

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Total revenues	\$ 1,146,888	707,890	62.0 %	\$ 3,037,853	2,062,698	47.3 %
Cost of services	840,300	456,465	84.1	2,166,731	1,366,141	58.6
Selling, general and administrative expenses	151,261	88,321	71.3	428,287	280,355	52.8
Total expenses*	<u>991,561</u>	<u>544,786</u>	82.0	<u>2,595,018</u>	<u>1,646,496</u>	57.6
Operating income	155,327	163,104	(4.8)	442,835	416,202	6.4
Nonoperating expenses	<u>(30,005)</u>	<u>(8,564)</u>	nm	<u>(82,506)</u>	<u>(27,982)</u>	nm
Income before income taxes, noncontrolling interests and equity in income of equity investments	125,322	154,540	(18.9)	360,329	388,220	(7.2)
Income taxes	<u>44,247</u>	<u>37,825</u>	17.0	<u>127,966</u>	<u>119,204</u>	7.4
Income before noncontrolling interests and equity in income of equity investments	81,075	116,715	(30.5)	232,363	269,016	(13.6)
Equity in income of equity investments, net of tax	<u>6,366</u>	<u>5,336</u>	19.3	<u>19,234</u>	<u>15,309</u>	25.6
Net income	87,441	122,051	(28.4)	251,597	284,325	(11.5)
Net income attributable to noncontrolling interests	<u>(2,089)</u>	<u>(1,429)</u>	(46.2)	<u>(5,909)</u>	<u>(3,109)</u>	(90.1)
Net income attributable to TSYS common shareholders	<u>\$ 85,352</u>	<u>120,622</u>	(29.2) %	<u>\$ 245,688</u>	<u>281,216</u>	(12.6) %
Earnings per share (EPS):						
Basic EPS	<u>\$ 0.46</u>	<u>0.66</u>	(29.2) %	<u>\$ 1.34</u>	<u>1.53</u>	(12.3) %
Diluted EPS	<u>\$ 0.46</u>	<u>0.65</u>	(29.0) %	<u>\$ 1.33</u>	<u>1.52</u>	(12.1) %
Weighted average shares outstanding: (includes participating securities)						
Basic	<u>183,830</u>	<u>183,954</u>		<u>183,601</u>	<u>184,320</u>	
Diluted	<u>184,642</u>	<u>185,281</u>		<u>184,430</u>	<u>185,534</u>	
Dividends declared per share	<u>\$ 0.10</u>	<u>0.10</u>		<u>\$ 0.30</u>	<u>0.30</u>	
Non-GAAP measures:						
Net revenue	<u>\$ 789,588</u>	<u>636,386</u>	24.1 %	<u>\$ 2,256,169</u>	<u>1,854,254</u>	21.7 %
Adjusted EPS	<u>\$ 0.71</u>	<u>0.78</u>	(8.7) %	<u>\$ 2.11</u>	<u>1.89</u>	11.5 %
Adjusted EBITDA	<u>\$ 269,142</u>	<u>238,898</u>	12.7 %	<u>\$ 774,003</u>	<u>638,889</u>	21.1 %

* Certain amounts in prior quarters in 2016 have been reclassified between cost of services and selling, general and administrative expenses.

** See reconciliation of non-GAAP measures.

nm = not meaningful

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TSYS
Segment Breakdown
(unaudited)
(in thousands)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	Change		2016	2015	Change	
			\$	%			\$	%
Operating income (a)	\$ 155,327	163,104	(7,777)	(4.8) %	\$ 442,835	416,202	26,633	6.4 %
Share-based compensation	13,069	11,295	1,774	15.7	33,792	31,468	2,324	7.4
TransFirst M&A expenses	1,830	-	1,830	na	25,908	-	25,908	na
Acquisition intangible amortization	53,341	22,883	30,458	nm	134,748	69,601	65,147	93.6
Adjusted operating income (b)	\$ 223,567	197,282	26,285	13.3 %	\$ 637,283	517,271	120,012	23.2 %
Adjusted segment operating income:								
North America Services (c)	\$ 113,425	113,946	(521)	(0.5) %	\$ 350,955	324,902	26,053	8.0 %
International Services (d)	15,524	18,370	(2,846)	(15.5)	41,564	38,706	2,858	7.4
Merchant Services (e)	90,784	42,387	48,397	nm	219,056	117,192	101,864	86.9
NetSpend (f)	40,856	37,315	3,541	9.5	125,538	109,224	16,314	14.9
Corporate admin and other	(37,022)	(14,736)	(22,286)	nm	(99,830)	(72,753)	(27,077)	(37.2)
Adjusted segment operating income	\$ 223,567	197,282	26,285	13.3 %	\$ 637,283	517,271	120,012	23.2 %
Total revenues (g)	\$ 1,146,888	707,890	438,998	62.0 %	\$ 3,037,853	2,062,698	975,155	47.3 %
Less: reimbursable items, interchange and assessments expenses	357,300	71,504	285,796	nm	781,684	208,444	573,240	nm
Net revenue (h)	789,588	636,386	153,202	24.1	2,256,169	1,854,254	401,915	21.7
Intersegment revenues	8,454	7,000	1,454	20.8	29,498	25,098	4,400	17.5
Segment net revenue	\$ 798,042	643,386	154,656	24.0 %	\$ 2,285,667	1,879,352	406,315	21.6 %
Segment net revenue								
North America Services (i)	\$ 300,754	293,571	7,183	2.4 %	\$ 901,563	846,989	54,574	6.4 %
International Services (j)	79,445	86,446	(7,001)	(8.1)	236,570	244,033	(7,463)	(3.1)
Merchant Services (k)	262,494	123,721	138,773	nm	644,573	351,987	292,586	83.1
NetSpend (l)	155,349	139,648	15,701	11.2	502,961	436,343	66,618	15.3
Segment net revenue	\$ 798,042	643,386	154,656	24.0 %	\$ 2,285,667	1,879,352	406,315	21.6 %
Operating margin (GAAP) (a)/(g)	13.5%	23.0%			14.6%	20.2%		
Adjusted operating margin on net revenue (b)/(h)	28.3%	31.0%			28.3%	27.9%		
Adjusted segment operating margin on net revenue								
North America Services(c)/(i)	37.7%	38.8%			38.9%	38.4%		
International Services (d)/(j)	19.5%	21.3%			17.6%	15.9%		
Merchant Services (e)/(k)	34.6%	34.3%			34.0%	33.3%		
NetSpend (f)/(l)	26.3%	26.7%			25.0%	25.0%		

nm = not meaningful
na = not applicable

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TSYS
Segment Breakdown
(unaudited)
(in thousands)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	Change		2016	2015	Change	
			\$	%			\$	%
Depreciation and amortization:								
North America Services	\$ 27,540	25,300	2,240	8.9 %	\$ 82,464	72,831	9,633	13.2 %
International Services	7,050	8,678	(1,628)	(18.8)	23,394	26,084	(2,690)	(10.3)
Merchant Services	6,846	4,670	2,176	46.6	18,702	13,394	5,308	39.6
NetSpend	3,241	2,632	609	23.1	9,466	7,547	1,919	25.4
Segment depreciation and amortization	44,677	41,280	3,397	8.2	134,026	119,856	14,170	11.8
Acquisition intangible amortization	53,341	22,883	30,458	nm	134,748	69,601	65,147	93.6
Corporate admin and other	898	336	562	nm	2,694	1,762	932	52.9
Total depreciation and amortization	\$ 98,916	64,499	34,417	53.4 %	\$ 271,468	191,219	80,249	42.0 %

Segment statistical data:

Transactions (in millions)								
North America Services:	4,361.5	4,156.7	204.8	4.9 %	12,657.7	11,509.6	1,148.1	10.0 %
International Services:	698.8	626.1	72.7	11.6	1,975.7	1,812.0	163.7	9.0
Total transactions	5,060.3	4,782.8	277.5	5.8 %	14,633.4	13,321.6	1,311.8	9.8 %

Accounts on file (AOF) (in millions)								
North America Services:					652.5	685.5	(33.0)	(4.8) %
International Services:					86.3	74.9	11.4	15.2
Total AOF					738.8	760.4	(21.6)	(2.8) %

Traditional accounts on file (AOF) (in millions)								
North America Services:					444.6	404.6	40.0	9.9 %
International Services:					66.6	63.3	3.3	5.2
Total Traditional AOF					511.2	467.9	43.3	9.2 %

Merchant Services								
Point-of-sale transactions (in millions)	1,177.1	1,117.3	59.8	5.4 %	3,427.6	3,191.3	236.3	7.4 %
Dollar sales volume (in millions)	\$ 28,680.7	12,055.7	16,625.0	nm %	\$ 69,024.9	35,671.5	33,353.4	93.5 %

NetSpend								
Gross dollar volume (in millions)	\$ 6,367.0	5,391.2	975.8	18.1 %	\$ 22,143.3	18,582.8	3,560.5	19.2 %

Direct deposit 90-day active cards (in thousands)								
90-day active cards (in thousands)					2,079.8	1,796.0	283.8	15.8 %
% of 90-day active cards with direct deposit					50.0%	49.3%		

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TSYS
Condensed Balance Sheet
(unaudited)
(in thousands)

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 446,883	389,328
Accounts receivable, net	413,867	314,705
Other current assets	124,118	154,199
Total current assets	<u>984,868</u>	<u>858,232</u>
Goodwill	3,254,422	1,545,424
Other intangible assets, net	954,821	328,320
Property, equipment and software, net	722,749	694,968
Other long term assets	458,318	450,951
Total assets	<u>\$ 6,375,178</u>	<u>3,877,895</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 36,659	52,213
Notes payable and capital leases	43,244	53,546
Other current liabilities	289,572	233,173
Total current liabilities	<u>369,475</u>	<u>338,932</u>
Bonds payable, notes payable and capital leases, excluding current portion	3,425,147	1,377,541
Deferred tax liability	398,083	192,445
Other long-term liabilities	91,751	96,885
Total liabilities	<u>4,284,456</u>	<u>2,005,803</u>
Redeemable noncontrolling interest	<u>25,053</u>	<u>23,410</u>
Equity		
Shareholders' equity	2,065,669	1,843,018
Noncontrolling interests in consolidated subsidiaries	-	5,664
Total equity	<u>2,065,669</u>	<u>1,848,682</u>
Total liabilities and equity	<u>\$ 6,375,178</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)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 251,597	284,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of equity investments	(19,234)	(15,309)
Dividends received from equity investments	15,246	12,092
Depreciation and amortization	271,468	191,219
Amortization of debt issuance costs	12,499	1,378
Share-based compensation	33,792	31,468
Deferred income tax expense(benefit)	4,110	(25,960)
Other noncash adjustments	35,508	29,039
Changes in operating assets and liabilities	(54,026)	(47,698)
Net cash provided by operating activities	<u>550,960</u>	<u>460,554</u>
Net cash used in investing activities	(2,457,138)	(138,618)
Net cash provided by (used in) financing activities	1,969,628	(158,429)
Cash and cash equivalents:		
Effect of exchange rate changes on cash and cash equivalents	(5,895)	(4,840)
Net increase in cash and cash equivalents	57,555	158,667
Cash and cash equivalents at beginning of period	389,328	289,183
Cash and cash equivalents at end of period	<u>\$ 446,883</u>	<u>447,850</u>

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TSYS
Supplemental Information
(unaudited)

Other

AOF:

<i>(in millions)</i>	Total Accounts on File		
	At September 2016	At September 2015	% Change
Consumer	433.5	399.0	8.6
Commercial	48.0	44.1	8.9
Other	29.7	24.8	19.5
Traditional AOF	511.2	467.9	9.2
Prepaid*/Stored Value	58.9	133.8	(56.0)
Government Services	85.7	78.7	9.0
Commercial Card Single Use	83.0	80.0	3.8
Total AOF	738.8	760.4	(2.8)

* Prepaid does not include NetSpend accounts

Growth in Accounts on File (in millions):

	September 2015 to September 2016	September 2014 to September 2015
Beginning balance	760.4	605.5
Change in accounts on file due to:		
Internal growth of existing clients	53.8	41.0
New clients	31.6	153.7
Purges/Sales	(16.7)	(38.3)
Deconversions	(90.3)	(1.5)
Ending balance	738.8	760.4

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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 third quarter 2016 financial results using the previous year's foreign currency exchange rates. On a constant currency basis, TSYS' total revenues grew 48.5% as compared to a reported GAAP increase of 47.3%.

The schedules below also provide a reconciliation of EPS to adjusted EPS.

The schedules below also provide a reconciliation of net income to EBITDA and adjusted EBITDA.

The schedules below also provide a reconciliation of operating margin to adjusted operating margin excluding severance.

The schedules below also provide a reconciliation of cash flows from operating activities and capital expenditures to free cash flow.

The schedules below also provide a reconciliation of 2016 guidance of total revenues to net revenue and EPS to adjusted EPS.

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.

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 measures of other companies due to potential inconsistencies in the method of calculation.

TSYS believes that its provision 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 September 30,			Nine Months Ended September 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Consolidated						
Constant currency (1)	\$ 1,161,181	707,890	64.0 %	\$ 3,063,788	2,062,698	48.5 %
Foreign currency impact (2)	(14,293)	-		(25,935)	-	
Total revenues	<u>\$ 1,146,888</u>	<u>707,890</u>	62.0 %	<u>\$ 3,037,853</u>	<u>2,062,698</u>	47.3 %
Constant currency (1)	\$ 802,958	636,386	26.2 %	\$ 2,280,389	1,854,254	23.0 %
Foreign currency impact (2)	(13,370)	-		(24,220)	-	
Net revenue	<u>\$ 789,588</u>	<u>636,386</u>	24.1 %	<u>\$ 2,256,169</u>	<u>1,854,254</u>	21.7 %
Constant currency (1)	\$ 161,567	163,104	(0.9) %	\$ 452,196	416,202	8.6 %
Foreign currency impact (2)	(6,240)	-		(9,361)	-	
Operating income	<u>\$ 155,327</u>	<u>163,104</u>	(4.8) %	<u>\$ 442,835</u>	<u>416,202</u>	6.4 %
International Services						
Constant currency (1)	\$ 99,171	92,177	7.6 %	\$ 279,332	261,597	6.8 %
Foreign currency impact (2)	(14,338)	-		(25,917)	-	
Total revenues	<u>\$ 84,833</u>	<u>92,177</u>	(8.0) %	<u>\$ 253,415</u>	<u>261,597</u>	(3.1) %
Constant currency (1)	\$ 92,861	86,446	7.4 %	\$ 260,772	244,033	6.9 %
Foreign currency impact (2)	(13,416)	-		(24,202)	-	
Net revenue	<u>\$ 79,445</u>	<u>86,446</u>	(8.1) %	<u>\$ 236,570</u>	<u>244,033</u>	(3.1) %

(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 September 30,			Nine Months Ended September 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Total revenues	\$ 1,146,888	707,890	62.0 %	\$ 3,037,853	2,062,698	47.3 %
Less: reimbursable items, interchange and assessments expenses	357,300	71,504	nm	781,684	208,444	nm
Net revenue	<u>\$ 789,588</u>	<u>636,386</u>	24.1 %	<u>\$ 2,256,169</u>	<u>1,854,254</u>	21.7 %

nm = not meaningful

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Reconciliation of GAAP to Non-GAAP

Adjusted Earnings per Share (unaudited) (in thousands, except per share data)						
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Income attributable to TSYS common shareholders	\$ 85,352	120,622	(29.2) %	\$ 245,688	281,216	(12.6) %
Adjust for amounts attributable to TSYS common shareholders:						
Add: Acquisition intangible amortization	\$ 53,065	22,607	nm	\$ 133,920	68,774	94.7
Add: Share-based compensation	13,059	11,291	15.7	33,766	31,459	7.3
Add: TransFirst M&A expenses*	1,830	-	na	35,689	-	na
Less: Tax impact of adjustments**	(22,633)	(11,250)	nm	(62,264)	(33,267)	(87.2)
Adjusted earnings	\$ 130,673	143,270	(8.8) %	\$ 386,799	348,182	11.1 %
Add: Severance impact	8,749	-	na	8,749	-	na
Add: Severance impact - Share-based compensation	147	-	na	147	-	na
Add: Currency impact	6,320	-	na	9,564	-	na
Less: Federal & state R&D tax credits and related expenses	-	(15,084)	nm	-	(15,084)	nm
Less: Tax impact of adjustments	(4,671)	(8,473)	nm	(5,686)	(8,473)	nm
Adjusted earnings excluding impact of severance, currency and tax credits	\$ 141,218	119,713	18.0 %	\$ 399,573	324,625	23.1 %
Basic EPS - Income attributable to TSYS common shareholders						
As reported (GAAP)	\$ 0.46	0.66	(29.2) %	\$ 1.34	1.53	(12.3) %
Adjusted EPS	\$ 0.71	0.78	(8.7) %	\$ 2.11	1.89	11.5 %
Add/Less: Impact of severance, currency and tax credits	0.06	(0.13)	nm	0.07	(0.13)	nm
Adjusted EPS without impact of severance, currency and tax credits	\$ 0.77	0.65	18.1 %	\$ 2.18	1.76	23.6 %
Weighted average shares outstanding	183,830	183,954		183,601	184,320	

* Costs associated with the TransFirst acquisition and integration that 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 September 30,			Nine Months Ended September 30,		
	2016	2015	Percent Change	2016	2015	Percent Change
Net income	\$ 87,441	122,051	(28.4) %	\$ 251,597	284,325	(11.5) %
Adjust for:						
Less: Equity in income of equity investments	(6,366)	(5,336)	(19.3)	(19,234)	(15,309)	(25.6)
Add: Income taxes	44,247	37,825	17.0	127,966	119,204	7.4
Add: Nonoperating expense	30,005	8,564	nm	82,506	27,982	nm
Add: Depreciation and amortization	98,916	64,499	53.4	271,468	191,219	42.0
EBITDA	\$ 254,243	227,603	11.7 %	\$ 714,303	607,421	17.6 %
Adjust for:						
Add: Share-based compensation	13,069	11,295	15.7	33,792	31,468	7.4
Add: TransFirst M&A expenses*	1,830	-	na	25,908	-	na
Adjusted EBITDA	\$ 269,142	238,898	12.7 %	\$ 774,003	638,889	21.1 %

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

nm = not meaningful

na = not applicable

Reconciliation of GAAP to Non-GAAP

TSYS Operating Margins Excluding the Impact of Severance (unaudited) (in thousands)						
	Three Months Ended September 30,			Nine Months Ended September 30,		
	As reported 2016	Severance	Adjusted 2016	As reported 2016	Severance	Adjusted 2016
Operating income (a)	\$ 155,327	8,749	164,076	\$ 442,835	8,749	451,584
Share-based compensation	13,069	147	13,216	33,792	147	33,939
TransFirst M&A expenses	1,830	-	1,830	25,908	-	25,908
Acquisition intangible amortization	53,341	-	53,341	134,748	-	134,748
Adjusted segment operating income (b)	<u>\$ 223,567</u>	<u>8,896</u>	<u>232,463</u>	<u>\$ 637,283</u>	<u>8,896</u>	<u>646,179</u>
Adjusted segment operating income:						
North America Services (c)	\$ 113,425	6,103	119,528	\$ 350,955	6,103	357,058
International Services (d)	15,524	1,882	17,406	41,564	1,882	43,446
Merchant Services (e)	90,784	81	90,865	219,056	81	219,137
NetSpend (f)	40,856	182	41,038	125,538	182	125,720
Corporate admin and other	(37,022)	648	(36,374)	(99,830)	648	(99,182)
Adjusted segment operating income (b)	<u>\$ 223,567</u>	<u>8,896</u>	<u>232,463</u>	<u>\$ 637,283</u>	<u>8,896</u>	<u>646,179</u>
Total revenues (g)	\$ 1,146,888		1,146,888	\$ 3,037,853		3,037,853
Less: reimbursable items, interchange and assessments expenses	357,300		357,300	781,684		781,684
Net revenue (h)	<u>\$ 789,588</u>		<u>789,588</u>	<u>\$ 2,256,169</u>		<u>2,256,169</u>
Segment net revenue						
North America Services (i)	\$ 300,754		300,754	\$ 901,563		901,563
International Services (j)	79,445		79,445	236,570		236,570
Merchant Services (k)	262,494		262,494	644,573		644,573
NetSpend (l)	155,349		155,349	502,961		502,961
Intersegment revenues	(8,454)		(8,454)	(29,498)		(29,498)
Net revenue (h)	<u>\$ 789,588</u>		<u>789,588</u>	<u>\$ 2,256,169</u>		<u>2,256,169</u>
Operating margin (GAAP) (a)/(g)	<u>13.5%</u>		<u>14.3%</u>	<u>14.6%</u>		<u>14.9%</u>
Adjusted operating margin on net revenue (b)/(h)	<u>28.3%</u>		<u>29.4%</u>	<u>28.3%</u>		<u>28.6%</u>
Adjusted segment operating margin on net revenue						
North America Services(c)/(i)	<u>37.7%</u>		<u>39.7%</u>	<u>38.9%</u>		<u>39.6%</u>
International Services (d)/(j)	<u>19.5%</u>		<u>21.9%</u>	<u>17.6%</u>		<u>18.4%</u>
Merchant Services (e)/(k)	<u>34.6%</u>		<u>34.6%</u>	<u>34.0%</u>		<u>34.0%</u>
NetSpend (f)/(l)	<u>26.3%</u>		<u>26.4%</u>	<u>25.0%</u>		<u>25.0%</u>

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Reconciliation of GAAP to Non-GAAP

Free Cash Flow (unaudited) (in thousands)		
Free cash flow:	Nine Months Ended September 30,	
	2016	2015
Net cash provided by operating activities	\$ 550,960	460,554
Capital expenditures	<u>(107,335)</u>	<u>(136,183)</u>
Free cash flow	<u>\$ 443,625</u>	<u>324,371</u>

Guidance Summary
(unaudited)
(in thousands, except per share data)

Revenue:	2016		% Change	
Total revenues (GAAP)	\$ 4,150	to	\$ 4,170	49% to 50%
Less: reimbursable items, interchange and assessments expenses	<u>1,120</u>	to	<u>1,125</u>	
Net revenue (non-GAAP)	\$ 3,030	to	\$ 3,045	21% to 22%

Earnings per share (EPS)

Basic EPS (GAAP)	\$ 1.77	to	\$ 1.83	(10%) to (7%)
Acquisition intangible amortization, share-based compensation and TransFirst M&A expenses, less the tax impact of adjustments	<u>1.01</u>	to	<u>1.02</u>	
Adjusted EPS attributable to TSYS common shareholders from continuing operations* (non-GAAP)	\$ 2.78	to	\$ 2.85	13% to 16%

* Average basic weighted shares 183.7

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