

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	2009	Percent Change	2010	2009	Percent Change
Total revenues	\$ 433,746	411,993	5.3 %	\$ 849,100	820,927	3.4 %
Cost of services	298,485	280,111	6.6	590,677	564,787	4.6
Selling, general and administrative expenses	55,963	49,103	14.0	100,054	95,246	5.0
Operating income	79,298	82,779	(4.2)	158,369	160,894	(1.6)
Nonoperating expenses	(1,172)	(2,278)	nm	(1,433)	(3,737)	nm
Income from continuing operations before income taxes, noncontrolling interests and equity in income of equity investments	78,126	80,501	(3.0)	156,936	157,157	(0.1)
Income taxes	28,099	29,229	(3.9)	55,982	56,644	(1.2)
Income from continuing operations before noncontrolling interests and equity in income of equity investments	50,027	51,272	(2.4)	100,954	100,513	0.4
Equity in income of equity investments	2,366	1,626	45.5	3,259	2,669	22.1
Income from continuing operations, net of tax	52,393	52,898	(1.0)	104,213	103,182	1.0
Loss from discontinued operations, net of tax	84	1,120	nm	84	(2,223)	nm
Net income	52,477	54,018	(2.9)	104,297	100,959	3.3
Net income attributable to noncontrolling interests	(2,773)	(571)	nm	(3,267)	(986)	nm
Net income attributable to TSYS common shareholders	\$ 49,704	53,447	(7.0) %	\$ 101,030	99,973	1.1 %
Basic earnings per share:						
Income from continuing operations to TSYS common shareholders	\$ 0.25	0.27	(5.3) %	\$ 0.51	0.52	(1.3) %
Loss from discontinued operations to TSYS common shareholders	0.00	0.01	nm	0.00	(0.01)	nm
Net income attributable to TSYS common shareholders	\$ 0.25	0.27	(7.1) %	\$ 0.51	0.51	1.0 %
Diluted earnings per share:						
Income from continuing operations to TSYS common shareholders	\$ 0.25	0.27	(5.2) %	\$ 0.51	0.52	(1.2) %
Loss from discontinued operations to TSYS common shareholders	0.00	0.01	nm	0.00	(0.01)	nm
Net income attributable to TSYS common shareholders	\$ 0.25	0.27	(7.0) %	\$ 0.51	0.51	1.0 %
Dividends declared per share	\$ 0.07	0.07		\$ 0.14	0.14	
Amounts attributable to TSYS common shareholders:						
Income from continuing operations, net of tax	\$ 49,620	52,327		\$ 100,946	102,196	
(Loss) income from discontinued operations, net of tax	84	1,120		84	(2,223)	
Net income	\$ 49,704	53,447		\$ 101,030	99,973	

nm = not meaningful

TSYS  
Earnings Per Share  
(unaudited)  
*(in thousands, except per share data)*

	Three Months Ended June 30, 2010		Three Months Ended June 30, 2009		Six Months Ended June 30, 2010		Six Months Ended June 30, 2009	
	Common Stock	Participating Securities	Common Stock	Participating Securities	Common Stock	Participating Securities	Common Stock	Participating Securities
<b>Basic Earnings per share:</b>								
Net income	\$ 49,704		53,447		\$ 101,030		\$ 99,973	
Less income allocated to nonvested awards	<u>(250)</u>	<u>250</u>	<u>(413)</u>	<u>413</u>	<u>(514)</u>	<u>514</u>	<u>(816)</u>	<u>816</u>
Net income allocated to common stock for EPS calculation ( a )	<u>\$ 49,454</u>	<u>250</u>	<u>53,034</u>	<u>413</u>	<u>\$ 100,516</u>	<u>514</u>	<u>\$ 99,157</u>	<u>816</u>
Average common shares outstanding ( b )	<u>196,347</u>	<u>998</u>	<u>195,634</u>	<u>1,530</u>	<u>196,254</u>	<u>1,007</u>	<u>195,466</u>	<u>1,614</u>
Average common shares and participating securities	<u>197,345</u>		<u>197,164</u>		<u>197,261</u>		<u>197,080</u>	
Basic Earnings per share ( a )/( b )	<u>\$ 0.25</u>	<u>0.25</u>	<u>0.27</u>	<u>0.27</u>	<u>\$ 0.51</u>	<u>0.51</u>	<u>\$ 0.51</u>	<u>0.51</u>
<b>Diluted Earnings per share:</b>								
Net income	\$ 49,704		53,447		\$ 101,030		\$ 99,973	
Less income allocated to nonvested awards	<u>(250)</u>	<u>250</u>	<u>(413)</u>	<u>413</u>	<u>(514)</u>	<u>514</u>	<u>(815)</u>	<u>815</u>
Net income allocated to common stock for EPS calculation ( c )	<u>\$ 49,454</u>	<u>250</u>	<u>53,034</u>	<u>413</u>	<u>\$ 100,516</u>	<u>514</u>	<u>\$ 99,158</u>	<u>815</u>
Average common shares outstanding	196,347	998	195,634	1,530	196,254	1,007	195,466	1,614
Increase due to assumed issuance of shares related to common equivalent shares outstanding	<u>85</u>		<u>351</u>		<u>87</u>		<u>358</u>	
Average common and common equivalent shares outstanding ( d )	<u>196,432</u>	<u>998</u>	<u>195,985</u>	<u>1,530</u>	<u>196,341</u>	<u>1,007</u>	<u>195,824</u>	<u>1,614</u>
Average common and common equivalent shares and participating securities	<u>197,430</u>		<u>197,515</u>		<u>197,348</u>		<u>197,438</u>	
Diluted Earnings per share ( c )/( d )	<u>\$ 0.25</u>	<u>0.25</u>	<u>0.27</u>	<u>0.27</u>	<u>\$ 0.51</u>	<u>0.51</u>	<u>\$ 0.51</u>	<u>0.51</u>

- more -

TSYS Segment Breakdown (unaudited) (in thousands)								
Three Months Ended June 30,					Six Months Ended June 30,			
	2010	2009	Change		2010	2009	Change	
			\$	%			\$	%
Revenues before reimbursable items								
North America Services	\$ 202,061	222,950	(20,889)	(9.4) %	417,371	446,732	(29,361)	(6.6) %
International Services	74,769	73,283	1,486	2.0 %	151,050	143,867	7,183	5.0 %
Merchant Services	94,748	62,153	32,595	52.4 %	153,411	120,359	33,052	27.5 %
Intersegment revenues	(5,980)	(7,664)	1,684	(22.0) %	(11,682)	(14,791)	3,109	(21.0) %
Revenues before reimbursable items from external customers	\$ 365,598	350,722	14,876	4.2 %	710,150	696,167	13,983	2.0 %
Total revenues								
North America Services	\$ 236,810	264,984	(28,174)	(10.6) %	491,038	533,773	(42,735)	(8.0) %
International Services	77,987	76,433	1,554	2.0 %	157,379	150,234	7,145	4.8 %
Merchant Services	126,765	80,338	46,427	57.8 %	215,974	155,836	60,138	38.6 %
Intersegment revenues	(7,816)	(9,762)	1,946	(19.9) %	(15,291)	(18,916)	3,625	(19.2) %
Revenues from external customers	\$ 433,746	411,993	21,753	5.3 %	849,100	820,927	28,173	3.4 %
Depreciation and amortization								
North America Services	\$ 18,891	20,799	(1,908)	(9.2) %	39,294	44,029	(4,735)	(10.8) %
International Services	8,597	8,424	173	2.1 %	17,192	15,849	1,343	8.5 %
Merchant Services	12,302	8,149	4,153	51.0 %	20,888	16,235	4,653	28.7 %
Corporate Admin	612	922	(310)	(33.6) %	1,592	1,658	(66)	(4.0) %
Total depreciation and amortization	\$ 40,402	38,294	2,108	5.5 %	78,966	77,771	1,195	1.5 %
Segment operating income								
North America Services	\$ 66,218	70,558	(4,340)	(6.2) %	136,006	142,052	(6,046)	(4.3) %
International Services	11,673	12,836	(1,163)	(9.1) %	22,956	22,367	589	2.6 %
Merchant Services	22,928	16,690	6,238	37.4 %	40,253	32,209	8,044	25.0 %
Corporate Admin	(21,521)	(17,305)	(4,216)	24.4 %	(40,846)	(35,734)	(5,112)	14.3 %
Operating income	\$ 79,298	82,779	(3,481)	(4.2) %	158,369	160,894	(2,525)	(1.6) %
Other:								
Reimbursable items:								
North America Services	\$ 34,749	42,035	(7,286)	(17.3) %	73,667	87,042	(13,375)	(15.4) %
International Services	3,218	3,150	68	2.2 %	6,329	6,367	(38)	(0.6) %
Merchant Services	32,017	18,185	13,832	76.1 %	62,563	35,477	27,086	76.3 %
Intersegment revenues	(1,837)	(2,097)	260	(12.4) %	(3,609)	(4,127)	518	(12.6) %
Reimbursable items	\$ 68,147	61,273	6,874	11.2 %	138,950	124,759	14,191	11.4 %
Volumes:								
FTEs (continuing operations)								
North America Services					4,433	4,829	(396)	(8.2) %
International Services					1,921	1,855	66	3.6 %
Merchant Services					1,128	832	296	35.6 %
Corporate Admin					334	359	(25)	(7.0) %
FTEs					7,816	7,875	(59)	(0.7) %
Total assets (in thousands)								
North America Services					\$ 1,589,005	1,535,129	53,876	3.5 %
International Services					380,211	379,606	605	0.2 %
Merchant Services					504,426	215,855	288,571	133.7 %
Intersegment assets					(577,778)	(419,636)	(158,142)	37.7 %
Total assets					\$ 1,895,864	1,710,954	184,910	10.8 %

Three Months Ended June 30,					Six Months Ended June 30,			
	2010	2009	Change		2010	2009	Change	
			Inc(Dec)	%			Inc(Dec)	%
North America Segment:								
Accounts on File (AOF) (in millions)					290.7	311.7	(21.1)	(6.8) %
Transactions (in millions)	1,563.7	1,522.3	41.3	2.7 %	3,021.9	3,003.3	18.6	0.6 %
International Segment:								
AOF (in millions)					42.1	37.8	4.4	11.6 %
Transactions (in millions)	297.9	271.1	26.7	9.8 %	579.1	519.1	60.0	11.6 %
Merchant Segment:								
POS Transactions (in millions)	1,423.1	1,311.6	111.5	8.5 %	2,737.3	2,656.6	80.7	3.0 %

Certain amounts have been reclassified to conform with the presentation adopted in 2010.

TSYS Balance Sheet (in thousands)		
	Jun 30, 2010 (unaudited)	Dec 31, 2009 (unaudited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 387,993	449,955
Restricted cash	8,199	46,190
Accounts receivable, net	231,598	231,325
Deferred income tax assets	7,692	11,302
Prepaid expenses and other current assets	102,921	72,124
Total current assets	<u>738,403</u>	<u>810,896</u>
Property and equipment, net	293,046	289,198
Computer software, net	215,643	197,134
Contract acquisition costs, net	125,495	128,038
Goodwill	317,755	168,121
Equity investments, net	75,751	75,495
Other intangible assets, net	92,735	14,132
Other assets	37,036	27,940
Total assets	<u>\$ 1,895,864</u>	<u>1,710,954</u>
<b>Liabilities</b>		
Current liabilities:		
Current portion of notes payable	\$ 5,319	6,988
Accrued salaries and employee benefits	16,601	32,457
Accounts payable	48,300	21,729
Current portion of obligations under capital leases	10,024	6,289
Other current liabilities	128,411	153,316
Total current liabilities	<u>208,655</u>	<u>220,779</u>
Notes payable, excluding current portion	191,097	192,367
Deferred income tax liabilities	51,145	47,162
Obligations under capital leases, excluding current portion	33,807	12,756
Other long-term liabilities	44,811	48,443
Total liabilities	<u>529,515</u>	<u>521,507</u>
Redeemable noncontrolling interest	<u>113,347</u>	<u>-</u>
<b>Equity</b>		
Shareholders' equity:		
Common stock	20,130	20,086
Additional paid-in capital	146,553	139,742
Accumulated other comprehensive income, net	(11,044)	5,673
Treasury stock	(70,519)	(69,950)
Retained earnings	1,153,670	1,080,250
Total shareholders' equity	<u>1,238,790</u>	<u>1,175,801</u>
Noncontrolling interests in consolidated subsidiaries	<u>14,212</u>	<u>13,646</u>
Total equity	<u>1,253,002</u>	<u>1,189,447</u>
Total liabilities and equity	<u>\$ 1,895,864</u>	<u>1,710,954</u>

	TSYS Cash Flow (unaudited) (in thousands)	
	Six Months Ended June 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 104,297	100,959
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of equity investments	(3,259)	(2,669)
Dividends received from equity investments	2,698	4,718
Net loss (gain) on currency translation adjustments	136	3,953
Depreciation and amortization	78,966	77,967
Amortization of debt issuance costs	77	77
Share-based compensation	7,956	9,237
Excess tax benefit from share-based payment arrangements	(111)	(6)
Provisions for bad debt expense and billing adjustments	(366)	646
Charges for transaction processing provisions	2,109	4,014
Deferred income tax benefit	2,749	(6,502)
(Gain) loss on disposal of equipment, net	11	9
Gain on disposal of subsidiary	(131)	-
(Increase) decrease in:		
Accounts receivable	(2,698)	22,198
Prepaid expenses, other current assets and other long-term assets	2,827	18,830
Increase (decrease) in:		
Accounts payable	27,277	(7,376)
Accrued salaries and employee benefits	(14,031)	(20,218)
Other current liabilities and other long-term liabilities	(12,799)	13,258
<b>Net cash provided by operating activities</b>	<u>195,708</u>	<u>219,095</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment, net	(17,189)	(13,784)
Additions to licensed computer software from vendors	(20,812)	(12,709)
Additions to internally developed computer software	(9,406)	(12,918)
Cash used in acquisitions, net of cash acquired	(148,531)	(293)
Additions to contract acquisition costs	(19,888)	(17,105)
<b>Net cash used in investing activities</b>	<u>(215,826)</u>	<u>(56,809)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings of long-term debt	-	5,334
Principal payments on long-term debt borrowings and capital lease obligations	(7,858)	(9,786)
Proceeds from exercise of stock options	378	2
Excess tax benefit from share-based payment arrangements	111	6
Repurchase of common stock	(1,075)	(329)
Subsidiary dividends paid to noncontrolling shareholders	(250)	(235)
Dividends paid on common stock	(27,605)	(27,595)
<b>Net cash used in financing activities</b>	<u>(36,299)</u>	<u>(32,603)</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
Effect of exchange rate changes on cash and cash equivalents	(5,545)	(3,422)
Net increase in cash and cash equivalents	(61,962)	126,261
Cash and cash equivalents at beginning of period	449,955	220,019
Cash and cash equivalents at end of period	<u>\$ 387,993</u>	<u>346,280</u>

Supplemental Information:

<i>(in millions)</i>	Accounts on File at June 30,				Percent Change
	2010	%	2009	%	
Consumer	180.9	54.3 %	191.1	54.7 %	(5.4) %
Commercial	48.2	14.5	44.4	12.7	8.4
Stored Value	47.6	14.3	34.3	9.9	38.7
Government services	27.0	8.1	22.4	6.4	20.4
Retail	23.6	7.1	51.8	14.8	(54.3)
Debit	5.0	1.5	5.4	1.5	(6.2)
Healthcare	0.5	0.2	0.1	-	nm
	<u>332.8</u>	<u>100.0 %</u>	<u>349.5</u>	<u>100.0 %</u>	<u>(4.8) %</u>

Growth in Accounts on File *(in millions)*:

	June 2009 to June 2010	June 2008 to June 2009
Beginning balance	<u>349.5</u>	<u>372.9</u>
Change in accounts on file due to:		
Internal growth of existing clients	22.5	30.6
New clients	31.4	23.1
Purges/Sales	(41.2)	(37.0)
Deconversions	(29.4)	(40.1)
Ending balance	<u><u>332.8</u></u>	<u><u>349.5</u></u>

- more -

## Reconciliation of GAAP to Non-GAAP

### 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 year-to-date 2010 financial results using the previous year's foreign currency exchange rates. On a year-to-date constant currency basis, TSYS' total revenues grew 2.9% as compared to a reported GAAP increase of 3.4%, and operating income decreased 1.6% versus a GAAP-reported decrease of 1.6%. The schedule below also provides a reconciliation of operating income excluding revenues from termination fees and the impact of the acquisition of FNMS to reported operating income.

The non-GAAP financial measures of constant currency and operating income excluding revenues from termination fees and the impact of the FNMS acquisition presented by TSYS are utilized by management to better understand and assess TSYS' operating results and financial performance. TSYS also uses the non-GAAP financial measures to evaluate and assess TSYS' financial performance against budget, as well as to evaluate financial performance for executive and management compensation purposes.

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 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 June 30,		
	2010	2009	Percent Change
<b>Consolidated</b>			
Constant currency (1)	\$ 435,083	411,993	5.6 %
Foreign currency (2)	(1,337)	-	(0.3)
Total revenues	\$ 433,746	411,993	5.3 %
Constant currency (1)	\$ 80,064	82,779	(3.3) %
Foreign currency (2)	(766)	-	(0.9)
Operating income	\$ 79,298	82,779	(4.2) %
	Six Months Ended June 30,		
	2010	2009	Percent Change
<b>Consolidated</b>			
Constant currency (1)	\$ 844,602	820,927	2.9 %
Foreign currency (2)	4,498	-	0.5
Total revenues	\$ 849,100	820,927	3.4 %
Constant currency (1)	\$ 158,312	160,894	(1.6) %
Foreign currency (2)	57	-	0.0
Operating income	\$ 158,369	160,894	(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.

Operating income Excluding Impact of FNMS and Termination Fees (unaudited) (in thousands)			
	Three Months Ended		
	June 30, 2010	March 31, 2010	Percent Change
<b>Consolidated</b>			
Operating income	\$ 79,298	79,071	0.3 %
Less:			
Termination Fees	10,753	23,838	
Acquisition of FNMS	2,196	(966)	
Operating income excluding termination fees and FNMS	\$ 66,349	56,199	18.1 %