

Below is a summary of the International Services segment:

	Years Ended December 31,			Percent Change	
	2010	2009	2008	2010 vs. 2009	2009 vs. 2008
(in millions)					
Total revenues	\$ 335.0	337.8	318.5	(0.8)%	6.0%
External revenue	332.2	335.5	316.9	(1.0)	5.9
Reimbursable items . . .	13.1	15.1	11.2	(13.0)	34.8
Operating income* . . .	42.7	57.7	55.6	(26.0)	3.7
Operating margin* . . .	12.7%	17.1%	17.5%		
Key indicators:					
AOF	46.3	39.5	33.5	17.1	18.0
Transactions	1,259.9	1,136.0	1,035.8	10.9	9.7

* Note: Segment operating results do not include expenses associated with Corporate Administration. Refer to Note 22 for more information on operating segments.

The decrease in segment external total revenues for 2010, as compared to 2009, is driven by \$19.8 million of lost business and price compression, partially offset by \$26.2 million of new business and organic growth and \$1.1 million increase related to the impact of foreign currency translation. The segment revenues for 2009 also included a deconversion fee received from a client for the discontinuance of an account portfolio.

The \$18.6 million increase in segment external total revenues for 2009, as compared to 2008, is the result of an increase from internal growth of existing clients, deconversion fee of approximately \$10.8 million, approximately \$26.3 million in new business, and a decrease of \$46.8 million impact related to foreign currency translation.

During the fourth quarter of 2008, the U.S. dollar strengthened against the British Pound. As a result, foreign denominated

Below is a summary of the Merchant Services segment:

	Years Ended December 31,			Percent Change	
	2010	2009	2008	2010 vs. 2009	2009 vs. 2008
(in millions)					
Total revenues	\$ 458.9	327.1	288.7	40.3%	13.3%
External revenue	457.8	325.6	287.5	40.6	13.3
Reimbursable items	121.7	94.8	64.3	28.4	47.4
Operating income*	102.4	71.4	74.7	43.4	(4.4)
Operating margin*	22.3%	21.8%	25.9%		
Key indicator:					
Dollar sales volume	\$ 49,142	nm	nm	nm	nm
Point-of-sale transactions	5,315.4	5,194.4	5,057.9	2.3	2.7

* Note: Segment operating results do not include expenses associated with Corporate Administration. Refer to Note 22 for more information on operating segments.

nm = not meaningful

The \$132.2 million increase in segment external total revenues for 2010, as compared to 2009, is the result of \$17.9 million of organic growth and \$91.8 million net increase for acquisitions, and was partially offset by price compression and deconversions. The \$38.1 million increase in segment external total revenues for 2009, as compared to 2008, is the result of \$30.5 million increase in reimbursable items related to the increase in Visa access fees, \$5.4 million from acquisitions, and internal growth.

financial statements were translated into fewer U.S. dollars, which impact the comparison to prior periods when the U.S. dollar was weaker. For 2011, TSYS does not expect any significant movements from the rates that existed at December 31, 2010.

Merchant Services

The Merchant Services segment provides merchant services and related services to clients based primarily in the United States. Merchant services revenues are derived from providing processing services, acquiring solutions, related systems and integrated support services to merchant acquirers and merchants. Revenues from merchant services include processing all payment forms including credit, debit, prepaid, electronic benefit transfer and electronic check for merchants of all sizes across a wide array of market verticals. Merchant services include authorization and capture of transactions; clearing and settlement of transactions; information reporting services related to transactions; merchant billing services; and point-of-sale equipment sales and service.

With the acquisition of TMS, the Company has expanded its service offerings to include merchant support and underwriting, and business and value-added services, as well as Visa- and MasterCard-branded prepaid cards for businesses of any size. Ranked as the 10th-largest merchant acquirer in North America by dollar volume (*The Nilson Report*, March 2010), TMS has a 57-year history in the acquiring industry with more than 300,000 merchant outlets in its diverse portfolio.

This segment has one major customer.