheet  
(unaudited)  
(in thousands)

	June 30, 2016	December 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 465,319	389,328
Accounts receivable, net	396,693	314,705
Other current assets	147,419	154,199
Total current assets	<u>1,009,431</u>	<u>858,232</u>
Goodwill	3,252,118	1,545,424
Other intangible assets, net	1,002,589	328,320
Property, equipment and software, net	746,133	694,968
Other long term assets	466,762	450,951
Total assets	<u>\$ 6,477,033</u>	<u>3,877,895</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 34,428	52,213
Notes payable and capital leases	49,085	53,546
Other current liabilities	279,972	233,173
Total current liabilities	<u>363,485</u>	<u>338,932</u>
Bonds payable, notes payable and capital leases, excluding current portion	3,600,154	1,377,541
Deferred tax liability	411,532	192,445
Other long-term liabilities	93,135	96,885
Total liabilities	<u>4,468,306</u>	<u>2,005,803</u>
<b>Redeemable noncontrolling interest</b>	<u>23,299</u>	<u>23,410</u>
<b>Equity</b>		
Shareholders' equity	1,985,428	1,843,018
Noncontrolling interests in consolidated subsidiaries	-	5,664
Total equity	<u>1,985,428</u>	<u>1,848,682</u>
Total liabilities and equity	<u>\$ 6,477,033</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.

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

	Six Months Ended June 30,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net income	\$ 164,156	162,274
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of equity investments	(12,868)	(9,973)
Dividends received from equity investments	808	984
Depreciation and amortization	172,552	126,720
Amortization of debt issuance costs	11,451	917
Share-based compensation	20,724	20,173
Deferred income tax expense(benefit)	18,520	(12,954)
Other noncash adjustments	21,764	21,401
Changes in operating assets and liabilities	(56,227)	(24,249)
<b>Net cash provided by operating activities</b>	<b>340,880</b>	<b>285,293</b>
<b>Net cash used in investing activities</b>	<b>(2,428,856)</b>	<b>(97,512)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>2,169,545</b>	<b>(126,244)</b>
<b>Cash and cash equivalents:</b>		
Effect of exchange rate changes on cash and cash equivalents	(5,578)	(1,342)
Net increase in cash and cash equivalents	75,991	60,195
Cash and cash equivalents at beginning of period	389,328	289,183
Cash and cash equivalents at end of period	<u>\$ 465,319</u>	<u>349,378</u>
<b>Supplemental - Non-GAAP:</b>		
Net cash provided by operating activities	\$ 340,880	285,293
Capital expenditures	(81,807)	(96,552)
Free cash flow	<u>\$ 259,073</u>	<u>188,741</u>

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TSYS  
Supplemental Information  
(unaudited)

**Other  
Accounts on File (AOF):**

<i>(in millions)</i>	Total Accounts on File		
	At June 2016	At June 2015	% Change
Consumer	425.3	400.5	6.2
Commercial	47.0	44.0	7.1
Other	28.8	24.0	19.6
Traditional AOF	501.1	468.5	7.0
Prepaid*/Stored Value	79.5	133.1	(40.3)
Government Services	84.6	77.1	9.8
Commercial Card Single Use	76.9	72.7	5.8
Total AOF	742.1	751.4	(1.2)

\* Prepaid does not include NetSpend accounts

Growth in Accounts on File (in millions):

	June 2015 to June 2016	June 2014 to June 2015
Beginning balance	751.4	572.7
Change in accounts on file due to:		
Internal growth of existing clients	51.8	42.4
New clients	32.9	166.1
Purges/Sales	(24.0)	(29.3)
Deconversions	(70.0)	(0.5)
Ending balance	742.1	751.4

**Segment data:**

	Three Months Ended June 30,			
	2016	2015	Change Inc/(Dec)	%
North America Segment:				
Transactions <i>(in millions)</i>	4,326.6	4,042.2	284.4	7.0 %
International Segment:				
Transactions <i>(in millions)</i>	658.5	613.9	44.6	7.3 %
Merchant Segment:				
Point-of-sale transactions <i>(in millions)</i>	1,159.5	1,089.4	70.1	6.4 %
Dollar sales volume <i>(in millions)</i>	\$ 28,560.8	\$ 12,314.8	\$ 16,246.0	131.9 %
NetSpend Segment:				
Gross dollar volume <i>(in millions)</i>	\$ 6,614.7	\$ 5,531.0	\$ 1,083.7	19.6 %

	Six Months Ended June 30,			
	2016	2015	Change Inc/(Dec)	%
North America Segment:				
AOF <i>(in millions)</i>	660.9	677.5	(16.6)	(2.5) %
Traditional AOF <i>(in millions)</i>	435.1	405.4	29.7	7.3 %
Transactions <i>(in millions)</i>	8,296.2	7,353.0	943.2	12.8 %
International Segment:				
AOF <i>(in millions)</i>	81.3	73.9	7.4	10.0 %
Traditional AOF <i>(in millions)</i>	66.0	63.1	3.0	4.7 %
Transactions <i>(in millions)</i>	1,276.9	1,185.9	91.0	7.7 %
Merchant Segment:				
Point-of-sale transactions <i>(in millions)</i>	2,250.4	2,074.0	176.4	8.5 %
Dollar sales volume <i>(in millions)</i>	\$ 40,344.2	\$ 23,616.4	\$ 16,727.8	70.8 %
NetSpend Segment:				
Gross dollar volume <i>(in millions)</i>	\$ 15,776.2	\$ 13,191.7	\$ 2,584.5	19.6 %
Direct deposit 90-day active cards <i>(in thousands)</i>	2,192.5	1,879.8	312.7	16.6 %
90-day active cards <i>(in thousands)</i>	4,448.8	3,885.1	563.7	14.5 %
% of 90-day active cards with direct deposit	49.3%	48.4%		

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

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

The schedules below provide a reconciliation of revenues and operating results on a constant currency basis to reported revenues and operating income. This non-GAAP measure presents second quarter 2016 financial results using the previous year's foreign currency exchange rates. On a constant currency basis, TSYS' total revenues grew 40.4% as compared to a reported GAAP increase of 39.6%.

The schedules below also provide 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 schedules below provide 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 schedules also provide 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.

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 measures 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 important 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 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 June 30,			Six Months Ended June 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
<b>Consolidated</b>						
Constant currency (1)	\$ 1,157,633	692,652	67.1 %	\$ 1,902,607	1,354,808	40.4 %
Foreign currency impact (2)	(6,046)	-		(11,642)	-	
Total revenues	<u>\$ 1,151,587</u>	<u>692,652</u>	66.3 %	<u>\$ 1,890,965</u>	<u>1,354,808</u>	39.6 %
Constant currency (1)	\$ 800,586	622,084	28.7 %	\$ 1,477,432	1,217,868	21.3 %
Foreign currency impact (2)	(5,649)	-		(10,851)	-	
Net revenue	<u>\$ 794,937</u>	<u>622,084</u>	27.8 %	<u>\$ 1,466,581</u>	<u>1,217,868</u>	20.4 %
Constant currency (1)	\$ 137,848	130,602	5.5 %	\$ 290,629	253,098	14.8 %
Foreign currency impact (2)	(2,027)	-		(3,121)	-	
Operating income	<u>\$ 135,821</u>	<u>130,602</u>	4.0 %	<u>\$ 287,508</u>	<u>253,098</u>	13.6 %
<b>International Services</b>						
Constant currency (1)	\$ 93,549	89,618	4.4 %	\$ 180,160	169,420	6.3 %
Foreign currency impact (2)	(6,040)	-		(11,578)	-	
Total revenues	<u>\$ 87,509</u>	<u>89,618</u>	(2.4) %	<u>\$ 168,582</u>	<u>169,420</u>	(0.5) %
Constant currency (1)	\$ 87,413	83,857	4.2 %	\$ 167,911	157,587	6.6 %
Foreign currency impact (2)	(5,642)	-		(10,786)	-	
Net revenue	<u>\$ 81,771</u>	<u>83,857</u>	(2.5) %	<u>\$ 157,125</u>	<u>157,587</u>	(0.3) %

(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 June 30,			Six Months Ended June 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Total revenues	\$ 1,151,587	692,652	66.3 %	\$ 1,890,965	1,354,808	39.6 %
Less reimbursable items	66,137	70,568	(6.3)	133,871	136,940	(2.2)
Less interchange & assessments expense	290,513	-	na	290,513	-	na
Net revenue	<u>\$ 794,937</u>	<u>622,084</u>	27.8 %	<u>\$ 1,466,581</u>	<u>1,217,868</u>	20.4 %

na = not applicable

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Reconciliation of GAAP to Non-GAAP

Adjusted Earnings per Share (unaudited) (in thousands, except per share data)						
	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
<b>Income from continuing operations attributable to TSYS common shareholders</b>	\$ 69,708	82,839	(15.9) %	\$ 160,336	160,594	(0.2) %
Adjust for amounts attributable to TSYS common shareholders:						
Add: Acquisition intangible amortization	\$ 58,210	22,576	nm	80,855	46,167	75.1
Add: Share-based compensation	12,557	12,024	4.4	20,707	20,167	2.7
Add: TransFirst M&A expenses*	20,676	-	na	33,859	-	na
Less: Tax impact of adjustments**	(25,735)	(11,484)	nm	(39,631)	(22,016)	(80.0)
Adjusted earnings	\$ 135,416	105,955	27.8 %	\$ 256,126	204,912	25.0 %
<b>Basic EPS - Income from continuing operations attributable to TSYS common shareholders</b>						
As reported (GAAP)	\$ 0.38	0.45	(15.8) %	\$ 0.87	0.87	0.2 %
Adjusted EPS	\$ 0.74	0.58	27.9 %	\$ 1.40	1.11	25.5 %
Weighted average shares outstanding	183,724	183,829		183,489	184,153	

\* Costs associated with the TransFirst acquisition and integration which are included in selling, general and administrative expenses and nonoperating expenses.

\*\* Certain of these merger and acquisition costs are nondeductible for income tax purposes. Income tax impact includes a discrete item as a result of the acquisition.

Adjusted EBITDA (unaudited) (in thousands)						
	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
<b>Net income</b>	\$ 71,748	83,375	(13.9) %	\$ 164,156	162,274	1.2 %
Adjust for:						
Deduct: Equity in income of equity investments	(6,278)	(4,579)	(37.1)	(12,868)	(9,973)	(29.0)
Add: Income taxes	40,290	41,597	(3.1)	83,719	81,379	2.9
Add: Nonoperating expense	30,061	10,209	nm	52,501	19,418	nm
Add: Depreciation and amortization	104,969	63,905	64.3	172,552	126,720	36.2
<b>EBITDA</b>	\$ 240,790	194,507	23.8 %	\$ 460,060	379,818	21.1 %
Adjust for:						
Add: Share-based compensation	12,566	12,030	4.5	20,724	20,173	2.7
Add: TransFirst M&A expenses*	20,676	-	na	24,078	-	na
<b>Adjusted EBITDA</b>	\$ 274,032	206,537	32.7 %	\$ 504,862	399,991	26.2 %

\* Costs associated with the TransFirst acquisition and integration which are included in selling, general and administrative expenses.

nm = not meaningful

na = not applicable



Reconciliation of GAAP to Non-GAAP

Segment Operating Margin and Consolidated Adjusted Operating Margin (unaudited) (in thousands)								
	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015				
	Adjusted Segment Operating Income	Net Revenue	Adjusted Operating Margin	Adjusted Segment Operating Income	Net Revenue	Adjusted Operating Margin		
North America Services	\$ 112,737	297,168	37.94 %	\$ 108,385	287,199	37.74 %		
International Services	15,751	81,771	19.26	13,353	83,857	15.92		
Merchant Services	89,915	261,467	34.39	40,690	117,868	34.52		
NetSpend	42,481	162,620	26.12	36,442	141,621	25.73		
Intersegment	-	(8,089)		-	(8,461)			
Corporate admin and other	(33,335)			(33,386)				
Subtotal	\$ 227,549	794,937	28.62 %	\$ 165,484	622,084	26.60 %		
Acquisition intangible amortization	(58,486)			(22,852)				
TransFirst M&A expenses*	(20,676)			-				
Share-based compensation	(12,566)			(12,030)				
Operating income and margin**	\$ 135,821	794,937	17.09 %	\$ 130,602	622,084	20.99 %		
Reimbursable items		66,137			70,568			
Interchange and assessments		290,513			-			
Operating income and margin (US GAAP)	\$ 135,821	1,151,587	11.79 %	\$ 130,602	692,652	18.86 %		
	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015				
	Adjusted Segment Operating Income	Net Revenue	Adjusted Operating Margin	Adjusted Segment Operating Income	Net Revenue	Adjusted Operating Margin		
North America Services	\$ 237,525	600,809	39.53 %	\$ 210,956	553,418	38.12 %		
International Services	26,040	157,125	16.57	20,336	157,587	12.90		
Merchant Services	128,272	382,079	33.57	74,805	228,266	32.77		
NetSpend	84,682	347,613	24.36	71,909	296,695	24.24		
Intersegment	-	(21,045)		-	(18,098)			
Corporate admin and other	(62,802)			(58,017)				
Subtotal	\$ 413,717	1,466,581	28.21 %	\$ 319,989	1,217,868	26.27 %		
Acquisition intangible amortization	(81,407)			(46,718)				
TransFirst M&A expenses*	(24,078)			-				
Share-based compensation	(20,724)			(20,173)				
Operating income and margin**	\$ 287,508	1,466,581	19.60 %	\$ 253,098	1,217,868	20.78 %		
Reimbursable items		133,871			136,940			
Interchange and assessments		290,513			-			
Operating income and margin (US GAAP)	\$ 287,508	1,890,965	15.20 %	\$ 253,098	1,354,808	18.68 %		

\* Costs associated with the TransFirst acquisition and integration which are included in selling, general and administrative expenses.

\*\* Operating margin on net revenue.