

**TSYS Announces 19.1% Increase in Operating Income and a  
12.4% Increase in Earnings for First Nine Months of 2003**  
Page 3 of 7

TSYS  
Financial Highlights  
(In thousands, except per share data)

	Three months ended September 30,			Nine months ended September 30,		
	2003	2002	Percentage Change	2003	2002	Percentage Change
<b>Revenues</b>						
Electronic payment processing services	\$ 179,447	157,722	13.8 %	524,579	454,458	15.4 %
Other services	30,927	25,452	21.5	81,735	81,097	0.8
Revenues before reimbursables	210,374	183,174	14.9	606,314	535,555	13.2
Reimbursable items	55,740	56,432	(1.2)	168,852	173,580	(2.7)
Total revenues	<u>266,114</u>	<u>239,606</u>	11.1	<u>775,166</u>	<u>709,135</u>	9.3
<b>Expenses</b>						
Employment	81,488	78,969	3.2	241,184	221,289	9.0
Occupancy & equipment	51,043	44,666	14.2	153,070	130,615	17.1
Other	28,944	18,940	52.8	75,272	68,804	9.4
(Gain)/Loss on disposal of equipment	-	(63)	nm	(35)	(62)	nm
Expenses before reimbursables	161,475	142,512	13.3	469,491	420,646	11.6
Reimbursable items	55,740	56,432	(1.2)	168,852	173,580	(2.7)
Total operating expenses	<u>217,215</u>	<u>198,944</u>	9.2	<u>638,343</u>	<u>594,226</u>	7.4
Operating Income	<u>48,899</u>	<u>40,662</u>	20.2	<u>136,823</u>	<u>114,909</u>	19.1
<b>Other Income:</b>						
Interest income, net	448	724	(38.1)	2,299	2,080	(10.5)
Gain/(loss) on foreign currency translation, net	(246)	2,150	nm	916	2,147	(57.3)
Other Income	<u>202</u>	<u>2,874</u>	nm	<u>3,215</u>	<u>4,227</u>	(23.9)
Income before Income Taxes, Minority Interest and Equity in Income of Joint Ventures	49,101	43,536	12.8	140,038	119,136	17.5
Income Taxes	17,509	15,884	10.2	51,131	43,295	18.1
Minority Interest	(1)	(100)	nm	(261)	(133)	nm
Equity in Income of Joint Ventures	<u>3,921</u>	<u>5,263</u>	(25.5)	<u>12,909</u>	<u>14,641</u>	(11.8)
Net Income	<u>\$ 35,512</u>	<u>32,815</u>	8.2 %	<u>101,555</u>	<u>90,349</u>	12.4 %
Basic Earnings Per Share	<u>\$ 0.18</u>	<u>0.17</u>	8.4 %	<u>0.52</u>	<u>0.46</u>	12.5 %
Diluted Earnings Per Share	<u>\$ 0.18</u>	<u>0.17</u>	8.2 %	<u>0.51</u>	<u>0.46</u>	12.6 %
Dividend Declared Per Share	<u>\$ 0.0200</u>	<u>0.0175</u>		<u>0.0575</u>	<u>0.0500</u>	
Average Common Shares Outstanding	<u>196,747,867</u>	<u>197,049,470</u>		<u>196,832,455</u>	<u>197,005,655</u>	
Average Common and Common Equivalent Shares Outstanding	<u>197,444,866</u>	<u>197,358,091</u>		<u>197,326,044</u>	<u>197,611,558</u>	
Effective Tax Rate	<u>33.2 %</u>	<u>32.8 %</u>		<u>33.7 %</u>	<u>32.6 %</u>	

EFFECTIVE INCOME TAX RATE CALCULATION

Income taxes (A)	\$ <u>17,509</u>	<u>15,884</u>	\$ <u>51,131</u>	<u>43,295</u>
Income before Income Taxes, Minority Interest and Equity in Income of Joint Ventures	\$ 49,101	43,536	140,038	119,136
Add Back: Equity in Income of Vital Minority Interest	3,620 (1)	5,045 (100)	12,112 (261)	13,962 (133)
Adjusted Income before income taxes (B)	<u>52,720</u>	<u>48,481</u>	<u>151,889</u>	<u>132,965</u>
Effective Tax Rate (A/B)	<u>33.2%</u>	<u>32.8%</u>	<u>33.7%</u>	<u>32.6%</u>

Note: nm = not meaningful

- more -

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Page 4 of 7

TSYS  
Segment Breakdown  
(In thousands)

	Three Months Ended September 30, 2003			Three Months Ended September 30, 2002		
	Domestic-based	International-based	Consolidated	Domestic-based	International-based	Consolidated
	Transaction Processing	Transaction Processing		Transaction Processing	Transaction Processing	
Total revenue	\$ 246,191	20,425	266,616	223,373	16,701	240,074
Intersegment revenue	(2)	(500)	(502)	(181)	(287)	(468)
Revenues from external customers	\$ 246,189	19,925	266,114	223,192	16,414	239,606
Depreciation and amortization	\$ 22,308	3,152	25,460	15,846	2,277	18,123
Segment operating income	\$ 47,587	1,312	48,899	39,913	749	40,662
Income tax expense	\$ 16,635	874	17,509	15,014	870	15,884
Equity in income of joint ventures	\$ 3,620	301	3,921	5,045	218	5,263
Net Income	\$ 35,128	384	35,512	31,292	1,523	32,815
Average accounts on file	252,668	13,240	265,908	220,084	11,687	231,771
	Nine Months Ended September 30, 2003			Nine Months Ended September 30, 2002		
	Domestic-based	International-based	Consolidated	Domestic-based	International-based	Consolidated
	Transaction Processing	Transaction Processing		Transaction Processing	Transaction Processing	
Total revenue	\$ 717,160	59,620	776,780	662,255	48,444	710,699
Intersegment revenue	(5)	(1,609)	(1,614)	(488)	(1,076)	(1,564)
Revenues from external customers	\$ 717,155	58,011	775,166	661,767	47,368	709,135
Depreciation and amortization	\$ 62,856	8,201	71,057	46,519	6,365	52,884
Segment operating income	\$ 130,553	6,270	136,823	112,556	2,353	114,909
Income tax expense	\$ 48,264	2,867	51,131	41,648	1,647	43,295
Equity in income of joint ventures	\$ 12,112	797	12,909	13,962	679	14,641
Net Income	\$ 98,115	3,440	101,555	87,853	2,496	90,349
Average accounts on file	246,631	12,958	259,589	216,708	11,690	228,398

Note: Revenues for domestic-based processing services include electronic payment processing services and other services provided from the United States to clients domiciled in the United States or other countries. Revenues from international-based processing services include electronic payment processing services and other services provided from outside the United States to clients based mainly outside the United States.

**TSYS Announces 19.1% Increase in Operating Income and a  
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Page 5 of 7

**Balance Sheet Information:**

(in thousands)

	Sept 2003	Dec 2002
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 55,631	109,171
Restricted cash	5,575	4,035
Accounts receivable, net	128,420	121,439
Deferred income tax assets	11,256	8,786
Prepaid expenses and other current assets	25,684	22,548
Total current assets	226,566	265,979
Property and equipment, net	219,634	120,835
Computer software, net	211,846	200,297
Contract acquisition costs, net	128,231	123,729
Goodwill, net	29,620	3,619
Equity investments, net	61,810	54,181
Other assets	27,302	14,228
Total assets	\$ 905,009	782,868
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	17,065	10,366
Accrued salaries and employee benefits	28,683	43,315
Current portion of long-term debt and obligations under capital leases	289	68
Billings in excess of costs on uncompleted contracts	24,074	-
Other current liabilities	53,635	60,233
Total current liabilities	123,746	113,982
Long-term debt and obligations under capital leases, excluding current portion	223	67
Other accounts payable	-	563
Deferred income tax liabilities	88,800	63,306
Total liabilities	212,769	177,918
Minority interest in consolidated subsidiary	3,220	2,744
<b>Shareholders' Equity:</b>		
Common stock	19,750	19,725
Additional paid-in capital	38,371	35,143
Accumulated other comprehensive income (loss)	3,146	1,053
Treasury stock	(12,087)	(3,316)
Retained earnings	639,840	549,601
Total shareholders' equity	689,020	602,206
Total liabilities and shareholders' equity	\$ 905,009	782,868

- more -

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Page 6 of 7

**Cash Flow Information:**  
(in thousands)

	Nine Months Ending:	
	Sept 2003	Sept 2002
Cash flows from operating activities:		
Net income	\$ 101,555	90,349
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest in consolidated subsidiary's net income	261	133
Equity in income of joint ventures	(12,909)	(14,641)
(Gain) loss on currency translation adjustments, net	(916)	(2,147)
Depreciation and amortization	71,057	52,884
Charges for bad debts and billing adjustments	1,892	3,405
Charges for transaction processing	3,093	5,666
Deferred income tax expense	21,248	2,332
Gain on disposal of equipment, net	(35)	(62)
(Increase)decrease in:		
Accounts receivable	(3,950)	(6,215)
Prepaid expenses and other assets	(8,317)	2,924
Increase(decrease) in:		
Accounts payable	3,711	(14,374)
Accrued salaries and employee benefits	(14,659)	(2,639)
Billings in excess of costs on uncompleted contracts	24,074	-
Other current liabilities	(16,399)	20,556
Net cash provided by operating activities	<u>169,706</u>	<u>138,171</u>
Cash flows from investing activities:		
Purchase of property and equipment	(113,517)	(12,983)
Additions to purchased computer software programs	(35,682)	(22,659)
Additions to developed software	(13,945)	(21,573)
Proceeds from disposal of equipment	68	73
Cash acquired in acquisition of subsidiary	4,442	2,858
Cash used in acquisition	(36,000)	-
Dividends received from joint ventures	5,278	17,855
Increase in contract acquisition costs	(17,904)	(34,317)
Net cash used in investing activities	<u>(207,260)</u>	<u>(70,746)</u>
Cash flows from financing activities:		
Purchase of common stock	(9,485)	-
Proceeds from issuance of long-term debt	20,234	-
Principal payments on long-term debt	(20,234)	-
Other	(7,046)	(9,204)
Net cash used in financing activities	<u>(16,531)</u>	<u>(9,204)</u>
Effect of foreign currency translation on cash and cash equivalents	545	(1,286)
Net increase (decrease) in cash and cash equivalents	(53,540)	56,935
Cash and cash equivalents at beginning of year	109,171	58,659
Cash and cash equivalents at end of period	<u>\$ 55,631</u>	<u>115,594</u>

- more -

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Page 7 of 7

**Supplemental Information:**

Accounts on File (in millions):	Accounts on File at:				
	Sept 30, 2003	%	Sept 30, 2002	%	% Chg
Consumer	142.2	53%	131.0	56%	8.6 %
Debit/Stored Value	7.9	3%	6.0	3%	31.9
Government services/EBT	13.1	5%	4.0	2%	225.1
Retail	83.7	31%	75.4	32%	11.0
Commercial	21.0	8%	19.4	8%	8.1
	<u>267.9</u>	<u>100%</u>	<u>235.8</u>	<u>100%</u>	<u>13.6 %</u>

nm = not meaningful

	Sept 30, 2003	Sept 30, 2002	% Chg
QTD Average Accounts on File (in thousands)	265,908	231,771	14.7 %
YTD Average Accounts on File (in thousands)	259,589	228,398	13.7 %

Accounts on File (in millions):	Accounts on File at:				
	Sept 30, 2003	%	Sept 30, 2002	%	% Chg
Domestic	221.9	83%	206.5	88%	7.5 %
International	46.0	17%	29.3	12%	56.9
	<u>267.9</u>	<u>100%</u>	<u>235.8</u>	<u>100%</u>	<u>13.6 %</u>

Note: The accounts on file between domestic and international is based on the geographic domicile of processing clients.

Geographic Area Data: The following geographic area data represents revenues for the three months and nine months ended September 30 based on where the client is domiciled:

(dollars in thousands):	Three Months Ended September 30,				
	2003	%	2002	%	% Chg
United States	\$ 214,799	81%	203,076	85%	5.8 %
Canada*	20,052	8%	12,317	5%	62.8
Europe	16,894	6%	13,731	6%	23.0
Mexico	10,693	4%	7,306	3%	46.4
Japan	2,992	1%	2,684	1%	11.5
Other	684	0%	492	0%	38.9
	<u>\$ 266,114</u>	<u>100%</u>	<u>239,606</u>	<u>100%</u>	<u>11.1 %</u>

(dollars in thousands):	Nine Months Ended September 30,				
	2003	%	2002	%	% Chg
United States	\$ 632,419	82%	606,460	86%	4.3 %
Canada*	55,181	7%	33,360	5%	65.4
Europe	49,249	6%	39,752	6%	23.9
Mexico	27,779	4%	20,411	3%	36.1
Japan	8,724	1%	7,616	1%	14.6
Other	1,814	0%	1,536	0%	18.1
	<u>\$ 775,166</u>	<u>100%</u>	<u>709,135</u>	<u>100%</u>	<u>9.3 %</u>

\* These revenues include those generated from the Caribbean accounts owned by a Canadian institution.