

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Percent Change	2009	2008	Percent Change
<b>Revenues</b>						
Electronic payment processing services	\$ 238,448	254,558	(6.3) %	\$ 706,503	747,682	(5.5) %
Merchant acquiring services	71,834	64,567	11.3	207,005	191,888	7.9
Other services	48,684	53,579	(9.1)	141,625	149,319	(5.2)
Revenues before reimbursable items	358,966	372,704	(3.7)	1,055,133	1,088,889	(3.1)
Reimbursable items	73,330	66,742	9.9	198,089	200,013	(1.0)
Total revenues	<u>432,296</u>	<u>439,446</u>	(1.6)	<u>1,253,222</u>	<u>1,288,902</u>	(2.8)
<b>Expenses</b>						
Salaries & other personnel expenses	148,180	150,262	(1.4)	441,031	439,791	0.3
Net technology & facilities expenses	76,903	75,042	2.5	224,176	221,875	1.0
Spin related expenses	-	1,719	(100.0)	-	9,869	(100.0)
Other operating expenses	46,027	50,391	(8.7)	141,177	139,120	1.5
Expenses before reimbursable items	271,110	277,414	(2.3)	806,384	810,655	(0.5)
Reimbursable items	73,330	66,742	9.9	198,089	200,013	(1.0)
Total operating expenses	<u>344,440</u>	<u>344,156</u>	0.1	<u>1,004,473</u>	<u>1,010,668</u>	(0.6)
Operating income	87,856	95,290	(7.8)	248,749	278,234	(10.6)
Nonoperating (expenses) income	574	(82)	nm	(3,162)	770	nm
<b>Income from continuing operations before income taxes, noncontrolling interests and equity in income of equity investments</b>						
	88,430	95,208	(7.1)	245,587	279,004	(12.0)
Income taxes	31,795	34,091	(6.7)	88,439	100,979	(12.4)
<b>Income from continuing operations before noncontrolling interests and equity in income of equity investments</b>						
	56,635	61,117	(7.3)	157,148	178,025	(11.7)
Equity in income of equity investments	1,623	3,062	(47.0)	4,291	6,333	(32.2)
Income from continuing operations, net of tax	58,258	64,179	(9.2)	161,439	184,358	(12.4)
(Loss) income from discontinued operations, net of tax	(2,932)	269	nm	(5,155)	736	nm
Net income	55,326	64,448	(14.2)	156,284	185,094	(15.6)
Net income attributable to the noncontrolling interests	(300)	(374)	19.8	(1,285)	(1,322)	2.8
Net income attributable to TSYS	<u>\$ 55,026</u>	<u>64,074</u>	(14.1) %	<u>\$ 154,999</u>	<u>183,772</u>	(15.7) %
<b>Basic earnings per share:</b>						
Income from continuing operations to TSYS common shareholders*	\$ 0.29	0.32	(9.0) %	\$ 0.81	0.92	(12.1) %
(Loss) income from discontinued operations to TSYS common shareholders*	(0.01)	0.00	nm	(0.03)	0.00	nm
Net income attributable to TSYS common shareholders*	<u>\$ 0.28</u>	<u>0.32</u>	(13.9) %	<u>\$ 0.79</u>	<u>0.93</u>	(15.3) %
<b>Diluted earnings per share:</b>						
Income from continuing operations to TSYS common shareholders*	\$ 0.29	0.32	(8.9) %	\$ 0.81	0.92	(12.1) %
(Loss) income from discontinued operations to TSYS common shareholders*	(0.01)	0.00	nm	(0.03)	0.00	nm
Net income attributable to TSYS common shareholders*	<u>\$ 0.28</u>	<u>0.32</u>	(13.9) %	<u>\$ 0.79</u>	<u>0.93</u>	(15.3) %
Dividends declared per share	\$ 0.07	0.07		\$ 0.21	0.21	
<b>Amounts attributable to TSYS common shareholders:</b>						
Income from continuing operations, net of tax	\$ 57,958	63,805		\$ 160,154	183,036	
(Loss) income from discontinued operations, net of tax	(2,932)	269		(5,155)	736	
Net income	<u>\$ 55,026</u>	<u>64,074</u>		<u>\$ 154,999</u>	<u>183,772</u>	

nm = not meaningful

Note: Certain amounts have been reclassified to conform with the presentation adopted in 2009.

\* Basic and diluted EPS amounts for continuing operations and net income do not total due to rounding.

Basic and diluted EPS is computed based on the two-class method in accordance with the update to Accounting Standards Codification 260 (ASC 260) (previously referred to as FSP EITF 03-6-1). EPS for 2009 and 2008 have been recast to show retroactive adoption of the ASC 260 update.

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

	Three Months Ended September 30, 2009		Three Months Ended September 30, 2008		Nine Months Ended September 30, 2009		Nine Months Ended September 30, 2008	
	Common Stock	Participating Securities	Common Stock	Participating Securities	Common Stock	Participating Securities	Common Stock	Participating Securities
<b>Basic Earnings per share:</b>								
Net income	\$ 55,026		64,074		154,999		183,772	
Less income allocated to nonvested awards	<u>(407)</u>	<u>407</u>	<u>(543)</u>	<u>543</u>	<u>(1,225)</u>	<u>1,225</u>	<u>(1,546)</u>	<u>1,546</u>
Net income allocated to common stock for EPS calculation ( a )	<u>\$ 54,619</u>	<u>407</u>	<u>63,531</u>	<u>543</u>	<u>153,774</u>	<u>1,225</u>	<u>182,226</u>	<u>1,546</u>
Average common shares outstanding ( b )	<u>195,721</u>	<u>1,465</u>	<u>196,000</u>	<u>1,680</u>	<u>195,552</u>	<u>1,564</u>	<u>196,342</u>	<u>1,670</u>
Average common shares and participating securities	<u>197,186</u>		<u>197,680</u>		<u>197,116</u>		<u>198,012</u>	
Basic Earnings per share ( a )/( b )	<u>\$ 0.28</u>	<u>0.28</u>	<u>0.32</u>	<u>0.32</u>	<u>0.79</u>	<u>0.78</u>	<u>0.93</u>	<u>0.93</u>
<b>Diluted Earnings per share:</b>								
Net income	\$ 55,026		64,074		154,999		183,772	
Less income allocated to nonvested awards	<u>(407)</u>	<u>407</u>	<u>(543)</u>	<u>543</u>	<u>(1,225)</u>	<u>1,225</u>	<u>(1,546)</u>	<u>1,546</u>
Net income allocated to common stock for EPS calculation ( c )	<u>\$ 54,619</u>	<u>407</u>	<u>63,531</u>	<u>543</u>	<u>153,774</u>	<u>1,225</u>	<u>182,226</u>	<u>1,546</u>
Average common shares outstanding	195,721	1,465	196,000	1,680	195,552	1,564	196,342	1,670
Increase due to assumed issuance of shares related to common equivalent shares outstanding	<u>63</u>		<u>22</u>		<u>63</u>		<u>71</u>	
Average common and common equivalent shares outstanding ( d )	<u>195,784</u>	<u>1,465</u>	<u>196,022</u>	<u>1,680</u>	<u>195,615</u>	<u>1,564</u>	<u>196,413</u>	<u>1,670</u>
Average common and common equivalent shares and participating securities	<u>197,249</u>		<u>197,702</u>		<u>197,179</u>		<u>198,083</u>	
Diluted Earnings per share ( c )/( d )	<u>\$ 0.28</u>	<u>0.28</u>	<u>0.32</u>	<u>0.32</u>	<u>0.79</u>	<u>0.78</u>	<u>0.93</u>	<u>0.93</u>

In June 2008, the Financial Accounting Standards Board (FASB) issued an update to the Accounting Standards Codification 260 (ASC 260), "Earnings Per Share" (previously referred to as FASB Staff Position Emerging Issues Task Force No. 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities,") and it became effective for TSYS beginning January 1, 2009. Under this standard, unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our nonvested awards, are considered participating securities for purposes of calculating earnings per share ("EPS"). Under the two-class method required by ASC 260, a portion of net income is allocated to these participating securities and therefore is excluded from the calculation of EPS allocated to common stock, as shown in the table above. This update to ASC 260 requires retrospective applications for periods prior to the effective date and as a result, all prior period earnings per share data presented herein have been adjusted to conform to these provisions.

TSYS Segment Breakdown (unaudited) (in thousands)								
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change		2009	2008	Change	
			\$	%			\$	%
Revenues before reimbursable items								
North America Services	\$ 219,910	235,076	(15,166)	(6.5) %	666,641	703,865	(37,224)	(5.3) %
International Services	82,566	85,119	(2,553)	(3.0) %	226,433	230,107	(3,674)	(1.6) %
Merchant Services	63,805	58,357	5,448	9.3 %	184,165	171,777	12,388	7.2 %
Intersegment revenues	(7,315)	(5,848)	(1,467)	25.1 %	(22,106)	(16,860)	(5,246)	31.1 %
Revenues before reimbursable items from external customers	\$ 358,966	372,704	(13,738)	(3.7) %	1,055,133	1,088,889	(33,756)	(3.1) %
Total revenues								
North America Services	\$ 261,580	284,935	(23,355)	(8.2) %	795,354	854,632	(59,278)	(6.9) %
International Services	86,172	88,090	(1,918)	(2.2) %	236,406	237,816	(1,410)	(0.6) %
Merchant Services	93,834	74,613	19,221	25.8 %	249,670	220,117	29,553	13.4 %
Intersegment revenues	(9,290)	(8,192)	(1,098)	13.4 %	(28,208)	(23,663)	(4,545)	19.2 %
Revenues from external customers	\$ 432,296	439,446	(7,150)	(1.6) %	1,253,222	1,288,902	(35,680)	(2.8) %
Depreciation and amortization								
North America Services	\$ 20,757	23,550	(2,793)	(11.9) %	65,810	72,992	(7,182)	(9.8) %
International Services	10,278	9,658	620	6.4 %	26,761	26,150	611	2.3 %
Merchant Services	8,159	6,783	1,376	20.3 %	24,394	20,019	4,375	21.9 %
Total depreciation and amortization	\$ 39,194	39,991	(797)	(2.0) %	116,965	119,161	(2,196)	(1.8) %
Segment operating income								
North America Services	\$ 60,703	63,168	(2,465)	(3.9) %	176,914	201,916	(25,002)	(12.4) %
International Services	9,691	16,751	(7,060)	(42.1) %	24,913	35,937	(11,024)	(30.7) %
Merchant Services	17,462	17,090	372	2.2 %	46,922	50,250	(3,328)	(6.6) %
Spin-related costs	-	(1,719)	1,719	(100.0) %	-	(9,869)	9,869	(100.0) %
Operating income	\$ 87,856	95,290	(7,434)	(7.8) %	248,749	278,234	(29,485)	(10.6) %
Total assets								
North America Services	\$ 1,502,435	1,378,651	123,784	9.0 %	1,502,435	1,378,651	123,784	9.0 %
International Services	363,257	360,002	3,255	0.9 %	363,257	360,002	3,255	0.9 %
Merchant Services	228,944	169,388	59,556	35.2 %	228,944	169,388	59,556	35.2 %
Intersegment assets	(418,369)	(321,499)	(96,870)	30.1 %	(418,369)	(321,499)	(96,870)	30.1 %
Total assets	\$ 1,676,267	1,586,542	89,725	5.7 %	1,676,267	1,586,542	89,725	5.7 %

Note: Revenues from North America 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 Services include electronic payment processing services and other services provided from outside the United States to clients based mainly outside the United States. Revenues from Merchant Services include TSYS Acquiring's merchant acquiring and related services.

Certain amounts have been reclassified to conform with the presentation adopted in 2009.

TSYS Balance Sheet (in thousands)		
	September 30, 2009 (unaudited)	Dec 31, 2008 (unaudited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 420,141	211,365
Restricted cash	26,317	31,128
Accounts receivable, net	240,753	246,767
Deferred income tax assets	16,440	29,615
Prepaid expenses and other current assets	74,678	88,612
Current assets of discontinued operations	-	24,570
Total current assets	<u>778,329</u>	<u>632,057</u>
Property and equipment, net	286,554	291,341
Computer software, net	198,249	202,038
Contract acquisition costs, net	127,021	131,568
Goodwill	168,423	165,995
Equity investments, net	72,936	74,012
Other intangible assets, net	15,082	17,452
Other assets	29,673	28,316
Long-term assets of discontinued operations	-	7,245
Total assets	<u>\$ 1,676,267</u>	<u>1,550,024</u>
<b>Liabilities</b>		
Current liabilities:		
Current portion of notes payable	\$ 6,919	8,575
Accrued salaries and employee benefits	28,529	46,701
Accounts payable	36,387	32,440
Current portion of obligations under capital leases	5,423	6,344
Other current liabilities	150,042	130,751
Current liabilities of discontinued operations	-	10,993
Total current liabilities	<u>227,300</u>	<u>235,804</u>
Notes payable, excluding current portion	196,156	196,295
Deferred income tax liabilities	52,757	60,573
Obligations under capital leases, excluding current portion	12,827	13,576
Other long-term liabilities	47,073	40,709
Long-term liabilities of discontinued operations	-	2,217
Total liabilities	<u>536,113</u>	<u>549,174</u>
<b>Equity</b>		
Shareholders' equity:		
Common stock	20,086	20,036
Additional paid-in capital	137,052	126,889
Accumulated other comprehensive income, net	7,975	(6,627)
Treasury stock	(69,950)	(69,641)
Retained earnings	1,033,851	920,292
Total shareholders' equity	<u>1,129,014</u>	<u>990,949</u>
Noncontrolling interests in consolidated subsidiaries	11,140	9,901
Total equity	<u>1,140,154</u>	<u>1,000,850</u>
Total liabilities and equity	<u>\$ 1,676,267</u>	<u>1,550,024</u>

Note: Certain amounts have been reclassified to conform with the presentation adopted in 2009.

	TSYS	
	Cash Flow	
	(unaudited)	
	(in thousands)	
	Nine Months Ended September 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 156,284	185,094
Adjustments to reconcile net income attributable to TSYS to net cash provided by operating activities:		
Equity in income of equity investments	(4,291)	(6,333)
Dividends received from equity investments	4,942	6,421
Net loss (gain) on currency translation adjustments	2,857	(3,233)
Depreciation and amortization	117,514	124,852
Amortization of debt issuance costs	115	115
Share-based compensation	13,245	21,260
Excess tax benefit from share-based payment arrangements	(6)	(82)
Provisions for bad debt expense and billing adjustments	3,855	2,779
Charges for transaction processing provisions	4,993	1,415
Deferred income tax benefit	(3,716)	(12,471)
(Gain) loss on disposal of equipment, net	(20)	180
Loss on disposal of subsidiary	5,701	-
(Increase) decrease in:		
Accounts receivable	6,095	(10,701)
Prepaid expenses, other current assets and other long-term assets	23,770	(14,722)
Increase (decrease) in:		
Accounts payable	(331)	(1,150)
Accrued salaries and employee benefits	(16,166)	(33,770)
Other current liabilities and other long-term liabilities	18,215	19,252
Net cash provided by operating activities	<u>333,056</u>	<u>278,906</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment, net	(21,344)	(35,502)
Additions to licensed computer software from vendors	(18,710)	(18,614)
Additions to internally developed computer software	(19,367)	(14,976)
Proceeds from disposition, net of expenses paid and cash disposed	1,991	-
Cash used in acquisitions	(294)	(965)
Subsidiary repurchase of noncontrolling interest	-	(343)
Additions to contract acquisition costs	(23,711)	(34,612)
Net cash used in investing activities	<u>(81,435)</u>	<u>(105,012)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings of long-term debt	5,334	2,506
Principal payments on long-term debt borrowings and capital lease obligations	(13,178)	(11,501)
Proceeds from exercise of stock options	2	266
Excess tax benefit from share-based payment arrangements	6	82
Repurchase of common stock	(329)	(23,594)
Subsidiary dividends paid to noncontrolling shareholders	(235)	(241)
Dividends paid on common stock	(41,406)	(41,358)
Net cash used in financing activities	<u>(49,806)</u>	<u>(73,840)</u>
Effect of exchange rate changes on cash and cash equivalents	(1,693)	(1,568)
Net increase in cash and cash equivalents	200,122	98,486
Cash and cash equivalents at beginning of period	220,019	210,518
Cash and cash equivalents at end of period	<u>\$ 420,141</u>	<u>309,004</u>

Note: Certain amounts have been reclassified to conform with the presentation adopted in 2009.

**Geographic Area Data:**

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

<i>(dollars in millions)</i>	Three Months Ended September 30,					
	2009		2008		Percent Change	
		%		%		
United States	\$ 304.9	70.5 %	\$ 313.4	71.3 %	(2.7) %	
Europe	70.4	16.3	77.0	17.5	(8.6)	
Canada	36.5	8.5	31.8	7.3	14.7	
Japan	11.5	2.6	7.2	1.6	60.0	
Mexico	2.1	0.5	3.5	0.8	(39.0)	
Other	6.9	1.6	6.5	1.5	5.9	
	<u>\$ 432.3</u>	<u>100.0 %</u>	<u>\$ 439.4</u>	<u>100.0 %</u>	<u>(1.6) %</u>	

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

<i>(dollars in millions)</i>	Nine Months Ended September 30,					
	2009		2008		Percent Change	
		%		%		
United States	\$ 902.8	72.0 %	\$ 937.7	72.7 %	(3.7) %	
Europe	188.9	15.1	204.1	15.8	(7.5)	
Canada	100.7	8.0	94.7	7.4	6.2	
Japan	33.6	2.7	22.8	1.8	47.9	
Mexico	6.3	0.5	11.2	0.9	(43.4)	
Other	20.9	1.7	18.4	1.4	13.6	
	<u>\$ 1,253.2</u>	<u>100.0 %</u>	<u>\$ 1,288.9</u>	<u>100.0 %</u>	<u>(2.8) %</u>	

**Geographic Area Revenue by Operating Segment:**

The following table reconciles revenues by geography to revenues by reporting segment for the three months ended September 30:

<i>(dollars in millions)</i>	Three Months Ended September 30,						
	North America Services		International Services		Merchant Services		
	2009	2008	2009	2008	2009	2008	
United States	\$ 211.8	239.4	-	-	93.1	74.0	
Europe	0.2	0.2	70.2	76.8	-	-	
Canada	36.4	31.7	-	-	0.1	0.1	
Japan	-	-	11.5	7.2	-	-	
Mexico	2.1	3.5	-	-	-	-	
Other	2.5	2.5	4.2	3.8	0.2	0.2	
	<u>\$ 253.0</u>	<u>277.3</u>	<u>85.9</u>	<u>87.8</u>	<u>93.4</u>	<u>74.3</u>	

The following table reconciles revenues by geography to revenues by reporting segment for the nine months ended September 30:

<i>(dollars in millions)</i>	Nine Months Ended September 30,						
	North America Services		International Services		Merchant Services		
	2009	2008	2009	2008	2009	2008	
United States	\$ 655.2	719.1	-	0.2	247.6	218.4	
Europe	0.6	0.7	188.3	203.4	-	-	
Canada	100.3	94.3	-	-	0.4	0.4	
Japan	-	-	33.6	22.8	-	-	
Mexico	6.3	11.2	-	-	-	-	
Other	7.6	7.4	12.8	10.4	0.5	0.6	
	<u>\$ 770.0</u>	<u>832.7</u>	<u>234.7</u>	<u>236.8</u>	<u>248.5</u>	<u>219.4</u>	

Supplemental Information:

Accounts on File at September 30,						
<i>(in millions)</i>	2009	%	2008	%	Percent Change	
Consumer	189.2	55.3 %	211.1	59.4 %	(10.4) %	
Retail	39.2	11.4	51.1	14.4	(23.4)	
Commercial	46.0	13.4	41.8	11.7	10.1	
Government services	24.6	7.2	20.5	5.8	19.9	
Stored Value	37.8	11.1	26.1	7.3	45.0	
Debit	5.3	1.6	4.9	1.4	8.8	
	<u>342.1</u>	<u>100.0 %</u>	<u>355.5</u>	<u>100.0 %</u>	<u>(3.8) %</u>	

  

<i>(in millions)</i>	September 30, 2009	September 30, 2008	Percent Change
QTD Average Accounts on File	351.7	365.5	(3.8) %
YTD Average Accounts on File	349.8	369.1	(5.2) %

  

Accounts on File at September 30,						
<i>(in millions)</i>	2009	%	2008	%	Percent Change	
Domestic	253.2	74.0 %	272.6	76.7 %	(7.1) %	
International	88.9	26.0	82.9	23.3	7.3	
	<u>342.1</u>	<u>100.0 %</u>	<u>355.5</u>	<u>100.0 %</u>	<u>(3.8) %</u>	

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

Growth in Accounts on File (in millions):

	September 2008 to September 2009	September 2007 to September 2008
Beginning balance	355.5	357.1
Change in accounts on file due to:		
Internal growth of existing clients	29.6	38.7
New clients	25.7	27.8
Purges/Sales	(31.3)	(33.1)
Deconversions	(37.4)	(35.0)
Ending balance	<u>342.1</u>	<u>355.5</u>

Number of Employees (FTEs):

	2009	2008
At September 30,	7,720	7,772
Quarterly average for period ended September 30,	7,893	7,761
YTD average for period ended September 30,	7,991	7,519

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Reconciliation of GAAP to Non-GAAP

Constant Currency Comparison  
(unaudited)  
(in thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Percent Change	2009	2008	Percent Change
<b>Consolidated</b>						
Constant currency (1)	\$ 442,627	439,446	0.7 %	\$ 1,303,914	1,288,902	1.2 %
Foreign currency (2)	(10,331)	-	(2.4)	(50,692)	-	(3.9)
Total revenues	\$ 432,296	439,446	(1.6) %	\$ 1,253,222	1,288,902	(2.8) %
Constant currency (1)	\$ 89,534	95,290	(6.0) %	\$ 256,634	278,234	(7.8) %
Foreign currency (2)	(1,678)	-	(1.8)	(7,885)	-	(2.8)
Operating income	\$ 87,856	95,290	(7.8) %	\$ 248,749	278,234	(10.6) %
<b>International Services</b>						
Constant currency (1)	\$ 96,503	88,090	9.6 %	\$ 287,098	237,816	20.7 %
Foreign currency (2)	(10,331)	-	(11.7)	(50,692)	-	(21.3)
Total revenues	\$ 86,172	88,090	(2.2) %	\$ 236,406	237,816	(0.6) %
Constant currency (1)	\$ 11,369	16,751	(32.1) %	\$ 32,798	35,937	(8.7) %
Foreign currency (2)	(1,678)	-	(10.0)	(7,885)	-	(21.9)
Operating income	\$ 9,691	16,751	(42.1) %	\$ 24,913	35,937	(30.7) %

(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.