

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Percent Change	2017	2016	Percent Change
Total revenues	\$ 1,222,375	1,151,587	6.1 %	\$ 2,407,100	1,890,965	27.3 %
Cost of services*	877,887	841,923	4.3	1,739,744	1,326,430	31.2
Selling, general and administrative expenses*	151,240	173,843	(13.0)	306,925	277,027	10.8
Total expenses	<u>1,029,127</u>	<u>1,015,766</u>	1.3	<u>2,046,669</u>	<u>1,603,457</u>	27.6
Operating income	193,248	135,821	42.3	360,431	287,508	25.4
Nonoperating expenses*	<u>(30,042)</u>	<u>(29,760)</u>	(0.9)	<u>(59,945)</u>	<u>(51,857)</u>	(15.6)
Income before income taxes and equity in income of equity investments	163,206	106,061	53.9	300,486	235,651	27.5
Income taxes	56,207	40,290	39.5	99,289	83,719	18.6
Income before equity in income of equity investments	106,999	65,771		201,197	151,932	
Equity in income of equity investments, net of tax*	9,513	5,977	59.2	22,422	12,224	83.4
Net income	116,512	71,748	62.4	223,619	164,156	36.2
Net income attributable to noncontrolling interests	(1,498)	(2,040)	26.6	(2,737)	(3,820)	28.4
Net income attributable to TSYS common shareholders	<u>\$ 115,014</u>	<u>69,708</u>	65.0 %	<u>\$ 220,882</u>	<u>160,336</u>	37.8 %
Earnings per share (EPS):						
Basic EPS	<u>\$ 0.62</u>	<u>0.38</u>	64.6 %	<u>\$ 1.20</u>	<u>0.87</u>	37.3 %
Diluted EPS	<u>\$ 0.62</u>	<u>0.38</u>	64.3 %	<u>\$ 1.19</u>	<u>0.87</u>	37.2 %
Weighted average shares outstanding: (includes participating securities)						
Basic	<u>184,153</u>	<u>183,724</u>		<u>184,019</u>	<u>183,489</u>	
Diluted	<u>185,286</u>	<u>184,598</u>		<u>185,122</u>	<u>184,335</u>	
Dividends declared per share	<u>\$ 0.10</u>	<u>0.10</u>		<u>\$ 0.20</u>	<u>0.20</u>	
<u>Non-GAAP measures:**</u>						
Net revenue	<u>\$ 844,068</u>	<u>794,937</u>	6.2 %	<u>\$ 1,676,960</u>	<u>1,466,581</u>	14.3 %
Adjusted EBITDA	<u>\$ 307,698</u>	<u>274,032</u>	12.3 %	<u>\$ 594,935</u>	<u>504,862</u>	17.8 %
Adjusted earnings	<u>\$ 158,215</u>	<u>135,416</u>	16.8 %	<u>\$ 310,480</u>	<u>256,126</u>	21.2 %
Adjusted diluted EPS	<u>\$ 0.85</u>	<u>0.73</u>	16.4 %	<u>\$ 1.68</u>	<u>1.39</u>	20.7 %

\* Certain prior year amounts have been reclassified between nonoperating expenses and equity in income of equity investments, net of tax and between income of equity investments, net of tax and between cost of services and selling, general and administrative expenses.

\*\* See reconciliation of non-GAAP measures.

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TSYS  
Segment Breakdown  
(unaudited)  
(in thousands)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	Change		2017	2016	Change	
			\$	%			\$	%
Adjusted operating income by segment:								
Issuer Solutions (a)	\$ 147,277	128,493	18,784	14.6 %	\$ 281,150	263,570	17,580	6.7 %
Merchant Solutions (b)	101,996	89,915	12,081	13.4	193,275	128,272	65,003	50.7
Netspend (c)	46,044	42,481	3,563	8.4	94,692	84,682	10,010	11.8
Corporate admin and other	(36,036)	(33,340)	(2,696)	(8.1)	(71,608)	(62,808)	(8,800)	(14.0)
Adjusted segment operating income (d)	259,281	227,549	31,732	13.9	497,509	413,716	83,793	20.3
Less:								
Share-based compensation	11,008	12,566	(1,558)	(12.4)	20,055	20,723	(668)	(3.2)
TransFirst M&A and integration expenses	4,165	20,676	(16,511)	(79.9)	9,034	24,078	(15,044)	(62.5)
Litigation, claims, judgments or settlements	(83)	-	(83)	na	1,878	-	1,878	na
Acquisition intangible amortization	50,943	58,486	(7,543)	(12.9)	106,111	81,407	24,704	30.3
Operating income	193,248	135,821	57,427	42.3	360,431	287,508	72,923	25.4
Nonoperating expenses, net	(30,042)	(29,760)	(282)	(0.9)	(59,945)	(51,857)	(8,088)	(15.6)
Income before income taxes and equity in income of equity investments	\$ 163,206	106,061	57,145	53.9 %	\$ 300,486	235,651	64,835	27.5 %
Net revenue by segment:								
Issuer Solutions (f)	\$ 392,760	377,862	14,898	3.9 %	\$ 780,015	755,871	24,144	3.2 %
Merchant Solutions (g)	278,588	261,467	17,121	6.5	539,149	382,079	157,070	41.1
Netspend (h)	183,065	162,620	20,445	12.6	380,530	347,613	32,917	9.5
Segment net revenue	854,413	801,949	52,464	6.5	1,699,694	1,485,563	214,131	14.4
Less: Intersegment revenues	10,345	7,012	3,333	47.5	22,734	18,982	3,752	19.8
Net revenue (i)	844,068	794,937	49,131	6.2	1,676,960	1,466,581	210,379	14.3
Add: reimbursable items, interchange and assessments expenses	378,307	356,650	21,657	6.1	730,140	424,384	305,756	72.0
Total revenues	\$ 1,222,375	1,151,587	70,788	6.1 %	\$ 2,407,100	1,890,965	516,135	27.3 %
Adjusted segment operating margin on segment net revenue:								
Issuer Solutions (a)/(f)	37.5%	34.0%			36.0%	34.9%		
Merchant Solutions (b)/(g)	36.6%	34.4%			35.9%	33.6%		
Netspend (c)/(h)	25.2%	26.1%			24.9%	24.4%		
Adjusted segment operating margin on net revenue: (d)/(i)	30.7%	28.6%			29.7%	28.2%		

na = not applicable

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TSYS  
Segment Breakdown  
(unaudited)  
(in thousands)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	Change		2017	2016	Change	
			\$	%			\$	%
Depreciation and amortization by segment:								
Issuer Solutions	\$ 35,735	35,649	86	0.2 %	\$ 72,588	71,268	1,320	1.9 %
Merchant Solutions	7,380	6,805	575	8.4	14,402	11,856	2,546	21.5
Netspend	4,180	3,116	1,064	34.1	8,272	6,224	2,048	32.9
Depreciation and amortization	47,295	45,570	1,725	3.8	95,262	89,348	5,914	6.6
Acquisition intangible amortization	50,943	58,486	(7,543)	(12.9)	106,111	81,407	24,704	30.3
Corporate admin and other	1,121	913	208	22.8	2,164	1,797	367	20.4
Total depreciation and amortization	\$ 99,359	104,969	(5,610)	(5.3) %	\$ 203,537	172,552	30,985	18.0 %

**Segment statistical data:**

Issuer Solutions

Total transactions (in millions)	5,340.6	4,985.1	355.5	7.1 %	10,217.2	9,573.1	644.1	6.7 %
Total Accounts on file (AOF) (in millions)					773.6	742.1	31.5	4.2 %
Total Traditional AOF (in millions)					542.0	501.1	40.9	8.2 %

Merchant Solutions

Point-of-sale transactions (in millions)	1,233.5	1,159.5	74.0	6.4 %	2,361.3	2,250.4	110.9	4.9 %
Dollar sales volume (in millions)	\$ 31,127.5	28,560.8	2,566.7	9.0 %	\$ 60,247.9	40,344.2	19,903.7	49.3 %
Segment net revenue per transaction	\$ 0.226	0.225	0.001	0.2 %	\$ 0.228	0.170	0.058	34.5 %

Netspend

Gross dollar volume (in millions)	\$ 7,605.5	6,614.7	990.8	15.0 %	\$ 17,212.8	15,776.2	1,436.6	9.1 %
Direct deposit 90-day active cards (in thousands)					2,416.7	2,192.5	224.2	10.2 %
90-day active cards (in thousands)					4,964.9	4,448.8	516.1	11.6 %
% of 90-day active cards with direct deposit					48.7%	49.3%		

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TSYS  
Condensed Balance Sheet  
(unaudited)  
(in thousands)

	June 30, 2017	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 427,589	425,354
Accounts receivable, net	442,094	432,847
Other current assets	156,297	164,488
Total current assets	<u>1,025,980</u>	<u>1,022,689</u>
Goodwill	3,271,975	3,270,952
Software and other intangible assets, net	1,213,871	1,329,864
Property and equipment, net	280,636	282,345
Other long term assets	481,619	460,327
Total assets	<u>\$ 6,274,081</u>	<u>6,366,177</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 52,095	38,712
Current portion of long-term borrowings and capital leases	573,075	50,727
Other current liabilities	315,077	330,914
Total current liabilities	<u>940,247</u>	<u>420,353</u>
Long-term borrowings and capital leases, excluding current portion	2,564,068	3,313,276
Deferred income tax liabilities	402,088	419,552
Other long-term liabilities	90,040	88,983
Total liabilities	<u>3,996,443</u>	<u>4,242,164</u>
<b>Redeemable noncontrolling interest</b>	<u>13,102</u>	<u>24,093</u>
<b>Equity</b>	<u>2,264,536</u>	<u>2,099,920</u>
Total liabilities and equity	<u>\$ 6,274,081</u>	<u>6,366,177</u>

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

	Six Months Ended June 30,	
	2017	2016
<b>Cash flows from operating activities:</b>		
Net income	\$ 223,619	164,156
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of equity investments, net of tax	(22,422)	(12,224)
Dividends received from equity investments	943	808
Depreciation and amortization	203,537	172,552
Amortization of debt issuance costs	2,163	11,451
Share-based compensation	20,055	20,724
Deferred income tax (benefit) expense	(18,191)	18,519
Other noncash adjustments	38,248	21,449
Changes in operating assets and liabilities	(47,160)	(58,354)
<b>Net cash provided by operating activities</b>	<b>400,792</b>	<b>339,081</b>
Purchases of property and equipment	(26,739)	(20,669)
Additions to licensed computer software from vendors	(10,568)	(11,379)
Additions to internally developed computer software	(13,581)	(18,484)
Additions to contract acquisition costs	(14,655)	(31,276)
Cash used in acquisitions, net of cash acquired	-	(2,345,438)
Other investing activities	(759)	(1,730)
<b>Net cash used in investing activities</b>	<b>(66,302)</b>	<b>(2,428,976)</b>
Principal payments on long-term borrowings and capital lease obligations	(234,093)	(435,953)
Proceeds from long-term borrowings	-	2,666,295
Debt issuance costs	-	(26,554)
Purchase of noncontrolling interests	(70,000)	(5,878)
Dividends paid on common stock	(36,734)	(36,622)
Proceeds from exercise of stock options	8,987	9,737
Other financing activities	(3,909)	(829)
<b>Net cash (used in) provided by financing activities</b>	<b>(335,749)</b>	<b>2,170,196</b>
<b>Cash and cash equivalents:</b>		
Effect of exchange rate changes on cash and cash equivalents	3,494	(4,310)
Net increase in cash and cash equivalents	2,235	75,991
Cash and cash equivalents at beginning of period	425,354	389,328
Cash and cash equivalents at end of period	\$ 427,589	465,319
<b>Supplemental</b>		
Capital expenditures	\$ 65,543	81,808
Free cash flow (non-GAAP)*	\$ 335,249	257,273

\* See reconciliation of non-GAAP measures.

TSYS  
Supplemental Information  
(unaudited)

**Other**

**AOF:**

<i>(in millions)</i>	Total Accounts on File		
	At June 2017	At June 2016	% Change
Consumer	457.0	425.3	7.4
Commercial	51.5	47.0	9.6
Other	33.5	28.8	16.2
Traditional AOF	542.0	501.1	8.2
Prepaid*/Stored Value	50.6	79.5	(36.3)
Government Services	91.3	84.6	7.9
Commercial Card Single Use	89.7	76.9	16.6
Total AOF	773.6	742.1	4.2

\* Prepaid does not include Netspend accounts

Growth in Accounts on File (in millions):

	June 2016 to June 2017	June 2015 to June 2016
Beginning balance	742.1	751.4
Change in accounts on file due to:		
Internal growth of existing clients	53.1	51.8
New clients	23.7	32.9
Purges/Sales	(23.3)	(24.0)
Deconversions	(22.0)	(70.0)
Ending balance	773.6	742.1

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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 and year-to-date 2017 financial results using the previous year's foreign currency exchange rates. On a constant currency basis, TSYS' total year-to-date revenues for the second quarter of 2017 grew 28.4% as compared to a reported GAAP increase of 27.3%.

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

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

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 2017 guidance of total revenues to net revenue and diluted EPS to adjusted diluted EPS.

The tax rate used in the calculation of adjusted diluted 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 June 30,			Six Months Ended June 30,		
	2017	2016	Percent Change	2017	2016	Percent Change
<b>Consolidated</b>						
Constant currency (1)	\$ 1,232,358	1,151,587	7.0 %	\$ 2,428,207	1,890,965	28.4 %
Foreign currency impact (2)	(9,983)	-		(21,107)	-	
Total revenues	<u>\$ 1,222,375</u>	<u>1,151,587</u>	6.1 %	<u>\$ 2,407,100</u>	<u>1,890,965</u>	27.3 %
Constant currency (1)	\$ 853,368	794,937	7.4 %	\$ 1,696,600	1,466,581	15.7 %
Foreign currency impact (2)	(9,300)	-		(19,640)	-	
Net revenue	<u>\$ 844,068</u>	<u>794,937</u>	6.2 %	<u>\$ 1,676,960</u>	<u>1,466,581</u>	14.3 %
Constant currency (1)	\$ 197,922	135,821	45.7 %	\$ 369,893	287,508	28.7 %
Foreign currency impact (2)	(4,674)	-		(9,462)	-	
Operating income	<u>\$ 193,248</u>	<u>135,821</u>	42.3 %	<u>\$ 360,431</u>	<u>287,508</u>	25.4 %
<b>Issuer Solutions</b>						
Constant currency (1)	\$ 452,597	429,864	5.3 %	\$ 900,832	859,577	4.8 %
Foreign currency impact (2)	(9,961)	-		(21,079)	-	
Total revenues	<u>\$ 442,636</u>	<u>429,864</u>	3.0 %	<u>\$ 879,753</u>	<u>859,577</u>	2.3 %
Constant currency (1)	\$ 402,038	377,862	6.4 %	\$ 799,627	755,871	5.8 %
Foreign currency impact (2)	(9,278)	-		(19,612)	-	
Segment net revenue	<u>\$ 392,760</u>	<u>377,862</u>	3.9 %	<u>\$ 780,015</u>	<u>755,871</u>	3.2 %

(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,		
	2017	2016	Percent Change	2017	2016	Percent Change
Total revenues	\$ 1,222,375	1,151,587	6.1 %	\$ 2,407,100	1,890,965	27.3 %
Less: reimbursable items, interchange and assessments expenses	378,307	356,650	6.1	730,140	424,384	72.0
Net revenue	<u>\$ 844,068</u>	<u>794,937</u>	6.2 %	<u>\$ 1,676,960</u>	<u>1,466,581</u>	14.3 %



Reconciliation of GAAP to Non-GAAP

Adjusted Diluted Earnings per Share (unaudited) (in thousands, except per share data)						
	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Percent Change	2017	2016	Percent Change
<b>Net income attributable to</b>						
<b>TSYS common shareholders</b>	\$ 115,014	69,708	65.0 %	\$ 220,882	160,336	37.8 %
Adjust for amounts attributable to TSYS common shareholders:						
Add: Acquisition intangible amortization	\$ 50,783	58,210	(12.8)	\$ 105,785	80,855	30.8
Add: Share-based compensation	11,009	12,557	(12.3)	20,051	20,707	(3.2)
Add: TransFirst M&A expenses*	4,149	20,676	(79.9)	8,973	33,859	(73.5)
Add: Litigation, claims, judgments or settlements**	(83)	-	na	1,878	-	na
Less: Tax impact of adjustments***	(22,657)	(25,735)	12.0	(47,089)	(39,631)	(18.8)
Adjusted earnings	\$ 158,215	135,416	16.8 %	\$ 310,480	256,126	21.2 %
<b>Diluted EPS - Net income attributable to</b>						
<b>TSYS common shareholders</b>						
As reported (GAAP)	\$ 0.62	0.38	64.3 %	\$ 1.19	0.87	37.2 %
Adjusted diluted EPS	\$ 0.85	0.73	16.4 %	\$ 1.68	1.39	20.7 %
Weighted average diluted shares outstanding	185,286	184,598		185,122	184,335	

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

\*\* Litigation settlement or settlement discussions and related legal 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,		
	2017	2016	Percent Change	2017	2016	Percent Change
<b>Net income</b>	\$ 116,512	71,748	62.4 %	\$ 223,619	164,156	36.2 %
Adjust for:						
Less: Equity in income of equity investments	(9,513)	(5,977)	(59.2)	(22,422)	(12,224)	(83.4)
Add: Income taxes	56,207	40,290	39.5	99,289	83,719	18.6
Add: Interest expense, net	29,537	30,770	(4.0)	59,310	53,065	11.8
Add: Depreciation and amortization	99,359	104,969	(5.3)	203,537	172,552	18.0
Less: (Gain)/loss on foreign currency translations	513	(960)	nm	824	(1,469)	nm
Less: Other nonoperating (income)/expenses	(8)	(50)	84.0	(189)	261	nm
Add: Share-based compensation	11,008	12,566	(12.4)	20,055	20,724	(3.2)
Add: TransFirst M&A expenses*	4,166	20,676	(79.9)	9,034	24,078	(62.5)
Add: Litigation, claims, judgments or settlements	(83)	-	na	1,878	-	na
<b>Adjusted EBITDA</b>	\$ 307,698	274,032	12.3 %	\$ 594,935	504,862	17.8 %

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

nm = not meaningful  
na = not applicable

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Reconciliation of GAAP to Non-GAAP

Free cash flow:	Free Cash Flow (unaudited) (in thousands)	
	Six Months Ended June 30,	
	2017	2016
Net cash provided by operating activities (GAAP)	\$ 400,792	339,081
Capital expenditures	(65,543)	(81,808)
Free cash flow (non-GAAP)	<u>\$ 335,249</u>	<u>257,273</u>

Revised Guidance Summary  
(unaudited)  
(in millions, except per share data)

Revenue:	2017		% Change	
Total revenues (GAAP)	\$ 4,809	to \$ 4,889	15%	to 17%
Less: reimbursable items, interchange and assessments expenses	1,494	to 1,494		
Net revenue (non-GAAP)	<u>\$ 3,315</u>	to <u>\$ 3,395</u>	9%	to 12%

Earnings per share (EPS):

Diluted EPS (GAAP)	\$ 2.30	to \$ 2.38	33%	to 37%
Acquisition intangible amortization, share-based compensation, litigation, claims, judgments or settlements and TransFirst M&A expenses, less the tax impact of adjustments	0.92	to 0.92		
Adjusted diluted EPS attributable to TSYS common shareholders* (non-GAAP)	<u>\$ 3.22</u>	to <u>\$ 3.30</u>	15%	to 18%

\* Weighted average diluted shares outstanding

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