

**TeleCommunication Systems, Inc.
& Cannell Capital LLC**

Investor Presentation

2015

OUR BACKGROUND

- Cannell Capital LLC has been a TSYS shareholder for more than four years
 - Multiple attempts were made to communicate with management
 - Management and Board have been unresponsive
 - Fundamental concerns remain unaddressed for the last four years
-

REASONS FOR CHANGE

- Stock price erosion
 - Poor financial performance
 - Poor relative valuation & performance
 - Weak balance sheet
 - History of misguided and poorly executed acquisitions
 - Disconnect in pay-for-performance
 - Poor corporate governance
-

OUR PLAN

- Embrace fiscal discipline
 - Repay debt
 - Restore corporate governance
 - Link pay to performance
 - Explore strategic alternatives
 - Monetize patent portfolio
-

CANNELL CAPITAL LLC

- Cannell Capital LLC represents over 5% ownership of TSYS

Our Background with TSYS

- **Cannell Capital is a long-term shareholder**

- ✓ Cannell Capital bought its first TeleCommunication Systems, Inc. (TSYS) Class A common stock in April 2011 at \$4.49 per share. Since that time, we have patiently waited in vain for management to create some, *any* value for shareholders.

- **Prior discussions with TSYS management**

- ✓ On June 20, 2012, Cannell Capital met with TSYS CFO & SVP Thomas M. Brandt to discuss its concerns. Cannell suggested several strategic changes including a recommendation that TSYS explore a sale or merger in a September 2012 letter. No action was taken. The share price closed at \$1.41 on June 20, 2012.

- **Management has failed to respond in any way to recent shareholder requests**

- ✓ In January 2014, Cannell Capital delivered a second letter to Mr. Brandt requesting a meeting with TSYS. There was no response.

- ✓ Management again offered no response.

- ✓ TSYS CEO Maurice B. Tose has continued to refuse Mr. Cannell's direct request for a meeting.

- ✓ Management/Board have failed, quarter after quarter, to produce any shareholder value.

**Seven
Reasons to
Challenge the
Status Quo**

- 1. Poor operating performance**
- 2. Destruction of shareholder value**
- 3. Poor relative performance & valuation**
- 4. Weak balance sheet**
- 5. History of dilutive acquisitions**
- 6. Disconnect in pay-for-performance**
- 7. Poor corporate governance**

Poor Operating Performance

As sales have increased, profits have disappeared

TSYS Began Losing Money the Year Revenue Peaked

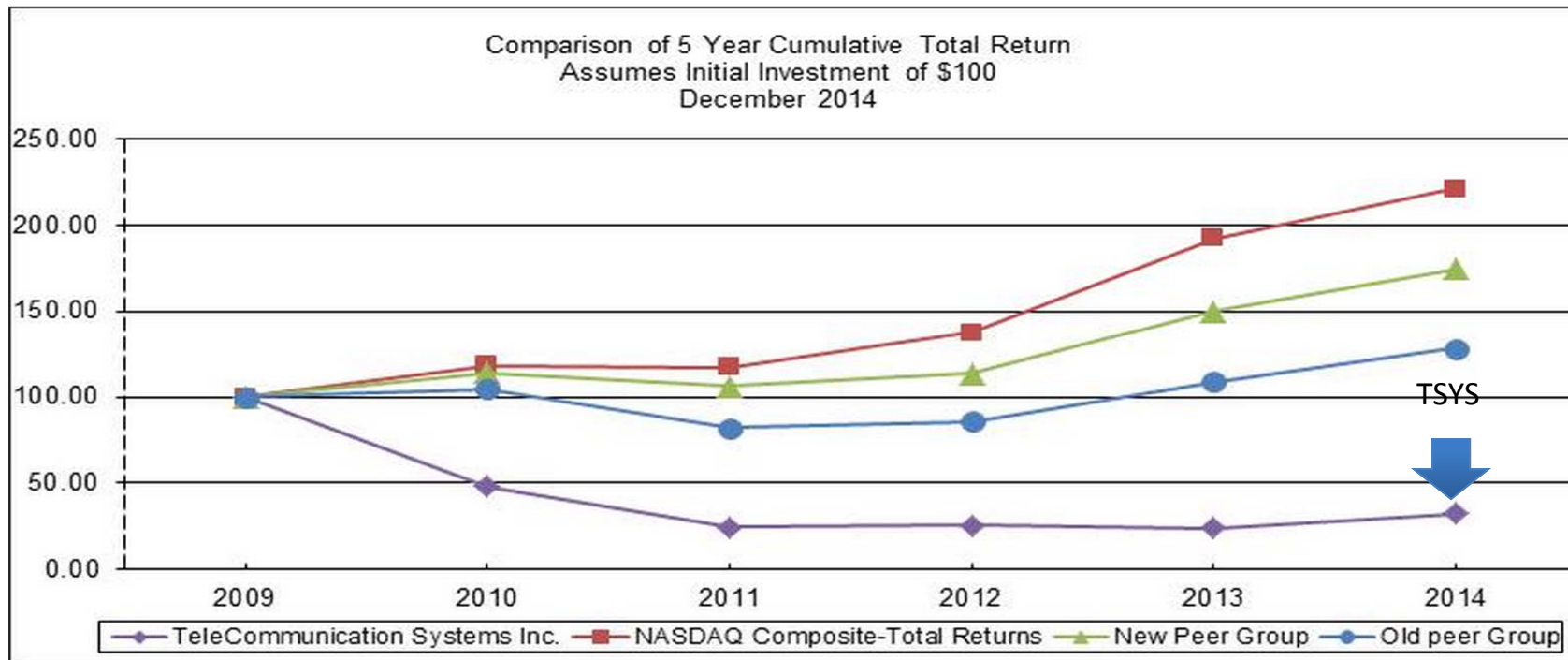
Fiscal year ends in December 31	FY '00	FY '01	FY '02	FY '03	FY '04	FY '05	FY '06	FY '07	FY '08	FY '09	FY '10	FY '11	FY '12	FY '13	FY '14
Total Revenue (\$ millions)	\$58.1	69.6	92.0	92.1	96.9	102.2	125.0	144.2	220.2	300.1	388.8	425.4	487.4	362.3	359.8
<i>Revenue Growth</i>		20%	32%	0%	5%	5%	22%	15%	53%	36%	30%	9%	15%	-26%	-1%
Gross profit (\$ millions)	\$18.4	24.5	30.3	31.8	44.8	45.3	54.6	54.1	81.3	113.9	138.0	151.2	160.2	139.0	147.6
<i>Gross Margin</i>	32%	35%	33%	35%	46%	44%	44%	38%	37%	38%	35%	36%	33%	38%	41%
EBIT (\$ millions)	\$-8.9	-90.8	-17.3	-13.9	-4.8	-3.0	5.2	3.5	25.2	49.0	32.4	20.9	-105.7	-29.9	15.4
<i>EBIT Margin</i>	-15%	-130%	-19%	-15%	-5%	-3%	4%	2%	11%	16%	8%	5%	-22%	-8%	4%
Net income (\$ millions)	\$-6.5	-89.5	-17.8	-13.5	-18.5	-11.5	-21.7	-1.3	57.6	28.3	15.9	7.0	-98.0	-58.6	-1.7
<i>Net income Margin</i>	-11%	-129%	-19%	-15%	-19%	-11%	-17%	-1%	26%	9%	4%	2%	-20%	-16%	-97%
EPS – Basic	\$-0.39	-3.16	-0.61	-0.45	-0.56	-0.30	-0.55	-0.03	1.34	0.59	0.30	0.12	-1.69	-1.00	-0.03
EPS – Diluted	\$-0.39	-3.16	-0.61	-0.45	-0.56	-0.30	-0.55	-0.03	1.23	0.53	0.28	0.12	-1.69	-1.00	-0.03

All GAAP data above sourced from company's filings using Bloomberg.

Destruction of Shareholder Value

Stock Price Underperformance

- TSYS' Share price has declined 65% from \$9.38 on 1/15/10 to \$3.19 on 06/01/15.
- TSYS' Shares have underperformed vs. NASDAQ index and index of industry peers.



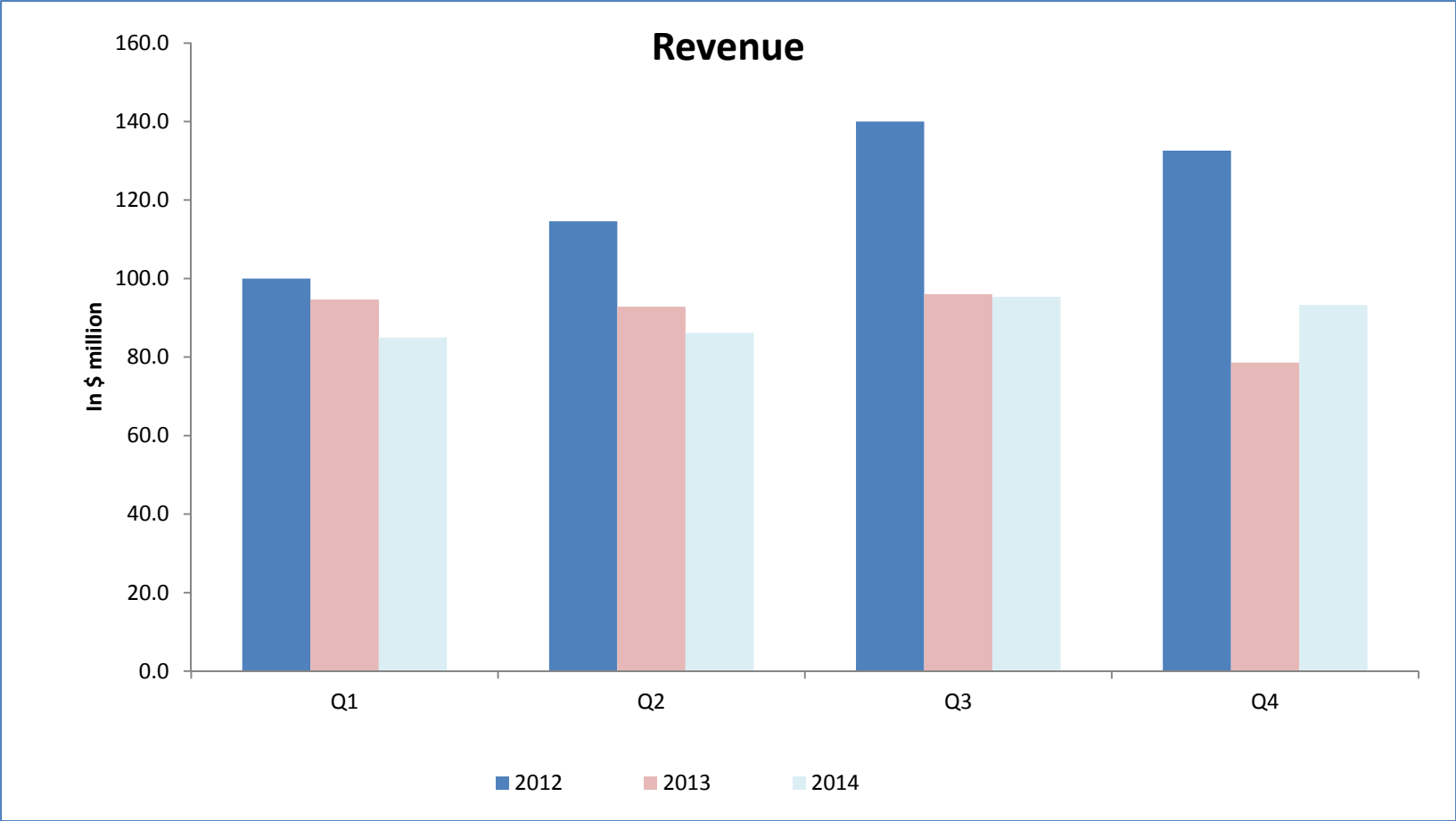
Source: Company's filings

New Peer Group: BlackBerry Limited; CACI International Inc.; Comtech Telecommunications Corp.; Garmin Ltd.; General Dynamics Corp.; Harris Corp.; The KEYW Holding Corporation; Kratos Defense & Security Solutions, Inc.; NCI Inc.; NeuStar, Inc.; Rockwell Collins, Inc.; LM Ericsson Telephone Company; Telenav, Inc.; and ViaSat, Inc

Old Peer Group: CACI International Inc.; Comtech Telecommunications Corp.; General Dynamics Corp.; Harris Corp.; Kratos Defense & Security Solutions, Inc.; NCI Inc.; NeuStar, Inc.; Rockwell Collins, Inc.; LM Ericsson Telephone Company; Telenav, Inc.; ViaSat, Inc, Comverse Technology, Inc. and Globecom Systems, Inc

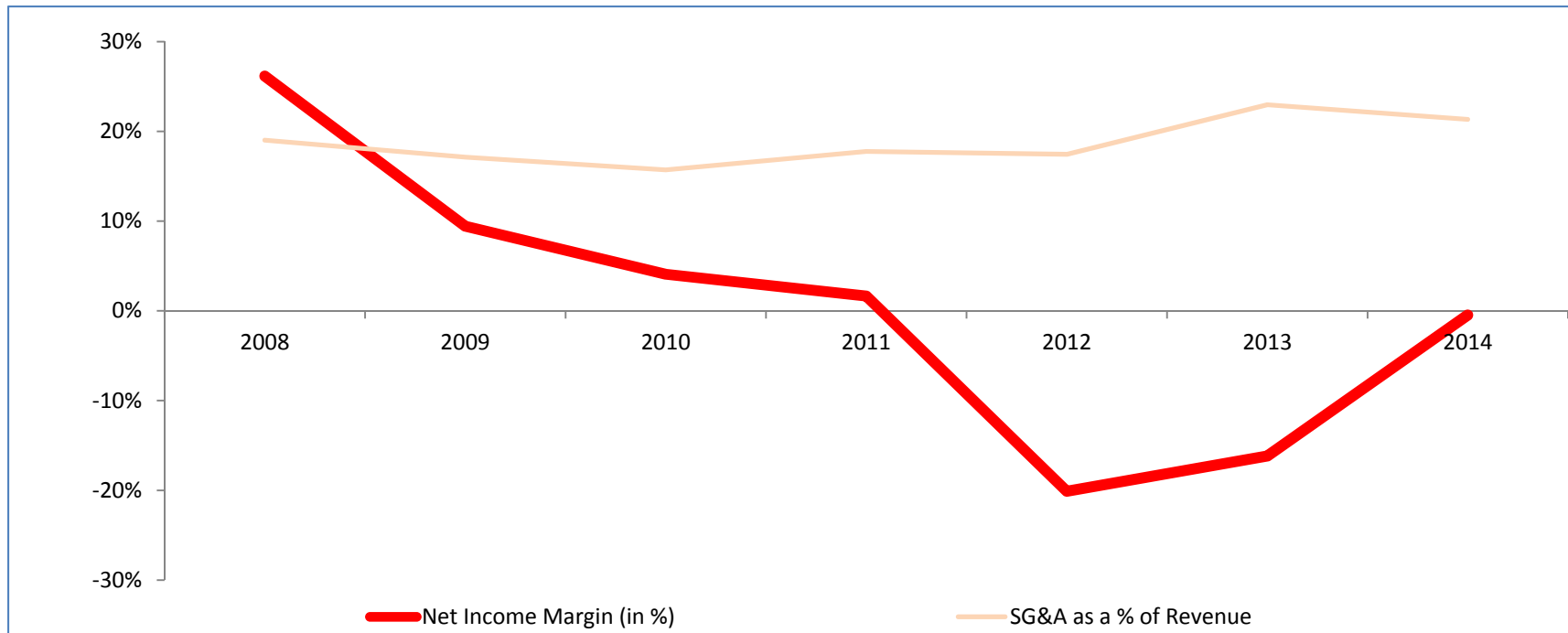
Significant Drop in Revenue in Recent Years

Revenue has declined consistently since 2012.



Poor Profitability

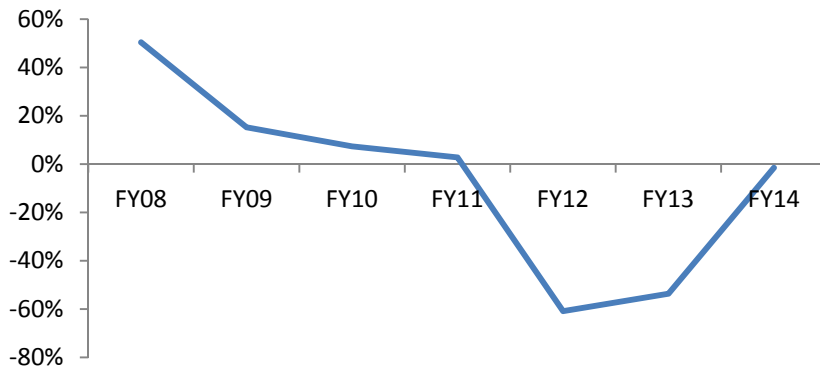
Net income margin remains dramatically below 2008 levels. SG&A as a percentage of revenue grew during the same period.



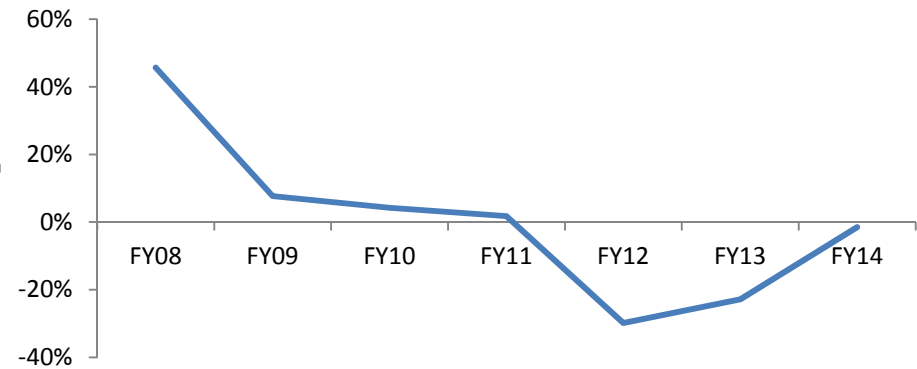
Poor Profitability

Return on Equity (ROE), Return on Invested Capital (ROIC), Return on Assets (ROA) and Earnings Per Share have significantly decreased over the last six years.

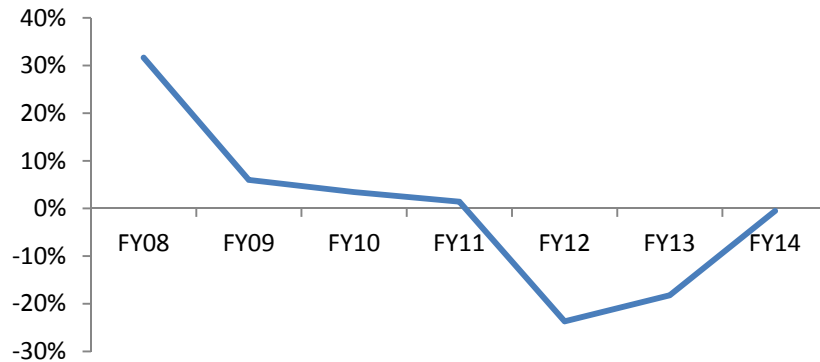
ROE



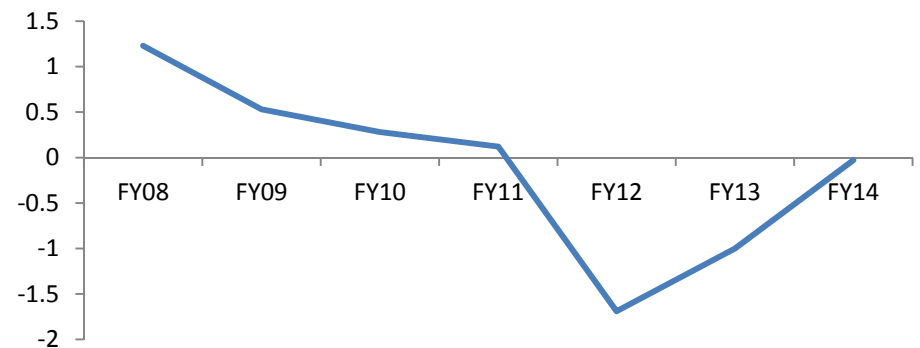
ROIC



ROA

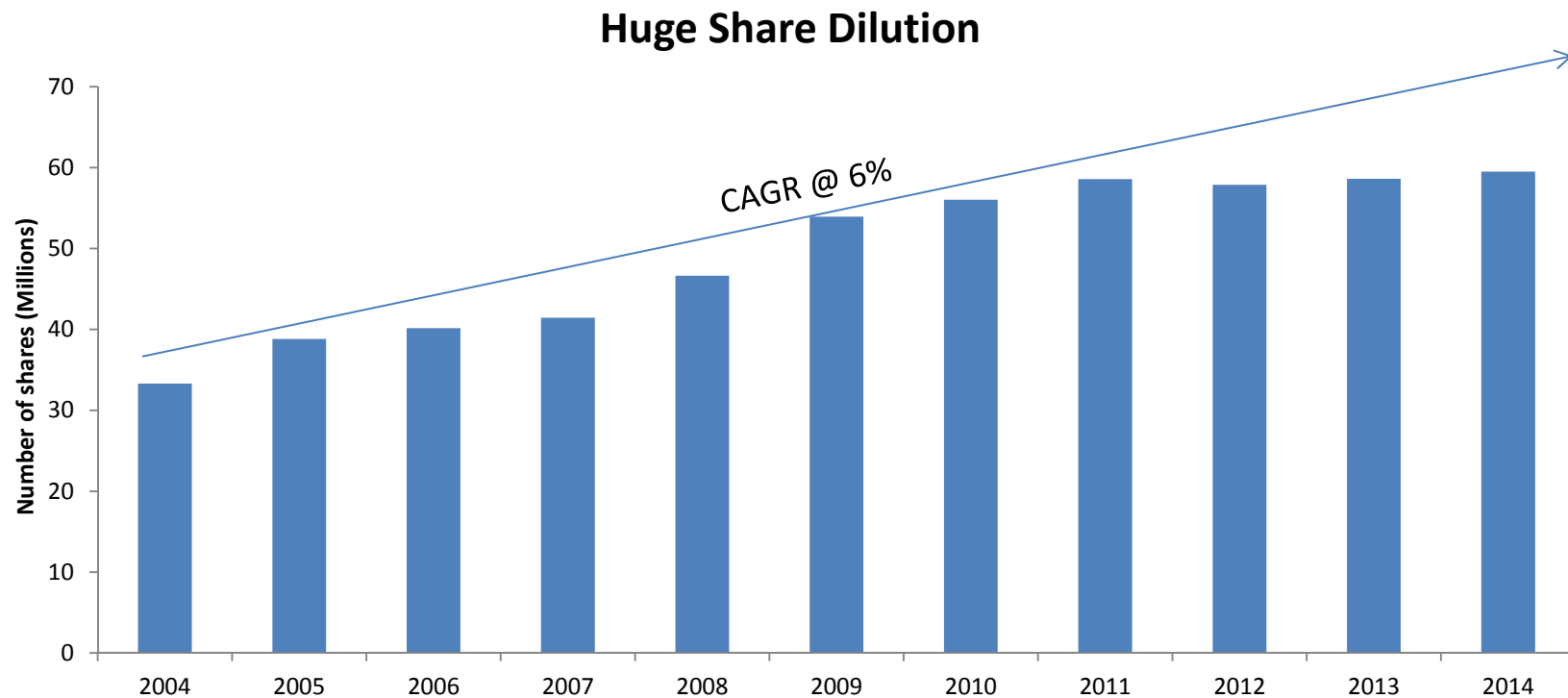


Earnings Per Share



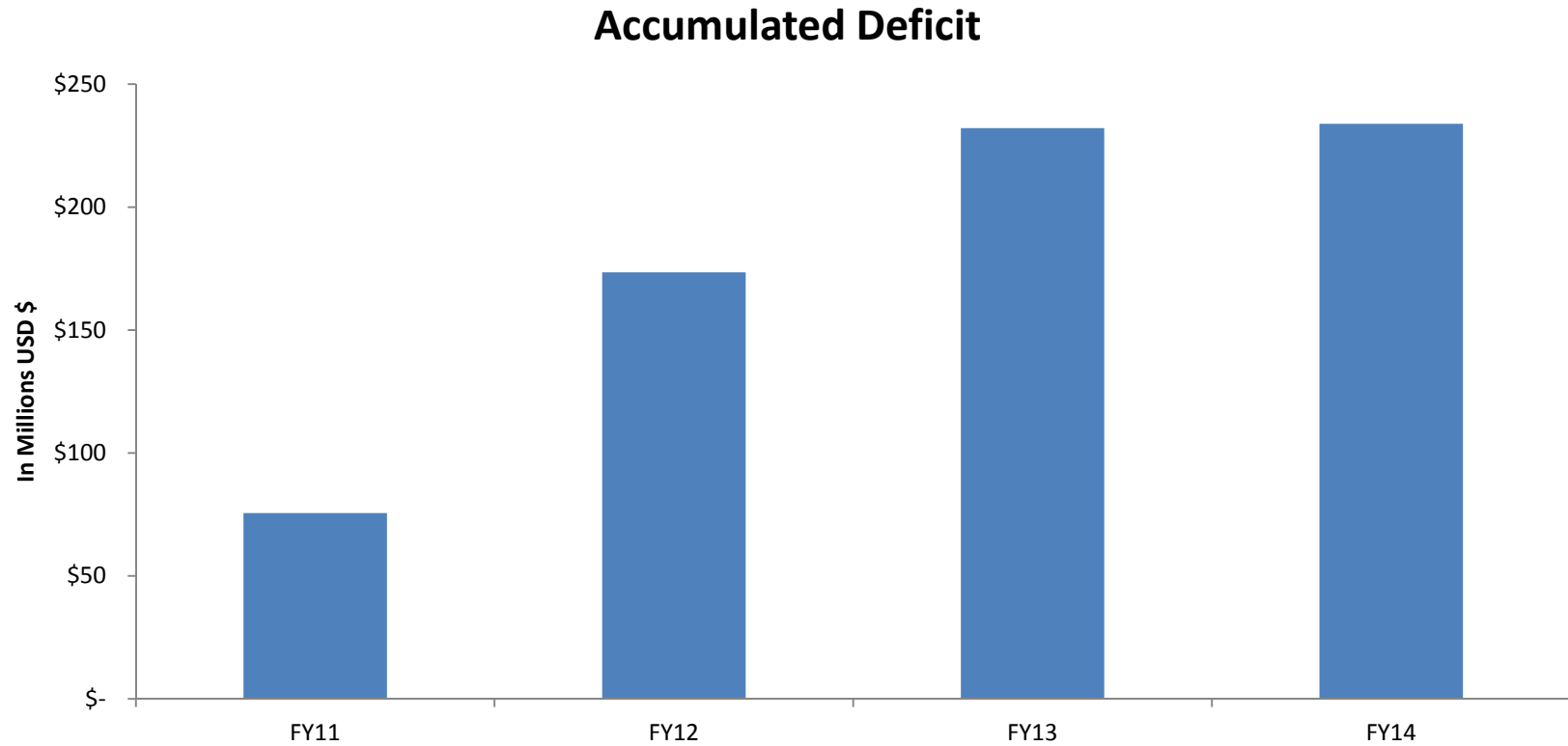
Significant Dilution of Equity

Over the last decade, shares outstanding have increased from 33.3 million on December 31, 2004 to 59.5 million on December 31, 2014.



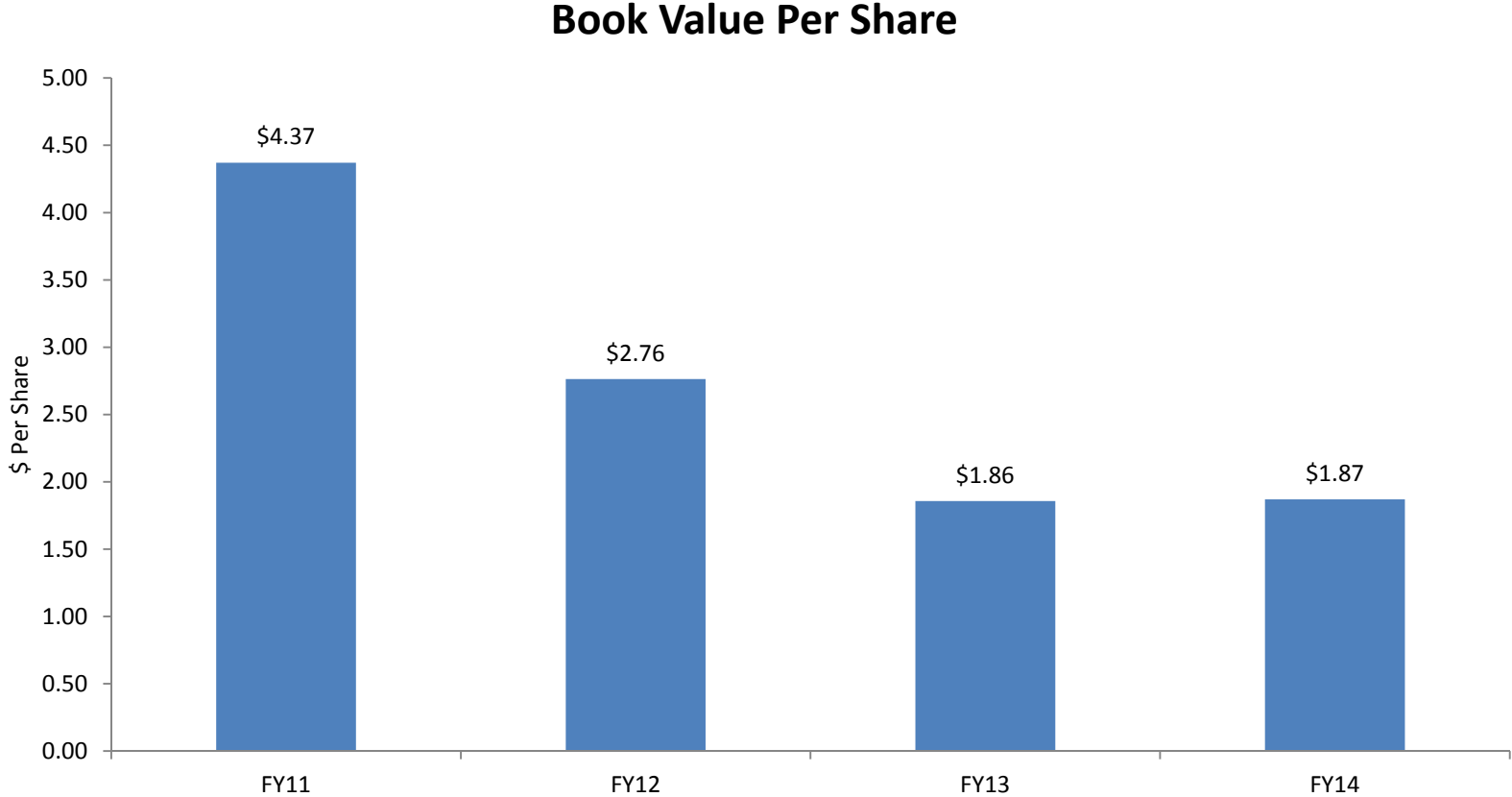
Increasing Accumulated Deficit

Accumulated deficit has increased drastically due to the Board's failure.



Decline in Shareholders' Equity

Book value per share has declined dramatically since 2011.



Management's Failure to Forecast

Management's failure to accurately forecast revenue and adjusted EBITDA.

- TSYS has regularly missed revenue and adjusted EBITDA forecast, often by a large margin
- EBITDA is adjusted to exclude management payments

(\$ Millions)

FY '14 Guidance (Q4 2013- Earnings Call 1/30/14):

	Q1 ' 14	Actual
Revenue	\$365 to \$375	\$360.00
Adjusted EBITDA	\$34 to \$38	\$36.40

FY '13 Guidance (Q4 2012- Earnings Call 1/31/13):

	Q1 ' 13	Actual
Revenue	\$450 to \$475	\$362.3
Adjusted EBITDA	\$46 to \$50	\$36

FY '11 Guidance (Q4 2010- Earnings Call 2/3/11):

	Q1 ' 11	Actual
Revenue	\$450 to \$475	\$425.4
Adjusted EBITDA	\$65 to \$70	\$59.0

FY '10 Guidance (Q4 2009- Earnings Call 2/4/10):

	Q1 ' 10	Actual
Revenue	\$430 to \$450	\$388.8
Adjusted EBITDA	\$80 to \$85	\$66.3

Management's Failure to Forecast

Failed to Meet Covenants.

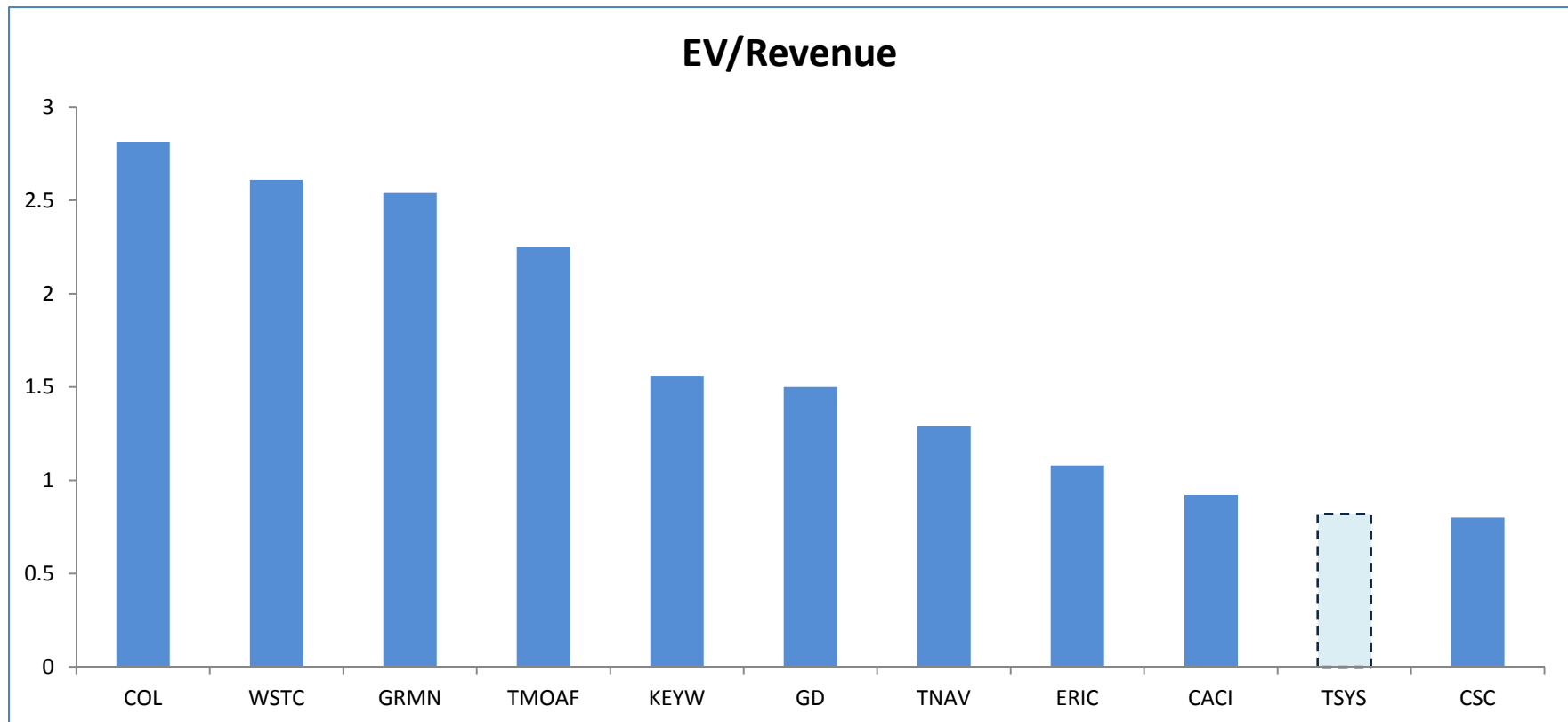
- On June 15, 2012 management announced that a non-cash charge for goodwill and other intangibles impairment was not expected to impact future cash flow, liquidity, or compliance with debt covenants.
- But on a July 26, 2012 conference call, management stated that TSYS' borrowing covenants were affected by this non-cash charge.

“During the quarter, we booked \$126 million pre-tax impairment charge or \$112 million after income tax accounting, writing down the long-lived and intangible assets associated with our 2009 acquisition of Networks In Motion. Now, the Company's borrowing covenants were affected by this non-cash charge.” – Thomas Brandt, SVP & CFO

Poor Relative Performance & Valuation

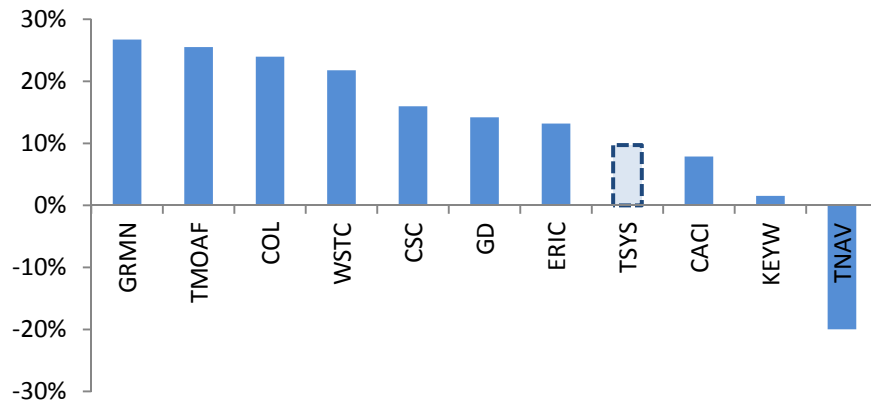
TSYS Trades at a Significant Discount to Competitors

TSYS trades at a low EV/Revenue compared to competitors cited in the TSYS Annual Report.

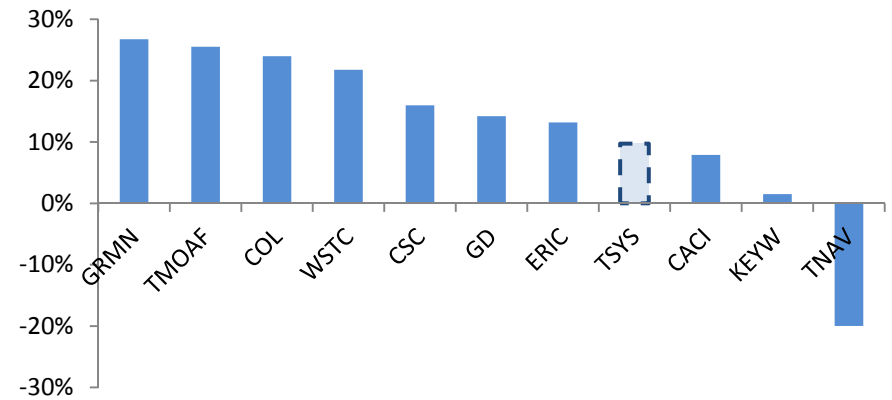


Margins Lower Than Peers

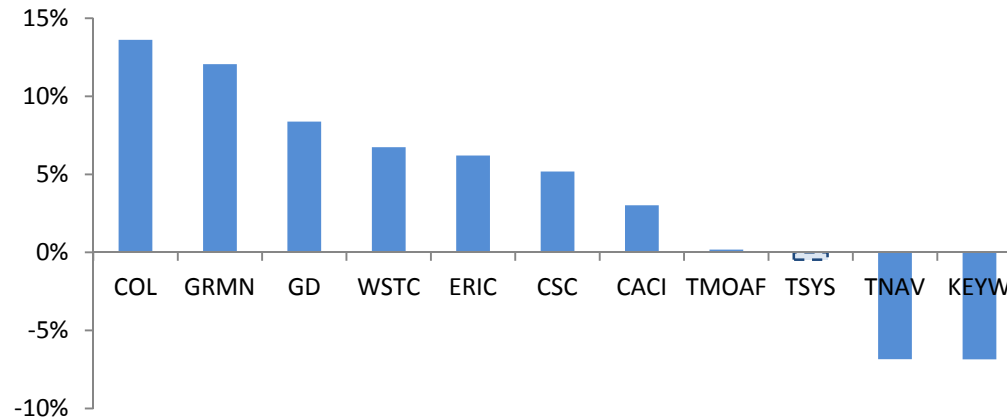
Operating Margin - FY'14



EBITDA Margin % - FY'14



Net Income Margin % - FY'14



Patent Monetization Program Failed to Deliver

Patent Monetization Program has failed to deliver:

- TSYS claims it started a 'Patent Monetization Program' in 2008 and that the program has generated over \$40 million of gross proceeds.
- CEO promised inflow of payments would increase as the number of monetization programs increases. The number of monetization programs at various stages of execution increased from 25 in 2013 to 37 in Q2'14, but it has not led to any substantial increase in payments.
- During the Q1 '14 conference call, while responding to a question about gross proceeds from patent monetization, management commented that unless there is a major outlier, they will not give details. TSYS has not disclosed any serious recent progress.

“Yes, we have made a point of not breaking that out. It's going to be herky-jerky quarter to quarter. And if something is a major outlier, we will likely explain in our MD&As that that is the case. But otherwise, it's not something we'll break out.” – Thomas Brandt, SVP & CFO, May 01, 2014.

Patent Monetization Program Colossal Failure

“Our collaboration with Ocean Tomo has confirmed our belief that TeleCommunication Systems, through its steady investment over the past decade, has accumulated a rare and valuable body of protected intellectual property in areas of imminent large market growth”
– Maurice Tose, CEO, February 23, 2006.z

“And again, we look at our efforts in '12 as a beginning point of where we can move towards a more predictive monetization strategy going forward. But the likelihood of that being '11 -- I'm sorry, being in '12 is it's, again, it's the beginning. It's the beginning and technology and the speed at which technology is progressing. A lot of technology is reading it on our intellectual property portfolio.” - Maurice Tose, CEO, February 02, 2012.

“We now, again, are getting to a point of where in 2013, we expect to be able to give a little more clarity in that part of the business on an ongoing basis to turn it really into a profit center as we've envisioned for some time” - Maurice Tose, CEO, October 25, 2012.

“And as we continue to get more and more patent families under license or prosecution, we believe that, unlike where we are now, with it being modest and being lumpy, as time progresses, we hope to get this to a place where we can be more forthcoming with predictable -- with some degree of predictability.” - Maurice Tose, CEO, May 02, 2013.

Weak Balance Sheet

TSYS Raised Too Much High-Cost Debt

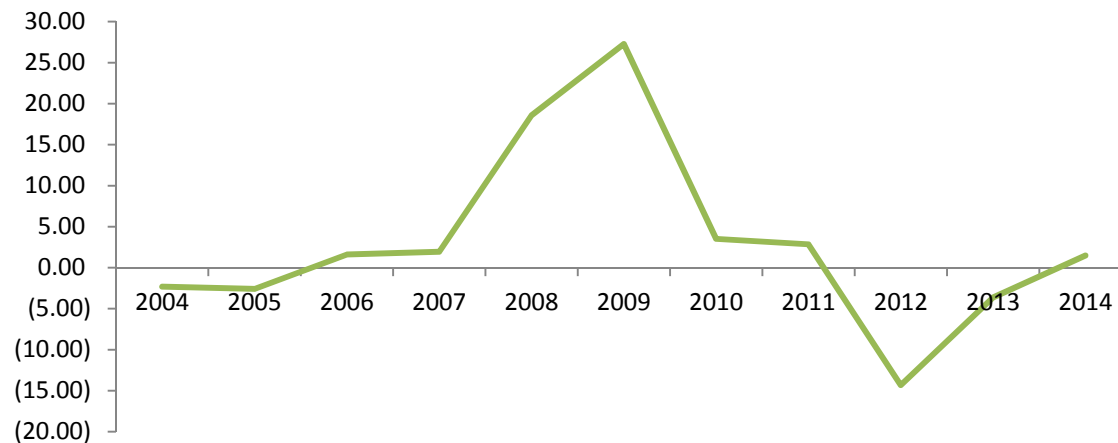
Company's acquisitions fueled by debt:

- TSYS funded its acquisition spree by issuing debt.
- Capital leases and long-term debt increased more than 11 times from **\$11.8 million in FY '08 to \$147 million in FY '13.**
- Net income declined drastically from \$57.6 million in FY '08 to \$(58.6) million in FY '13. The Company's interest expense increased from \$0.9 million in FY '08 to \$8.2 million in FY '13.

High-cost debt.

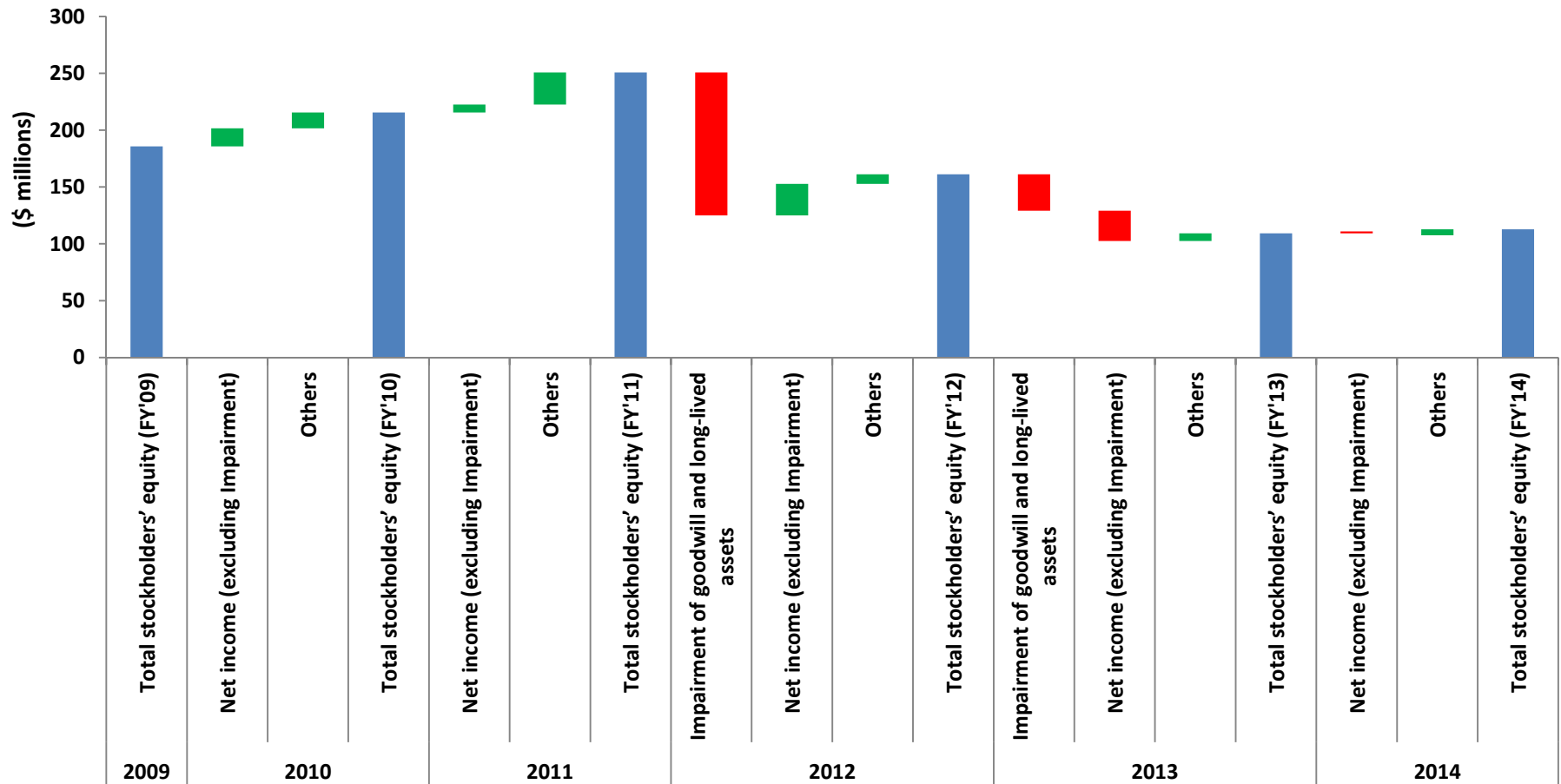
- In May 2013, TSYS retired \$50 million of 4.5% convertible senior notes due in 2014 for \$50 million of new 7.75% convertible senior notes.

EBIT to Interest Expense



Shareholders' Equity Halved

Total Shareholders' Equity declined significantly from \$251 million in FY '11 to \$113 million in FY '14.



History of Dilutive Acquisitions

Investors are casualties in the acquisition spree

Hundreds of Millions Lost from Acquisitions

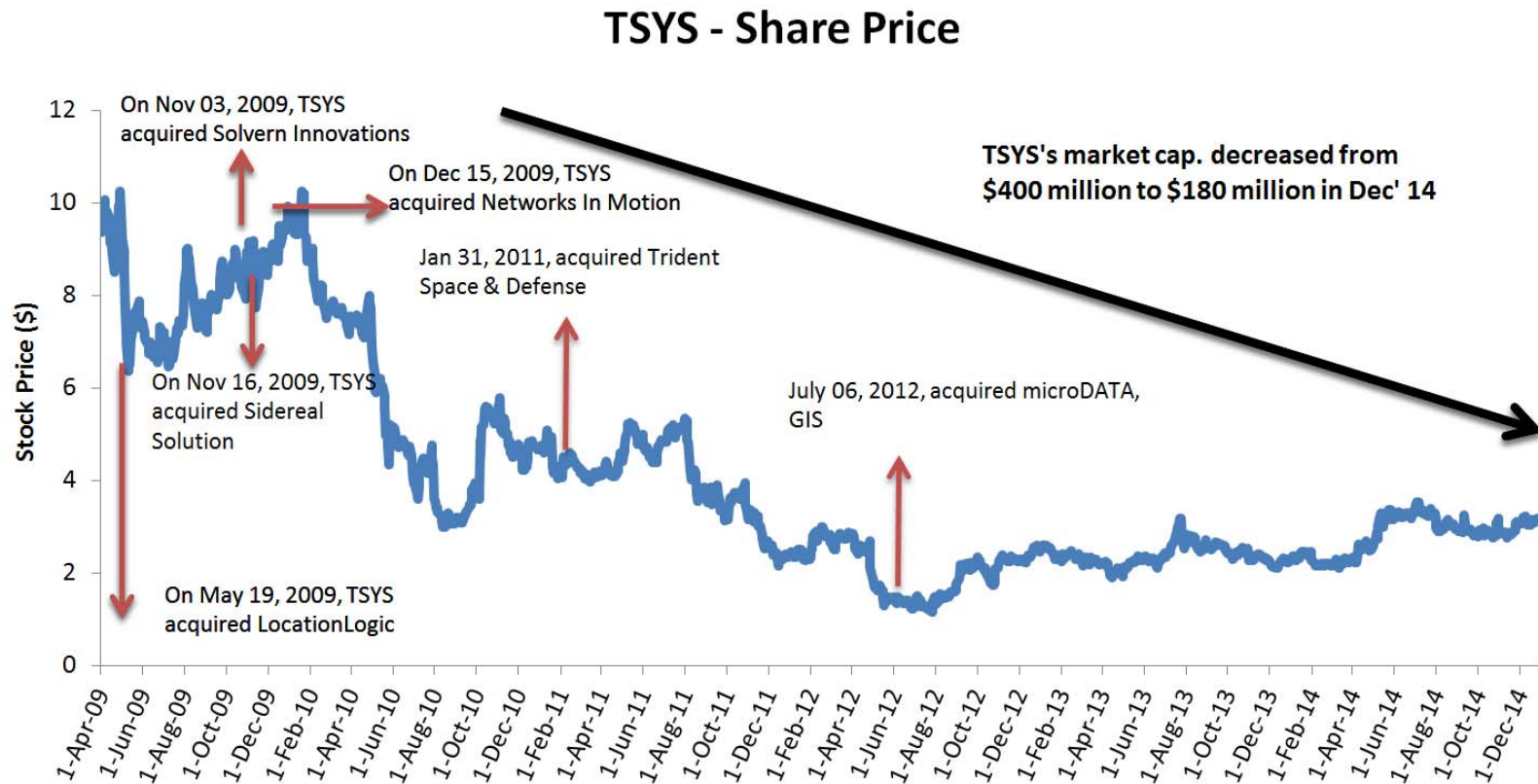
- On March 31, 2009, the Enterprise Value (EV) of TSYS was approximately \$400 million. Subsequently, from March 2009 to September 2014, the company acquired six companies for \$305 million.
- The EV of TSYS in March 2009 **PLUS** the total amount paid for acquisitions was **\$705 million**.
- The current EV is **\$278 million** – less than 35% of the total combined value.
- In FY '12 and FY '13, TSYS recorded \$125.7 and \$32 million respectively of impairment charged for excess carrying value of goodwill from acquisitions. Total impairment value of TSYS is 80% of current market capitalization.

“Impairment of Goodwill” AKA “We overpaid for the acquisition by at least this amount.”

	Date	Target Company	Total Value (EV) (\$ million)	Goodwill (\$ million)	EV/Revenue
1	May 19, 2009	LocationLogic	25	48.9	1.38
2	November 3, 2009	Solvern Innovations	45.6		NA
3	November 16, 2009	Sidereal Solutions			NA
4	December 15, 2009	Networks In Motion	171	108.4	2.46
5	July 6, 2012	microDATA, GIS	35	22.0	1.77
6	January 31, 2011	Trident Space & Defense	29.5	17.6	0.73

Hundreds of Millions Lost from Acquisitions

Between 2009 and 2014, market capitalization dropped from \$420 million to \$186 million.



microDATA Acquisition: Too Early for the Market

microDATA's text-to-911 technology still has a long way to go.

▪ On July 2012, the Company acquired microDATA for \$35 million. TSYS bought it to enhance its “Next Generation” 911 systems, allowing for texting and sending videos and data to 911 services in an emergency.

Present situation of text-to-911.

▪ Aug 2014: Even though many carriers have added text-to-911 functionality, less than 2 percent of the nation's 6,800 emergency dispatch centers are ready to receive texts.

“The bottom line is that for the foreseeable future, only a few Americans will be able to text the police via 911. If you have an emergency, skip texting and just call.” – CBS News, Aug 11, 2014.

▪ In FY '13, microDATA contributed \$5.2 million in sales compared to \$8.7 million in FY '12.

“Okay. And anything you can share in terms of what you think the growth rate of that business might be over the next 12 months?” – Mark Jordan, Noble Financial Capital Analyst

“Well, we're really refining that. We expected it based on what the FCC has indicated to be a healthy double-digit growth rate. And we actually expect to participate beyond the average in the market, because of the strength of the technology that's resonant in our Company now. So the best proxy I would offer for that would be the FCC data that here we've got in the IR deck.”

– Maurice Tose, CEO, October 25, 2012.

NIM Acquisition: Missed Market Signals

- On October 2009, Google introduced Google Maps Navigation - a **FREE** service on Android devices.
- December 1, 2009, TSYS announced it would purchase Networks in Motion (NIM), a provider of wireless navigation for GPS-enabled mobile phones for \$171 million or 4.7X of 2008 NIM revenue.*
- TSYS closed the deal with NIM on December 15, 2009.
- In March 2012, the Company received a notice from a navigation application customer that it intended to adjust pricing for TSYS services. Subsequently, in June 2012, TSYS impaired \$86 million of goodwill paid for the NIM acquisition.
- Management failed to see the 800-pound gorilla enter the room.

“We are, of course, mindful that we are making this investment as Google is launching Google Maps navigator on a single device as a beta release ”
– Maurice Tose, CEO, December 16, 2009.

“First and foremost, the accumulation of the assets, both from LocationLogic and from Networks in Motion, has put the Company in a totally different posture within the carrier world on a global basis, in conjunction with our platform business” – Maurice Tose, CEO, November 04, 2010.

“We believe navigation is less than 15% of total revenue and is likely close to break even. We believe TeleCommunication Systems should look to offload this and focus on core location infrastructure ”
– Wedbush Securities, June 2012.

Trident Acquisition: Failed Management

- On January 31, 2011 TSYS acquired privately-held Trident Space & Defense, LLC for \$29 million.
- Trident expected 2011 revenue to be more than \$40 million. The acquired Trident business operations are included in the TSYS Government Segment.
- For the year 2011, Trident generated \$27 million or about \$29.5 million annualized.
- Management failed at managing this once valuable asset.

“Got it. And absolutely the last, here. Trident -- the (inaudible) was tracking, I think, it could have been \$40 million for 2011. What's the historical growth rate in that business?” – Suhail Chandy, Analyst, Wedbush Securities.

“You could say it's a 5% or 10% growth rate. It hasn't been linear and there is a growth element that has been maturing where we're bullish that we're going to see a more significant contribution than was there historically” – Tom Brandt, SVP & CFO, Feb 03, 2011.

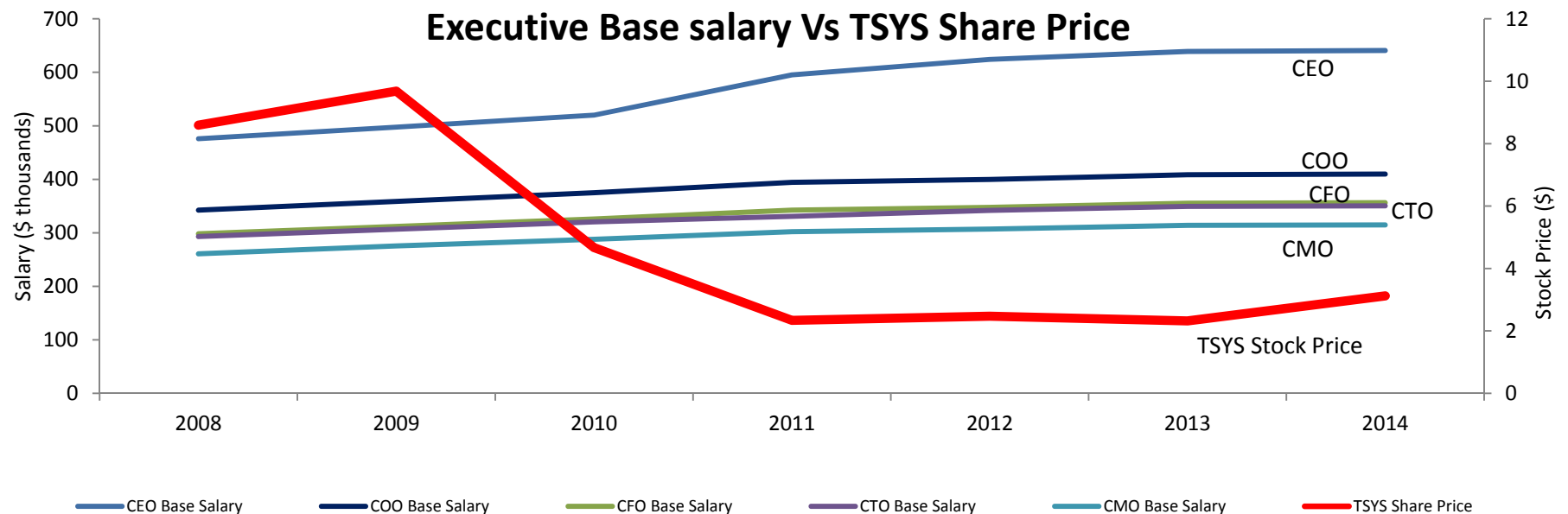
Disconnect in Pay-for-Performance

Inverse relationship exists between pay and company performance

Executive Base Salary vs. TSYS Share Price

Share price declined consistently over the last five years; the base salaries of all five key executives increased every year during this period.

- CEO's base salary increased by \$1.8 K last year and 35% from FY '08 to FY '14.
- During the same period, the base salary for three executive officers (COO, CFO and CTO), increased by 20% each and for the CMO, the base salary increased by 21%.



CEO - Chief Executive Officer; CFO - Chief Financial Officer; COO - Chief Operating Officer; CTO - Chief Technology Officer; CMO - Chief Marketing Officer

Egregious Compensation Structure

Huge Compensation:

- In the last five years, Maurice Tose (CEO and Chairman) received total compensation of \$12.43 million

Maurice Tose – Compensation Details:

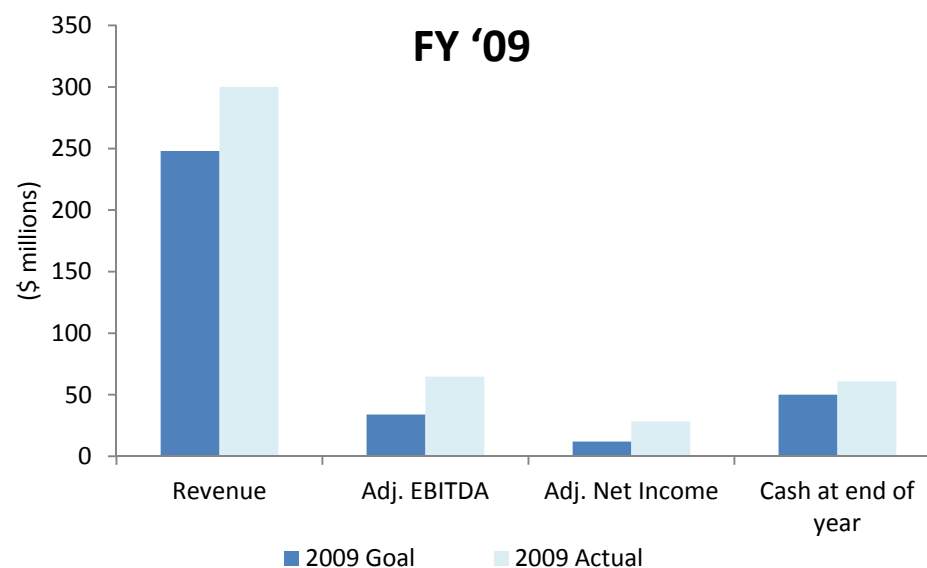
Year	2009	2010	2011	2012	2013	2014
Salary	\$497,530	\$519,919	\$595,235	\$624,038	\$638,822	\$640,625
Option Awards	\$900,722	\$900,621	\$324,121	\$82,858	\$59,237	\$30,590
Stock Awards	—	—	\$919,064	\$979,800	\$734,700	\$497,250
Non-Equity Incentive Comp. Plan	\$2,264,195	\$209,093	\$720,000	\$812,500	\$256,250	\$832,813
All Other	\$80,072	\$83,848	\$98,429	\$102,031	\$29,812	\$23,676
CEO Compensation	\$3,742,519	\$1,713,481	\$2,656,849	\$2,601,227	\$1,718,821	\$2,024,954
Proceeds to CEO from Sale of TSYS Shares	\$71,240	—	\$2,498,556	\$511,185	\$230,589	—
TSYS Net income (\$ million)	\$28.3	\$15.9	\$7	\$(98.0)	\$(58.6)	\$(1.7)
CEO Compensation % of Net Income	13%	11%	38%	NA	NA	NA

Bonuses for Destroying Shareholder's Wealth

Executives were richly compensated for acquiring companies to add sales:

- In FY '09, total compensation for the top five executives was \$10.14 million
- Management achieved its stated goals through multiple acquisitions. The five executives received cash bonuses (non-equity incentive compensation) of \$5.55 million.
- In subsequent years, these acquisitions performed poorly and much of the goodwill was impaired.
- Poor acquisitions coupled with huge compensation underline the importance of changing the Board of Directors.

Non-Equity Incentive Comp (\$ millions)	FY '09
CEO	\$2.26
COO	\$1.04
CFO	\$0.82
CTO	\$0.74
CMO	\$0.68
Total	\$5.55



Flawed Non-Equity Incentive Compensation

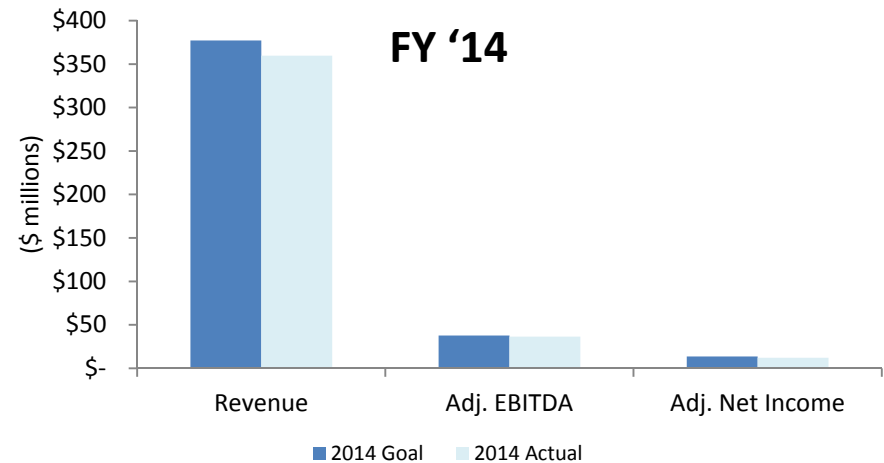
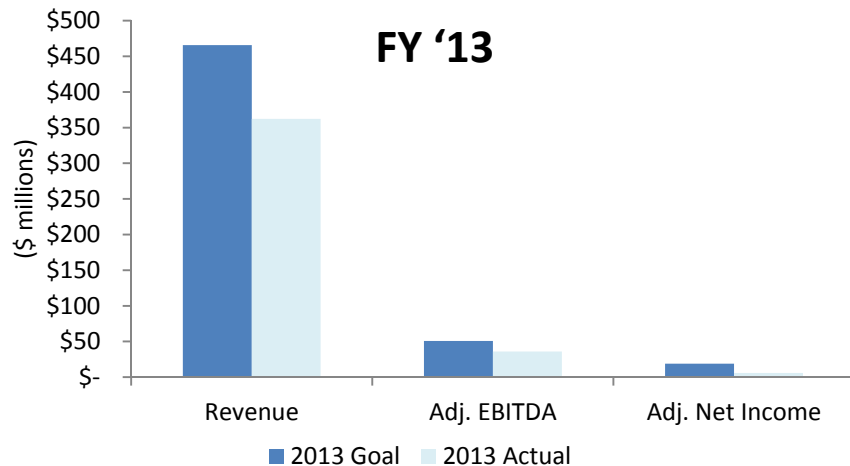
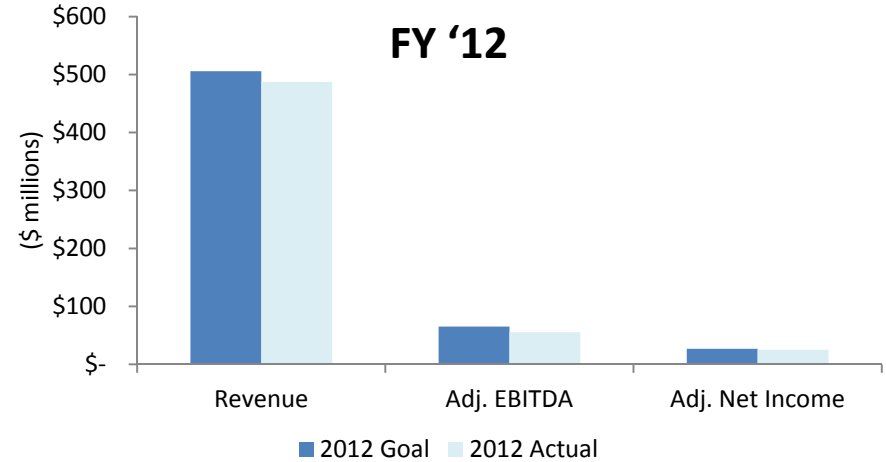
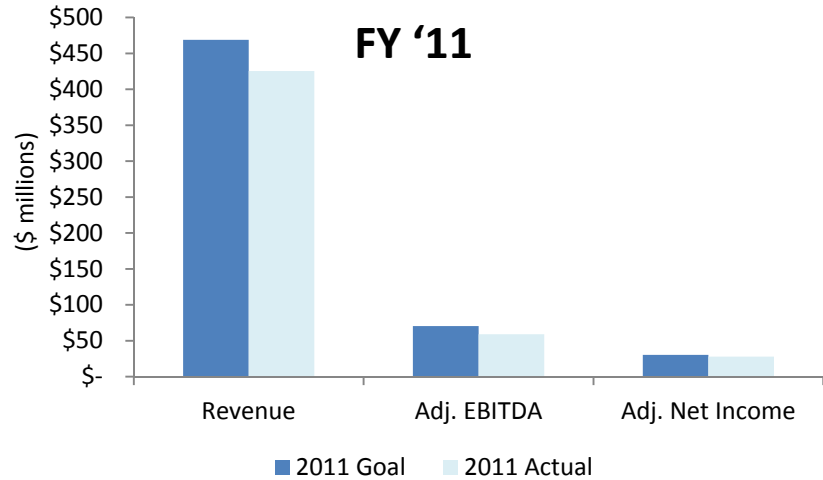
- In the last four years (FY '10 – FY '13), management has failed to deliver on critical revenue, EBITDA and net income targets.
- Cash bonuses were paid to the executive team during this period even though they failed to meet these targets.

Cash Bonuses Paid to TSYS Executives:

	FY'10	FY'11	FY'12	FY'13	FY'14
CEO	\$209,093	\$720,000	\$812,500	\$256,250	\$960,938
COO	82,855	189,370	221,831	78,660	\$399,446
CFO	45,868	141,733	151,199	49,878	\$213,764
CTO	40,519	63,044	59,809	17,516	\$157,640
CMO	117,235	89,446	95,200	56,660	\$118,041
TOTAL	\$495,570	\$1,203,593	\$1,340,539	\$458,964	\$1,849,829

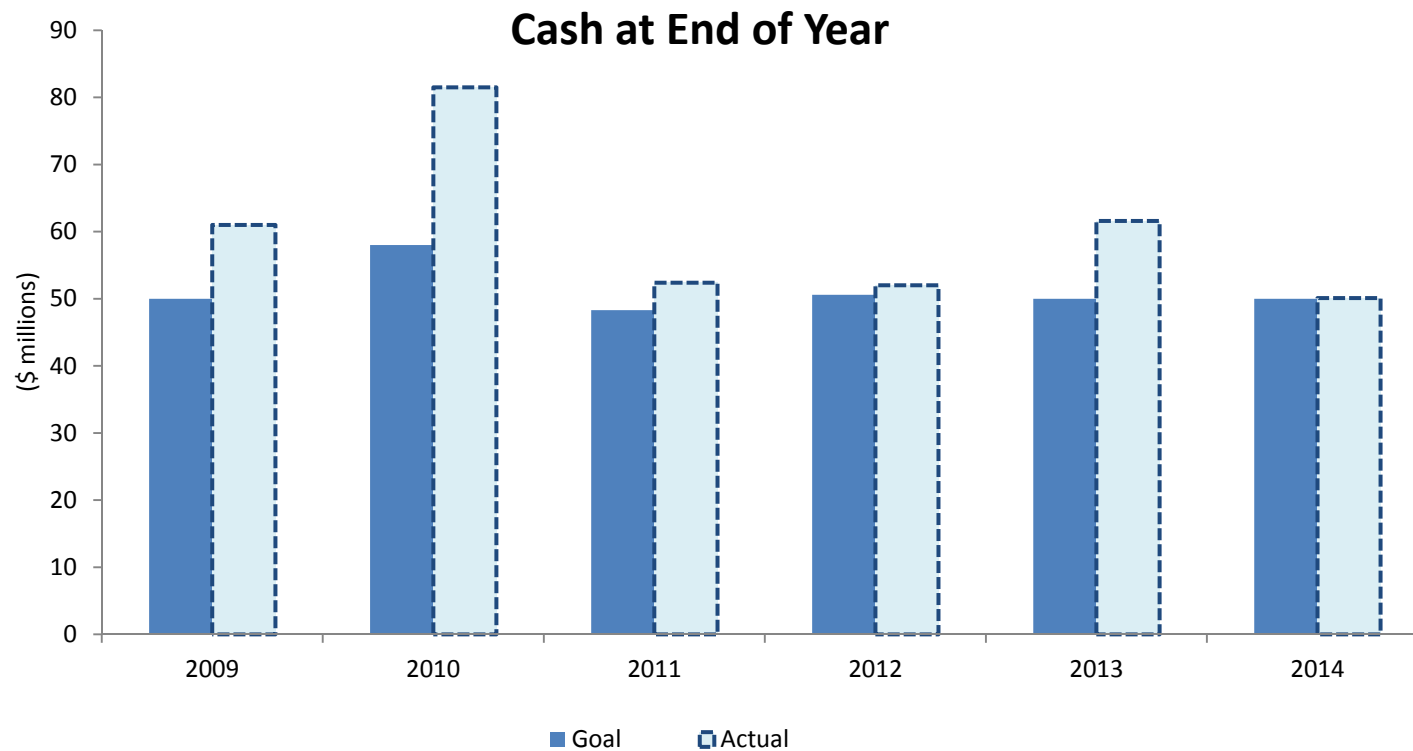
Flawed Non-Equity Incentive Compensation

TSYS did not achieve its critical metrics for rewarding cash bonuses.



Flawed Non-Equity Incentive Compensation

- TSYS gives 10% weight to the year-end cash balance when awarding non-equity incentive compensation to the CEO and CFO. Management can raise debt or issue stock instead of generating cash and still be rewarded.



Flawed Non-Equity Incentive Compensation

Board assesses management performance with troubling qualitative criteria.

- According to the Board, the CEO met 100% of the qualitative criteria for 2008 – 2013 in each year. This carried 10% weight for the computation of his non-equity incentive compensation.
- The CFO and CTO received a similar assessment from the Board.
- According to the Board, the CMO met 100% of his qualitative goals in 2008 and 2009. He only met 85% of his qualitative goals in 2012 and 2013.

Poor Corporate Governance

Poor Corporate Governance

TSYS maintains corporate governance practices which are unfriendly to shareholders.

- Special meetings of stockholders can only be called by written request of stockholders entitled to cast at least a majority (50.1%) of all the votes entitled to be cast at the meeting.
- TSYS requires a supermajority vote (80%) to approve amendments to the charter or bylaws.
- Outside of a special or annual meeting, shareholders can only act by unanimous written consent.
- The roles of Chairman and CEO have not been separated.
- TSYS has two classes of common stock: Class A common stock and Class B common stock. Class A stock has one vote per share while holders of Class B stock have three votes per share. Insiders hold 100% of Class B stock.
- The Chairman of the Board is not independent and TSYS has not identified a lead independent director.

TSYS's ISS Governance QuickScore

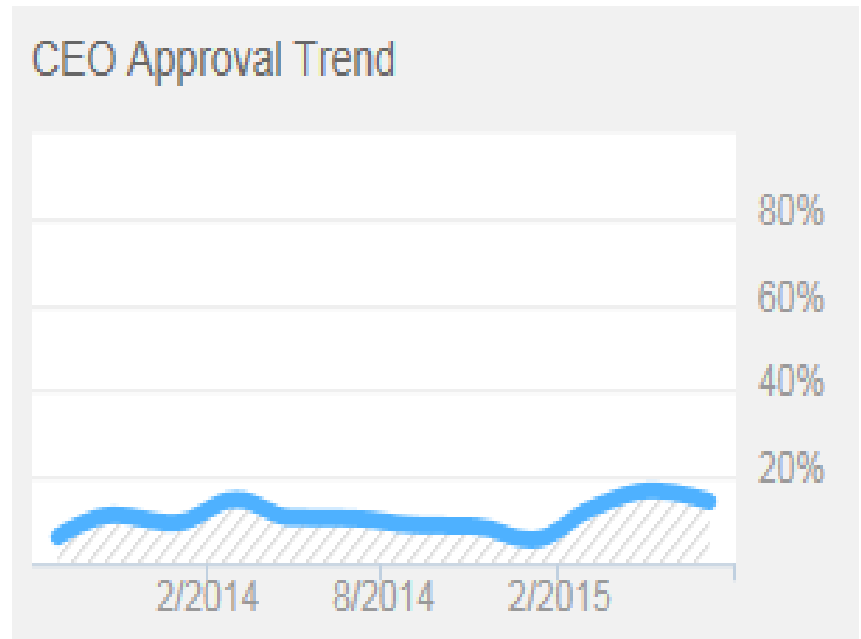
- As of May 1, 2015, Institutional Shareholder Services (ISS) Quickscore rating of TSYS was 10, indicating high governance risk. ISS QuickScore of 1 indicates lower governance risk, while a 10 indicates higher governance risk.

Poor Internal Morale (Pt. 1)

According to reviews on Glassdoor.com, employees of TSYS strongly disapprove of management.

- CEO Maurice B. Tose has the approval of only 14% of employees.
- Only 17% of TSYS employees consider the Company's business outlook to be positive.

TeleCommunication Systems Ratings and Trends



Poor Internal Morale (Pt. 2)

On Glassdoor, employees express disapproval of management

Sample employee comments include:

“Lack of leadership, vision and stability.”

“No management knowledge of what we do...”

“Management does not try to make work environment better.”

“Employees are abused by management who have an extreme micro management mentality.”

“Lack of total direction and structure from upper management...” (in 10 reviews)

“Executives chipping away at benefits package...”

Directors Are Not Independent & Lack Public Company Experience

- We are concerned that CEO & Chairman Maurice Tose has hand-picked his friends and acquaintances to serve as board members. There is little to recommend them.
 - Out of eight directors (including the CEO & Chairman), five directors served in the US Armed Forces during the 1980s. Mr. Tose was active duty in the US Navy for eight years.
 - Three of the eight directors, including CEO & Chairman Tose, graduated from the U.S. Naval Academy and are between 56 and 59 years old. This suggests that Mr. Bethmann and Mr. Kutler are Mr. Tose's friends or classmates.

- Five out of eight directors DO NOT have any other public company experience.

- Weldon H. Latham has served as Director of TSYS for the past 16 years (since December 1999). We believe long tenure correlates with entrenchment. He lacks a fresh perspective on the business.

Related Party Transactions

Related party transactions.

In February 2003, TSYS entered into a lease with Annapolis Partners, LLC to explore the opportunity of relocating the Company's offices to a new planned real estate development. Maurice Tose owns a controlling voting and economic interest in Annapolis Partners, LLC. The terms of the agreement have not yet been established or made public.

No Open Market Stock Purchases

▪The following executives have never bought TSYS stock through open-market purchases during their tenure:

- Maurice Tose, Founder, Chairman, President and CEO since 1987.
- Drew A. Morin, Sr. Vice President and Chief Technology Officer. He joined TSYS in 1988.
- Timothy J. Lorello, Sr. Vice President and Chief Marketing Officer. He joined TSYS in 1995.

▪The following directors have never bought TSYS stock through open-market purchases during their tenure:

- James M. Bethmann, Director since April 2006.

Stock Transactions

- Maurice Tose, Founder, Chairman, President and CEO since 1987 has sold 715,014 TSYS shares over the last five years that has generated over \$2.25 million dollars of proceeds.

Date	Shares	Price
5/18/2015	100,000	Sale Class A @ 3.25
3/9/2015	43,305	Sale Class A @ 3.17
5/27/2014	48,986	Sale Class A @ 3.43
5/28/2015	47,210	Sale Class A @ 3.32
3/4/2014	11,777	Sale Class A @ 2.18
3/5/2014	83,120	Sale Class A @ 2.18
5/24/2013	5,517	Sale Class A @ 2.33
5/28/2013	30,000	Sale Class A @ 2.33
5/29/2013	33,689	Sale Class A @ 2.30
5/30/2013	30,794	Sale Class A @ 2.28
3/6/2012	9,400	Sale Class A @ 2.51
3/7/2012	58,200	Sale Class A @ 2.50
3/8/2012	32,400	Sale Class A @ 2.63
8/29/2015	43,063	Sale Class A @ 3.86
8/30/2011	36,596	Sale Class A @ 3.79
8/31/2011	20,368	Sale Class A @ 3.82
5/25/2011	6,604	Sale Class A @ 4.80
5/26/2011	73,985	Sale Class A @ 4.83
Total	715,014	2,250,442

Our Plan

Explore Strategic Alternatives

TSYS has ignored our advice and is unwilling to seriously explore strategic alternatives. We would urge the Company to hire a reputable investment bank to explore alternatives. This may be the best pathway for restoring lost shareholder value.

- **Monetize patent portfolio:**

TSYS claims to own valuable mobile location and messaging patents. We fear that TSYS has entered into poorly constructed licensing deals with intellectual property monetization firms. We will aggressively explore all monetization alternatives including the sale and/or license of these patents.

- **Exit non-core assets.**

- **Explore splitting the Company into Commercial and Government units and selling them separately.**

Embrace Fiscal Discipline & Repay Debt

The Company's recent financial results suggest a marked drift away from prudent fiscal management. We would urge the following action be taking to improve financial performance:

- Embrace fiscal discipline across the entire Company through targeted cost-cutting and by putting acquisitions on hold;
- Repay high cost debt using the higher free cash flow resulting from prudent cost-cutting; and
- Increase market confidence in TSYS by improving profitability and increasing the strength of the balance sheet.

Improve Corporate Governance

We want shareholders' voices to be heard in the board room. We would seek to install shareholder-friendly bylaws through the following actions:

- Improving governance and compensation disclosures;
- Removing staggered board;
- Separating CEO and Chairman roles;
- Creating an independent Chairman;
- Removing the poison pill; and
- Removing the supermajority (80%) requirement to amend the charter or bylaws.

Link Pay to Performance

There is a worrying disconnect between the Company's performance and the compensation of the Company's executives. We would urge that the following steps be taken:

- Executive base salaries should be cut;
- Executive stock options should be awarded only when meaningful performance goals are met including:
 - Sales growth.
 - Operating cash flow.
 - Operating margins.
 - EBITDA.
 - Debt/Equity ratio; and
- Cash bonuses should be taken off the table.

Appendix

Letters to Management:

- Letter from Mr. J. Carlo Cannell to TeleCommunication Systems, Inc. (September 12, 2012)
http://cannellcapital.com/uploads/09.12.12_TSYS_13D_Letter.pdf

Sources

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http://architectpartners.com/ma_alert/telecommunication-systems-agrees-to-acquire-networks-in-motion/
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- **911 text messaging service coming in 2014 (slide 28):**
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- **Text-to-911 Deployments as of May 16, 2014 (Slide 28):** <http://transition.fcc.gov/cgb/text-to-911-deployments.pdf>
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- **TeleCommunication Systems, Company Filings, Bloomberg profile**