

TOTAL SYSTEM SERVICES INC
Form 10-K
February 25, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

**Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended
December 31, 2015**

Commission file number 1-10254

TOTAL SYSTEM SERVICES, INC.

(Exact name of registrant as specified in its charter)

Georgia
**(State or other jurisdiction of
incorporation or organization)**

58-1493818
**(I.R.S. Employer
Identification No.)**

One TSYS Way

Columbus, Georgia
(Address of principal executive offices)

31901
(Zip Code)

Registrant's telephone number, including area code: (706) 649-2310

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$.10 Par Value

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements

for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of June 30, 2015, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$7,510,394,000 based on the closing sale price as reported on the New York Stock Exchange.

As of February 19, 2016, there were 183,168,798 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Incorporated Documents	Form 10-K Reference Locations
Portions of the Annual Report to Shareholders for the year ended December 31, 2015 (Annual Report)	Parts I, II, III and IV
Portions of the 2016 Proxy Statement for the Annual Meeting of Shareholders to be held April 28, 2016 (Proxy Statement)	Part III

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PART I

Safe Harbor Statement

We have included or incorporated by reference in this Annual Report on Form 10-K, and from time to time our management may make, statements that may constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which by their nature are inherently uncertain and outside our control. These statements include statements other than historical information or statements of current condition and may relate to our future plans, objectives and results, among other things, and also include (without limitation) statements made in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this annual report. It is possible that our actual results may differ, possibly materially, from the anticipated results indicated in these forward-looking statements. Important factors that could cause actual results to differ from those in the forward-looking statements include, among others, those discussed under Risk Factors in Part I, Item 1A of this annual report and Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this annual report.

Accordingly, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made, whether as a result of new information, future events or otherwise except as required by applicable law. You should, however, consult further disclosures we may make in future filings of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments thereto.

Item 1. Business

Business. Based in Columbus, Georgia, and traded on the New York Stock Exchange under the symbol TSS, we are a global payment solutions provider that provides services to financial and nonfinancial institutions. We also provide processing services, acquiring solutions, related systems and integrated support services to merchant acquirers and merchants. In addition, we provide general purpose reloadable (GPR) prepaid and payroll cards and alternative financial service solutions to the underbanked and other consumers. The services we provide are divided into four operating segments, North America Services, which accounted for 47% of our revenues in 2015, NetSpend, which accounted for 21% of our revenues in 2015, Merchant Services, which accounted for 20% of our revenues in 2015, and International Services, which accounted for 12% of our revenues in 2015.

Seasonality. Due to the somewhat seasonal nature of the credit card industry, our revenues and results of operations have generally increased in the fourth quarter of each year because of increased transaction and authorization volumes during the traditional holiday shopping season.

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Intellectual Property. Our intellectual property portfolio is a component of our ability to be a leading provider of transaction processing and other payment-related services. We diligently protect and work to build our intellectual property rights through patent, servicemark and trade secret laws. We also use various licensed intellectual property to conduct our business. In addition to using our intellectual property in our own operations, we grant licenses to certain of our clients to use our intellectual property.

Major Customers. A significant amount of our revenues is derived from long-term contracts with large clients. The loss of one of our large clients could have a material adverse effect on our financial position, results of operations and cash flows. See Major Customer and Operating Segments under the Financial Review Section on pages 21 through 27 and Note 22 on pages 80 through 82 of the Annual Report which are incorporated in this document by reference.

Competition. We encounter vigorous competition in providing electronic payment services from several different sources. TSYS business is primarily derived from third-party processing for issuers and merchant acquirers. Most of the national market in third party processors is presently being provided by approximately three vendors. We believe that as of December 31, 2015 we are the largest third party card processor in the United States. In addition, we compete with banks and acquirers who choose to process payments in house through proprietary systems and with software vendors which provide their products to institutions which process in house. We are presently encountering, and in the future anticipate continuing to encounter, substantial competition from data processing, bankcard computer service firms and third-party software vendors within the United States and from certain international processors, in-country providers and third-party software vendors with respect to our International Services segment. In addition, payments networks such as Visa, MasterCard and Discover are increasingly offering products and services that compete with our products and services.

Based upon available market share data that includes cards processed in house, we believe that during 2015 we provided issuer processing services for approximately 40% of the domestic consumer credit card accounts in market, 45% of the domestic commercial credit cards issued in market, 81% of the Canadian credit card accounts in market and 22% of credit card accounts in TSYS Home European Markets (UK, Ireland, Netherlands, Italy, Germany and Switzerland). With respect to the Merchant Services Segment, we provide third party processing services to merchant acquirers and Independent Sales Organizations (ISOs) and we are also a direct merchant acquirer. We believe that we are the second largest processor of merchant accounts and process transactions for approximately 21% of all bankcard accepting merchant locations in the United States. Our direct merchant acquirer business is ranked as the 11th largest merchant acquirer in the U.S. based on active merchant outlets according to *The Nilson Report* dated March 2015. Through our NetSpend business, we believe that we are the largest prepaid program manager in the United States based on gross dollar volume.

Our major competitor in the card processing industry is First Data Resources, LLC, a wholly owned subsidiary of First Data Corporation, which provides card processing services. The principal methods of competition between us and First Data Resources are price, system performance and reliability, breadth of features and functionality, disaster recovery capabilities and business continuity preparedness, data security, scalability and flexibility of infrastructure and servicing capability. Other affiliates of First Data Corporation also compete with us with respect to the provision of merchant services and GPR prepaid card services.

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Regulation and Examination. Government regulation affects key aspects of our business, in the U.S. as well as internationally. In addition, we are registered with Visa, MasterCard, American Express and the Discover Network as a service provider and are subject to their respective rules which subject us to a variety of fines or penalties that may be levied by the card networks for certain acts or omissions. Set forth below is a brief summary of some of the significant laws and regulations that apply to us. These descriptions are not exhaustive and are qualified in their entirety by reference to the particular statutory or regulatory provision, which provisions are subject to change.

Banking Laws and Regulations. Because we provide electronic payment processing services to banks and other financial institutions, we are subject to examination by the Federal Financial Institutions Examination Council (FFIEC), an interagency body comprised primarily of federal banking regulators, and also subject to examination by the various state financial regulatory agencies which supervise and regulate the financial institutions for which we provide electronic payment processing and other payment related services. The FFIEC examines large data processors in order to identify and mitigate risks associated with systemically significant service providers, including specifically the risks they may pose to the banking industry.

Money Transmitter and Payment Instrument Laws and Regulations. Our NetSpend business is subject to money transfer and payment instrument licensing regulations. We have obtained licenses to operate as a money transmitter in 45 states and the District of Columbia. The remaining U.S. jurisdictions either do not currently regulate money transmitters or have rendered a regulatory determination or a legal interpretation that the money services laws of that jurisdiction do not require us to obtain a license in connection with the conduct of our business.

In those states where we are licensed as a money transmitter, our NetSpend business is subject to direct supervision and regulation by the relevant state banking departments or similar agencies charged with enforcement of the money transmitter statutes and we must comply with various requirements, such as those related to the maintenance of a certain level of net worth, surety bonding, selection and oversight of our authorized agents, maintaining permissible investments in an amount equal to our outstanding payment obligations, recordkeeping and reporting and disclosures to consumers. Our NetSpend business is also subject to periodic examinations by the relevant licensing authorities, which may include reviews of our compliance practices, policies and procedures, financial position and related records, various agreements that we have with our issuing banks, distributors and other third parties, privacy and data security policies and procedures and other matters related to our business.

Privacy, Information Security, and Other Business Practices Regulation. Aspects of our business are also subject, directly or indirectly, to business and trade practices regulation in the United States, the European Union and elsewhere. For example, in the United States, we and our financial institution clients are, respectively, subject to the Federal Trade Commission's and the federal banking regulators' privacy and information safeguarding requirements under the Gramm-Leach-Bliley Act. These requirements limit the manner in which personal information may be collected, stored, used and disclosed. The Federal Trade Commission's information safeguarding rules require us to develop, implement and maintain a written, comprehensive information security program containing safeguards that are appropriate for our size and complexity, the nature and scope of our activities and the sensitivity of any customer information at issue. Our financial institution clients in the United States are subject to similar requirements under the guidelines

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issued by the federal banking regulators. As part of their compliance with these requirements, each of our U.S. financial institution clients is expected to have a program in place for responding to unauthorized access to, or use of, customer information that could result in substantial harm or inconvenience to customers.

Anti-money Laundering and Counter Terrorist Regulation. The Financial Crimes Enforcement Network of the U.S. Department of the Treasury (FinCEN) has issued a rule regarding the applicability of the Bank Secrecy Act s anti-money laundering provisions to prepaid access programs. This rulemaking clarifies the anti-money laundering obligations for entities, such as our NetSpend business and its distributors, engaged in the provision and sale of prepaid access devices like our GPR prepaid debit cards. Our NetSpend business has registered with FinCEN as a money services business. This registration results in our having direct responsibility to maintain and implement an anti-money laundering compliance program.

As are all U.S. persons, we are also subject to regulations imposed by the U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) which prohibit or restrict financial and other transactions with specified countries and designated individuals and entities such as terrorists and narcotics traffickers. We have procedures and controls in place which are designed to protect against having direct business dealings with such prohibited countries, individuals or entities. We also have procedures and controls in place which are designed to allow our processing clients to protect against having direct business dealings with such prohibited countries, individuals or entities.

The Dodd-Frank Act. We and the rest of the financial services industry continue to experience increased legislative and regulatory scrutiny, including the enactment of additional legislative and regulatory initiatives such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Reform Act). This legislation, which provides for significant financial regulatory reform, may have a significant and negative impact on us and our clients, which could impact TSYS earnings through fee reductions, higher costs (both regulatory and implementation) and new restrictions on our operations. The Reform Act, among other things, provides for the regulation and oversight by the Board of Governors of the Federal Reserve System (Board) of debit interchange fees that are typically paid by acquirers and charged or received by a payment card network for the purpose of compensating an issuer for its involvement in an electronic debit transaction. As of October 1, 2011, in accordance with the Reform Act, the Board capped the maximum U.S. debit interchange fee assessed for debit cards issued by large financial institutions at twenty-one cents per transaction plus five basis points, before applying a fraud prevention adjustment of up to an additional one cent. It remains difficult to predict the impact that the debit interchange regulations will ultimately have on us, but we do not expect that they will have a significant negative impact on our business.

The Reform Act also created a new Consumer Financial Protection Bureau (CFPB) with responsibility for regulating consumer financial products and services and enforcing most federal consumer protection laws in the area of financial services, including consumer credit and the prepaid card industry. For example, the CFPB has proposed regulations regarding the prepaid industry, which, if adopted as proposed, could impose significant additional disclosure requirements, overdraft requirements, and other requirements on the prepaid card industry, including our NetSpend business, effective in 2016 or 2017. Similarly, other future actions of the CFPB may make payment card or product transactions generally less attractive to card issuers, acquirers, consumers and merchants by further regulatory disclosures, payment card practices, fees,

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routing and other matters with respect to credit, debit and prepaid cards, and thus negatively impact our business. In addition, the Reform Act created a Financial Stability Oversight Council that has the authority to determine whether nonbank financial companies such as TSYS should be supervised by the Board because they are systemically important to the U.S. financial system. To date, the Financial Stability Oversight Council does not appear to be focused on regulating entities such as TSYS. However, any such future designation would result in increased regulatory burdens on our business.

State Wage Payment Laws and Regulations. The use of payroll card programs as a means for an employer to remit wages or other compensation to its employees or independent contractors is governed by state labor laws related to wage payments. The paycard portion of our NetSpend business includes payroll cards and convenience checks and is designed to allow employers to comply with applicable state wage and hour laws. Most states permit the use of payroll cards as a method of paying wages to employees, either through statutory provisions allowing such use or, in the absence of specific statutory guidance, the adoption by state labor departments of formal or informal policies allowing for their use. Nearly every state allowing payroll cards places certain requirements and/or restrictions on their use as a wage payment method, the most common of which involve obtaining the prior written consent of the employee, limitations on fees and disclosure requirements.

Escheat Laws. We are subject to unclaimed or abandoned property laws in the United States and in foreign countries that require us to transfer to certain government authorities the unclaimed property of others that we hold when that property has been unclaimed for a certain period of time. Moreover, we are subject to audit by state regulatory authorities with regard to our escheatment practices.

Employees. As of December 31, 2015, we had approximately 10,500 employees.

Available Information. Our website address is www.tsys.com. You may obtain free electronic copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports in the Investor Relations section of our website under the heading SEC Filings. These reports are available on our website as soon as reasonably practicable after we electronically file them with the Securities and Exchange Commission.

We have adopted a Code of Business Conduct and Ethics for our directors, officers and employees and have also adopted Corporate Governance Guidelines. Our Code of Business Conduct and Ethics, Corporate Governance Guidelines and the charters of our board committees are available in the Corporate Governance section of our website at www.tsys.com under Investor Relations then Corporate Governance.

For more information about our business see the Financial Overview Section on pages 11 through 13, the Financial Review Section on pages 13 through 40 and Note 1, Note 2, Note 9, Note 16, Note 22, Note 24 and Note 27 of Notes to Consolidated Financial Statements on pages 46 through 55, pages 55 and 56, pages 60 and 61, pages 70 through 73, pages 80 through 82, pages 83 through 86, and pages 87 and 88 of the Annual Report which are incorporated in this document by reference.

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Item 1A. Risk Factors

This section highlights specific risks that could affect our business and us. Although this section attempts to highlight key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. In addition to the factors discussed elsewhere or incorporated by reference in this report, among the other factors that could cause actual results to differ materially are the following:

Security and privacy breaches of our systems may damage client relations, our reputation and expose us to financial liability.

The uninterrupted operation of our processing systems and the confidentiality of the client/consumer information that resides on our systems is critical to the successful operation of our business. We have security, backup and recovery systems in place, as well as business continuity plans designed to ensure our systems will not be inoperable. Recently, a number of companies have experienced security breaches in which credit card, debit card and other personal information has been stolen. Our visibility in the global payments industry may attract hackers to conduct attacks on our systems. Although we devote significant resources to information security and have what we believe to be sufficient security around our systems to prevent unauthorized access, third parties may have the technology or know-how to breach the security of the information transmitted in connection with payment processing transactions, and our security measures may not effectively prohibit others from obtaining improper access to this information. An information breach in the system and loss of confidential information could have a longer and more significant impact on our business than a hardware failure. We electronically store personal information, such as credit card numbers and related information, about consumers who are customers of our clients. If we are unable to protect, or our clients or consumers perceive that we are unable to protect, the security and privacy of our electronic transactions, our growth could be materially adversely affected. A security or privacy breach or a system failure may:

cause our clients and consumers to lose confidence in our services;

harm our reputation;

expose us to financial liability, both as a result of litigation and contractually;

cause us to modify our protective measures which would increase our expenses; and

increase our expenses from potential remediation costs.

Our financial exposure from the items referenced above may either not be insured against or not fully covered through any insurance maintained by us. In addition, our ability to attract and retain clients and employees could be adversely affected to the extent our reputation is damaged. While we believe we use proven applications designed for data security and integrity to process electronic transactions, there can be no assurance that our use of these applications will be sufficient to counter all current and emerging technology threats designed to breach our systems in order to gain access to confidential information or our intellectual property or assurance that our use of these applications will be sufficient to address the security and privacy concerns of existing and potential clients and consumers.

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Consolidation among financial institutions and retail clients, including the merger of TSYS clients with entities that are not TSYS clients or the sale of portfolios by TSYS clients to entities that are not TSYS clients could materially impact our financial position and results of operation.

Consolidation among financial institutions, particularly in the area of credit card operations, and consolidation in the retail industry, continues to be a major risk. Specifically, we face the risk that our clients may merge with entities that are not our clients, our clients may sell portfolios to entities that are not our clients or our financial institution clients may otherwise cease to exist, thereby negatively impacting our existing agreements and projected revenues with these clients. In addition, consolidation among financial institutions has led to an increasingly concentrated client base at TSYS which results in a changing client mix toward larger clients. Continued consolidation among financial institutions could increase the bargaining power of our current and future clients and further increase our client concentration. Consolidation among financial institutions and retail clients, the nationalization of financial institutions or the seizure by banking regulators of financial institutions and the resulting loss of any significant client by us could have a material adverse effect on our financial position and results of operations.

If we do not successfully renew or renegotiate our agreements with our clients, our business will suffer.

A significant amount of our revenues is derived from long-term contracts with large clients. The financial position of these clients and their willingness to pay for our products and services are affected by general market positions, competitive pressures and operating margins within their industries. When our long-term contracts expire, the time of renewal or renegotiation presents our clients with the opportunity to consider other providers, transition all or a portion of the services we provide in-house or seek lower rates for our services. The loss of our contracts with existing clients or renegotiation of contracts at reduced rates or reduced service levels could have a material adverse effect on our financial position and results of operation.

Economic and geopolitical conditions could adversely affect our business.

A significant portion of our revenues is derived from the number of consumer payment transactions that we process which may be affected by, among other things, overall economic conditions. The payment processing industry depends heavily upon the overall level of consumer, business and government spending to support the necessary volume of payment transactions. Any change in economic factors, including a sustained deterioration in general economic conditions or consumer confidence, particularly in the United States or Europe, or increases in interest rates in key countries in which we operate may adversely affect our financial performance by reducing the number of transactions involving credit, debit, GPR prepaid and other payment-related cards. Future reductions in consumer spending through credit, debit, GPR prepaid debit and other payment-related card usage, including through an increase in the number of cash transactions, would likely have a material adverse effect on our financial position and results of operations.

The ability to adapt technology to changing industry and client needs or trends may affect our competitiveness or demand for our products, which may adversely affect our financial results.

The payment processing market in which we compete is subject to rapid and significant technological changes, new product introductions, evolving industry standards and changing client

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needs and preferences. Also, our clients continue to adopt new technology for business and personal uses. We must anticipate and respond to these industry and client changes in order to remain competitive. If we are unable to effectively respond to these changes, the competitiveness of and demand for our services and products will be materially impaired and may result in our services being removed from the payments value chain. Our future success will depend in part on our ability to respond to new competitors and to develop or adapt to technological changes and evolving industry standards. Our failure to do so could have a material adverse effect on our financial position and results of operation.

The market for our electronic payment services is evolving and may not continue to develop or grow rapidly enough for us to maintain and increase our profitability.

If the number of electronic payment transactions of the type we process does not continue to grow or if businesses or consumers do not continue to adopt our services, it could have a material adverse effect on the profitability of our business, financial position and results of operations. We believe future growth in the use of credit, debit and GPR prepaid cards and other electronic payments will be driven by the cost, ease-of-use, and quality of products and services offered to consumers and businesses. In order to consistently increase and maintain our profitability, businesses and consumers must continue to use electronic payment methods that we process, including credit, debit and GPR prepaid cards.

We may not convert and deconvert client s portfolios as scheduled.

The timing of the conversion of card portfolios of new payment processing clients to our processing systems and the deconversion of existing clients to other systems impacts our revenues and expenses. There is no guarantee that conversions and deconversions will occur as scheduled and this may have a material adverse effect on our financial position and results of operations.

Acquisitions and integrating such acquisitions create certain risks and may affect our financial results.

We have acquired businesses both in the U.S. and internationally and will continue to explore opportunities for strategic acquisitions in the future. On January 26, 2016, we announced our proposed acquisition of TransFirst Holdings Corp. (TransFirst). The acquisition and integration of businesses such as TransFirst involve a number of risks. The core risks are in the areas of valuation (negotiating a fair price for the business based on inherently limited diligence) and integration (managing the complex process of integrating the acquired company s people, products, technology and other assets so as to realize the projected value of the acquired company and the synergies projected to be realized in connection with the acquisition). Other risks include the inaccurate assessment of disclosed liabilities, inconsistencies in standards, controls, procedures and policies, including internal control and regulatory requirements under the Sarbanes-Oxley Act of 2002, and personnel turnover. Furthermore, the TransFirst acquisition is subject customary terms and conditions and may not be completed at all.

The success of the TransFirst acquisition and other future acquisitions will depend, in part, on our ability to realize the anticipated benefits from integrating the acquired business with our existing businesses. The integration process may be complex, costly and time consuming. The process of integrating the operations of TransFirst or any future acquisition could cause an

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interruption of, or loss of momentum in, the activities of one or more of our combined businesses and the possible loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with acquisitions and the integration of the acquired companies' operations could have an adverse effect on our financial position and results of operations.

Following completion of the TransFirst acquisition, we may not be able to maintain the levels of revenue, earnings or operating efficiency that each of TSYS and TransFirst have achieved or might achieve separately. In addition, the success of the TransFirst acquisition will depend, in part, on the combined company's ability to realize the anticipated benefits from the acquisition, including anticipated synergies and costs savings. Furthermore, in order to finance the acquisition of TransFirst, we expect to incur significant amounts of additional debt.

Finally, any international acquisitions often involve additional or increased risks including for example:

managing geographically separated organizations, systems and facilities;

integrating personnel with diverse business backgrounds and organizational cultures;

complying with foreign regulatory requirements;

fluctuations in currency exchange rates;

difficulty entering new foreign markets due to, among other things, customer acceptance and business knowledge of these new markets; and

general economic and political conditions.

A negative perception of our company in the marketplace may affect our brands and reputation, which are key assets of our business.

Our brands and their attributes are key assets of our business. The ability to attract and retain business clients and consumers to TSYS and NetSpend branded products depends highly upon the external perceptions of our company and our industry's quality of service, use and protection of account holder data, regulatory compliance, financial condition, corporate responsibility and other factors. Negative perception or publicity, particularly in light of the rapid, widespread use of social media channels, could cause damage to our brands and reputation.

If business clients and consumers turn away from our brand and products, we may be required to incur additional liabilities and costs, result in greater regulatory or legislative scrutiny, and materially and adversely affect our financial position, results of operations and prospects for future growth and overall business.

Our business may be adversely affected by currency, geopolitical and other risks associated with foreign operations and, as we pursue international expansion, we may incur higher than anticipated costs and will become more susceptible to these risks.

We provide services to our clients worldwide. As a result, our revenues derived from international operations are subject to risk of loss from foreign currency exchange rates. Revenue and profit generated by international operations will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. We have not entered into foreign

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exchange forward contracts to mitigate the risks associated with our foreign operations. In addition, we may become subject to exchange control regulations that might restrict or prohibit the conversion of our foreign currency into U.S. dollars. The occurrence of any of these factors could decrease the value of revenues we receive from international operations and adversely affect our financial position and results of operations. In addition, our revenues derived from international operations are subject to risk of loss as a result of social and geopolitical instability and unfavorable political or diplomatic developments which could negatively impact our financial results.

We may also incur higher than anticipated costs as we expand internationally and grow our international client base. If we are unable to successfully manage these expenses as our business expands, our financial position and results of operations could be negatively impacted.

The costs and effects of litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect our financial position and results of operations.

We are from time to time involved in various litigation matters and governmental or regulatory investigations or similar matters arising out of our business. Our insurance may not cover all claims that may be asserted against it, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any pending litigation or future litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our financial position and results of operations. In addition, we may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms, if at all. For more information about our legal proceedings, see Item 3 of this annual report.

We operate in a competitive business environment, and if we are unable to compete effectively our financial position may be adversely affected.

The market for payment processing services is intensely competitive. Our competitors vary in size and in the scope and breadth of the services they offer. We face direct competition from third parties, and since certain of our larger potential issuer clients develop their key applications in-house and therefore view their system requirements from a make-versus-buy perspective, we often compete against our potential issuer clients' in-house capacities. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies, including non-traditional competitors who offer certain innovations in payment methods. There can be no assurance that we will be able to compete successfully against current or future competitors or that the competitive pressures we face in the markets in which we operate will not materially adversely affect our financial position and results of operations.

The market for prepaid cards and alternative financial services is highly competitive and competition is increasing as more companies endeavor to address the needs of underbanked consumers.

With our 2013 acquisition of NetSpend, we added an aspect to our business to complement our previous presence in the prepaid processing space to include GPR prepaid and payroll cards and alternative financial services. The alternative financial services industry, including the prepaid card market, is subject to intense and increasing competition. Our NetSpend business directly competes

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with a number of companies that market open-loop prepaid cards and demand deposit accounts through retail and online distribution. In addition, we compete with banks that offer demand deposit accounts and other traditional issuers of debit cards. We also compete against large retailers who are seeking to integrate more financial services into their product offerings. We anticipate increased competition from alternative financial services providers who are often well-positioned to service the underbanked and who may wish to develop their own prepaid card or demand deposit account programs. The increased desire of banks, retailers and alternative financial services providers to develop and promote prepaid card and demand deposit account programs could have an adverse effect on the NetSpend portion of our business. We also face strong price competition. To stay competitive, we may have to increase the incentives that we offer to our distributors and decrease the prices of our products and services, which could adversely affect our operating results.

Our NetSpend business relies on certain relationships with issuing banks and distributors. The loss of such relationships or if we are unable to maintain such relationships on terms that are favorable to us, our business, financial position and operating results may be materially adversely affected.

Our NetSpend business relies on arrangements we have with issuing banks to provide us with critical products and services, including the FDIC-insured depository accounts tied to the cards we manage, access to the ATM networks, membership in the card associations and network organizations and other banking services. The majority of our active NetSpend cards are issued through Meta Payment Systems (MetaBank). If our relationship with MetaBank deteriorates, it could have an adverse impact on the NetSpend business. If any material adverse event were to affect MetaBank, or one or more of our other issuing banks or if we were to lose MetaBank or one or more of the other issuing banks, we would be forced to find an alternative provider of these critical banking services for our NetSpend business. It may not be possible to find a replacement bank on terms that are acceptable to us or at all. Any change in the issuing banks could disrupt the business or result in arrangements with new banks that are less favorable to us than those we have with our existing issuing banks, either of which could have a material adverse impact on our results of operations and our financial position.

Furthermore, our NetSpend business depends in large part on establishing agreements with distributors, primarily alternative financial services providers as well as grocery and convenience stores and other traditional retailers. Some of these distributors may endeavor to internally develop their own prepaid debit card programs or enter into exclusive relationships with our competitors to distribute their products. The loss of, or a substantial decrease in revenues from, one or more of our top distributors could have a material adverse effect on the NetSpend business and our operating results.

Changes in the laws, regulations, policies, credit card association rules or other industry standards affecting our business may impose costly compliance burdens and negatively impact our business.

There may be changes in the laws, regulations, credit card association rules or other industry standards that affect our operating environment in substantial and unpredictable ways in the U.S. as well as internationally. Changes to statutes, regulations or industry standards, including interpretation and implementation of statutes, regulations or standards, could increase the cost of doing business or affect the competitive balance. Regulation of the payments industry has increased

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significantly in recent years. Failure to comply with laws, rules and regulations or standards to which we are subject in the U.S. as well as internationally, including the card network rules and rules with respect to privacy and information security, may result in the suspension or revocation of a license or registration, the limitation, suspension or termination of service, and the imposition of fines, sanctions or other penalties, which could have a material adverse effect on our financial position and results of operations, as well as damage our reputation. Even if such a change to statutes, regulations or industry standards does not directly apply to us, the effects of such a change on our financial institution clients could result in material, indirect effects on the way we operate or the costs to operate our business and impair the demand for our services amongst our financial institution clients.

We and the rest of the financial services industry continue to experience increased legislative and regulatory scrutiny, including the enactment of additional legislative and regulatory initiatives such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (Reform Act). This legislation provides for significant financial regulatory reform. The Reform Act, among other things, provides for the regulation and oversight by the Board of Governors of the Federal Reserve System (Board) of debit interchange fees that are typically paid by acquirers and charged or received by a payment card network for the purpose of compensating an issuer for its involvement in an electronic debit transaction. The Reform Act also created a new Consumer Financial Protection Bureau (CFPB) with responsibility for regulating consumer financial products and services and enforcing most federal consumer protection laws in the area of financial services, including consumer credit and the prepaid card industry. The CFPB recently mandated that supervised financial institutions, including our clients, are required to ensure that their service providers are in compliance with applicable federal consumer laws, which may increase regulatory oversight and our cost of doing business. In addition, the CFPB has proposed regulations regarding the prepaid industry, which regulations, if adopted as proposed, may have a negative impact on the revenues and financial position of our NetSpend business. Furthermore, the Reform Act created a Financial Stability Oversight Council that has the authority to determine whether nonbank financial companies such as TSYS should be supervised by the Board because they are systemically important to the U.S. financial system. Any such designation would result in increased regulatory burdens on our business. The overall impact of the Reform Act on TSYS is difficult to estimate. Current and future regulations as a result of the Reform Act may adversely affect our business or operations, directly or indirectly (if, for example, our clients' businesses and operations are adversely affected).

With respect to our NetSpend business, because each distributor offers prepaid cards and reload services as an agent of NetSpend, or another third party, we do not believe that the distributors themselves are required to become licensed as money transmitters in order to engage in such activity. However, there is a risk that a federal or state regulator will take a contrary position and initiate enforcement or other proceedings against a distributor, us, our issuing banks or our other service providers. In addition, we understand that state banking departments, which are charged with regulating the business of money transmission, have traditionally taken the position that the offering of payroll and other prepaid cards does not constitute money transmission and so we are not required to obtain a state money transmission license in order to engage in this activity. However, even though our NetSpend business is authorized to operate as a money transmitter in 45 states and the District of Columbia, there remains a risk that a federal or state regulator will initiate enforcement or other proceedings against us or our issuing banks. If the relevant party is unsuccessful in making a persuasive argument that it should not be subject to such licensing

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requirements or that it is already licensed to engage in such activity, and is therefore deemed to be in violation of one or more of the state money transmitter statutes, it could result in the imposition of fines, the suspension of the relevant party's ability to offer some or all of our prepaid cards and related services in the relevant jurisdiction, civil liability and criminal liability, each of which could negatively impact our financial position and results of operations. Furthermore, if the federal government or one or more state governments impose additional legislative or regulatory requirements on our NetSpend business, the issuing banks or the distributors, or prohibit or limit the activities of our NetSpend business as currently conducted, we may be required to modify or terminate some or all of our NetSpend products and services offered in the relevant jurisdiction or certain of the issuing banks may terminate their relationship with us.

In addition, we are subject to tax laws in each jurisdiction where we do business. Changes in tax laws or their interpretations could decrease the value of revenues we receive, the value of tax losses and tax credits carry forwards recorded on our balance sheet and the amount of our cash flow and have a material adverse effect on our financial position and results of operations. Furthermore, changes in accounting policies can significantly affect how we calculate expenses and earnings.

We rely on financial institution sponsors in order to process Visa, MasterCard, American Express and Discover transactions. If these sponsorships are terminated and we are unable to secure new sponsors our business and results of operations will be materially and adversely affected.

In order to provide our Visa, MasterCard, American Express and Discover transaction processing services, we must be either a direct participant or be registered as a merchant processor or service provider of Visa, MasterCard, American Express and Discover. Registration as a merchant processor or service provider is dependent upon our being sponsored by member banks of these credit card companies. If our sponsor banks should stop providing sponsorship for us, we would need to find another financial institution to provide those services or we would need to attain direct participation, either of which could prove to be difficult and expensive. If we are unable to find a replacement financial institution to provide sponsorship or attain direct participation, we may no longer be able to provide processing services to the affected customers, which would have a material adverse effect on our business and results of operations.

If we fail to comply with the applicable requirements of the card networks, they could seek to fine us, suspend us or terminate our registrations. If our merchants or independent sales organizations incur fines or penalties that we cannot collect from them, we could end up bearing the cost of such fines or penalties.

We are subject to card association and network rules that could subject us to a variety of fines or penalties that may be levied by the card networks for certain acts or omissions. The rules of the card networks are set by their boards, which may be influenced by card issuers, and some of those issuers are our competitors with respect to these processing services. Many banks directly or indirectly sell processing services to merchants in direct competition with us. These banks could attempt, by virtue of their influence on the networks, to alter the networks' rules or policies to the detriment of non-members like us. The termination of our registrations or our status as a service provider or a merchant processor, or any changes in card association or other network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction processing services to our customers, could have a material adverse effect on our financial position and results of operations.

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If a merchant or an ISO fails to comply with the applicable requirements of the card associations and networks, it could be subject to a variety of fines or penalties that may be levied by the card associations or networks. If we cannot collect such amounts from the applicable merchant or ISO, we could end up bearing such fines or penalties, resulting in lower earnings for us.

The providers of alternative financial services that distribute our NetSpend products are subject to extensive and complex federal and state regulations and new regulations and/or changes to existing regulations could adversely affect their ability to offer GPR cards through their locations, which in turn could have an adverse impact on our business.

The distributors include a large number of companies in industries that are highly regulated, such as payday lending and it is possible that changes in the legal regime governing such businesses could limit their ability to distribute our NetSpend products or adversely impact their business and thereby have an indirect adverse impact on our NetSpend business. For example, a large number of states have either prohibited, or imposed substantial restrictions upon, the offering of payday loans and this activity continues to draw substantial scrutiny from federal and state legislatures, regulatory authorities and various consumer groups. Furthermore, the Reform Act grants supervisory authority over entities engaged in this activity to the CFPB, which is in the process of promulgating regulations which may significantly impact the operations and/or viability of various entities. As a number of our NetSpend distributors are engaged in offering payday loans, further legislative and regulatory restrictions that negatively impact their ability to continue their operations could have a corresponding negative impact on our ability to offer GPR cards through their locations, potentially resulting in a significant decline in revenue from the NetSpend business.

We are subject to the business cycles and credit risk of our merchant customers and our independent sales organizations.

A recessionary economic environment could affect our merchants through a higher rate of business closures, resulting in lower revenues and earnings for us. Our merchants are liable for any charges properly reversed by the card issuer on behalf of the cardholder. Our merchants and ISOs are also liable for any fines, or penalties, that may be assessed by any card networks. In the event, however, that we are not able to collect such amounts from the merchants or ISOs, due to merchant fraud, breach of contract, insolvency, bankruptcy or any other reason, we may be liable for any such charges which could have a material adverse effect on our financial position and results of operations.

We incur chargeback liability when our merchants refuse or cannot reimburse chargebacks resolved in favor of their customers. We cannot accurately anticipate these liabilities, which may adversely affect our financial results.

In the event a billing dispute between a cardholder and a merchant is not resolved in favor of the merchant, the transaction is normally charged back to the merchant and the purchase price is credited or otherwise refunded to the cardholder. If we are unable to collect such amounts from the merchant's account or reserve account (if applicable), or if the merchant refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse us for a chargeback, we bear the loss for the amount of the refund paid to the cardholder. We may experience significant losses from chargebacks in the future. Any increase in chargebacks not paid by our merchants could have a material adverse effect on our financial position and results of operation. We have policies to

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manage merchant-related credit risk and often mitigate such risk by requiring collateral and monitoring transaction activity. Notwithstanding our programs and policies for managing credit risk, it is possible that a default on such obligations by one or more of our merchants could have a material adverse effect on our business.

Fraudulent activities by merchants, prepaid card holders or others and losses from overdrawn cardholder accounts may adversely affect our financial results.

We have potential liability for fraudulent bankcard transactions or credits initiated by merchants or others, and our prepaid card programs expose us to threats involving the misuse of cards, collusion, fraud and identify theft. Examples of merchant fraud include when a merchant knowingly uses a stolen or counterfeit bankcard or card number to record a false sales transaction, processes an invalid bankcard, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeit and fraud. While we have systems and procedures designed to detect and reduce the impact of fraud, we cannot assure the effectiveness of these measures. It is possible that incidents of fraud could increase in the future. Although a large portion of the fraudulent activity associated with the cards we manage is addressed through the chargeback systems and procedures maintained by the card associations and networks, we are often responsible for other losses due to merchant, cardholder and other types of fraud. No system or procedures established to detect and reduce the impact of fraud are entirely effective. Although we actively devote efforts to effectively manage risk and prevent fraud, we could nevertheless experience an increase in fraud losses over our historical experience. Failure to effectively manage risk and prevent fraud would increase our chargeback liability or other liability. Increases in chargebacks or other liability could have a material adverse effect on our financial position and results of operations.

Our systems and our third-party providers systems may fail which could interrupt our service, cause us to lose business, increase our costs and expose us to liability.

We depend on the efficient and uninterrupted operation of our computer systems, software, data centers and telecommunications networks, as well as the systems and services of third parties. A system outage or data loss could have a material adverse effect on our business, financial position and results of operations. Not only would we suffer damage to our reputation in the event of a system outage or data loss, we may also be liable to third parties. Many of our contractual agreements with financial institutions require the payment of penalties if we do not meet certain operating standards. Our systems and operations or those of our third-party providers could be exposed to damage or interruption from events that may be outside our control. Events that could cause system interruptions include, among other things, fire, natural disaster, power loss, telecommunications failure, terrorist acts, war, unauthorized entry and computer viruses or other defects. Defects in our systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures, or other difficulties could result in loss of revenue, loss of customers, loss of merchant and cardholder data, harm to our business or reputation, exposure to fraud losses or other liabilities, negative publicity, additional operating and development costs, fines and other sanctions imposed by card networks, and/or diversion of technical and other resources. In addition, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

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We may not be able to successfully manage our intellectual property and may be subject to infringement claims.

In the rapidly developing legal framework, we rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our proprietary technology. Despite our efforts to protect our intellectual property, third parties may infringe or misappropriate our intellectual property or may develop software or technology competitive to us. Our competitors may independently develop similar technology, duplicate our products or services or design around our intellectual property rights. We may have to litigate to enforce and protect our intellectual property rights, trade secrets and know-how or to determine their scope, validity or enforceability, which is expensive and could cause a diversion of resources and may not prove successful. The loss of intellectual property protection or the inability to secure or enforce intellectual property protection could harm our business and ability to compete.

We may also be subject to costly litigation in the event our products and technology infringe upon another party's proprietary rights. Third parties may have, or may eventually be issued, patents that would be infringed by our products or technology. Any of these third parties could make a claim of infringement against us with respect to our products or technology. We may also be subject to claims by third parties for breach of copyright, trademark or license usage rights. Any such claims and any resulting litigation could subject us to significant liability for damages. An adverse determination in any litigation of this type could limit our ability to use the intellectual property subject to these claims and require us to design around a third party's patent, which may not be possible, or to license alternative technology from another party, which may be costly. In addition, litigation is time consuming and expensive to defend and could result in the diversion of the time and attention of our management and employees.

If we lose key personnel or are unable to attract additional qualified personnel as we grow, our business could be adversely affected.

All of our businesses function at the intersection of rapidly changing technological, social, economic and regulatory developments that requires a wide ranging set of expertise and intellectual capital. To successfully compete and grow, we must recruit, develop and retain the necessary personnel who can provide the needed expertise across the entire spectrum of intellectual capital needs. In addition, we must develop our personnel to fulfill succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of human capital. However, the market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors. Our efforts to retain and develop personnel may also result in significant additional expenses, which could negatively affect our profitability. We cannot assure that key personnel, including executive officers, will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on our business, financial position and results of operations.

Item 1B. Unresolved Staff Comments

Not Applicable.

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As of December 31, 2015, we and our subsidiaries owned 12 facilities encompassing approximately 1,446,568 square feet and leased 39 facilities encompassing approximately 892,386 square feet. These facilities are used for operational, sales and administrative purposes.

	Owned Facilities		Leased Facilities	
	Number	Square Footage	Number	Square Footage
North America Services	10	1,350,200	8	306,926
International Services	2	96,368	13	193,102
Merchant Services			13	282,858
NetSpend			5	109,500

We believe that our facilities are suitable and adequate for our current business; however, we periodically review our space requirements and may acquire new space to meet the needs of our businesses or consolidate and dispose of or sublet facilities which are no longer required.

See Note 1, Note 10, Note 16 and Note 22 of Notes to Consolidated Financial Statements on pages 46 through 55, pages 61 and 62, pages 70 through 73, and pages 80 through 82 and Property and Equipment under the Financial Review Section on pages 33 and 34 of the Annual Report which are incorporated in this document by reference.

Item 3. Legal Proceedings

See Note 16 of Notes to Consolidated Financial Statements on pages 70 through 73 of the Annual Report which is incorporated in this document by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

Table of Contents**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchases of Equity Securities**

The Quarterly Financial Data (Unaudited), Stock Price, Dividend Information Section on page 91, Note 20 of Notes to Consolidated Financial Statements on page 78 and 79 and Stock Performance Graph on page 92 of the Annual Report are incorporated in this document by reference. The Stock Performance Graph is incorporated herein by reference; however, this information shall not be deemed to be soliciting material or to be filed with the Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 6. Selected Financial Data

The Selected Financial Data Section which is set forth on page 11 of the Annual Report is incorporated in this document by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Financial Overview and Financial Review Sections which are set forth on pages 11 through 40 of the Annual Report which includes the information encompassed within Management's Discussion and Analysis of Financial Condition and Results of Operations, are incorporated in this document by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Exchange Risk. We are exposed to foreign exchange risk because we have assets, liabilities, revenues and expenses denominated in foreign currencies. These currencies are translated into U.S. dollars at current exchange rates, except for revenues, costs and expenses and net income, which are translated at the average exchange rate for each reporting period. Net exchange gains or losses resulting from the translation of assets and liabilities of our foreign operations, net of tax, are accumulated in a separate section of shareholders' equity entitled accumulated other comprehensive income (loss), net. The amount of other comprehensive (loss) income, net of tax, related to foreign currency translation for the years ended December 31, 2015, 2014 and 2013 was:

(in millions)	2015	2014	2013
Comprehensive income (loss), net of tax	(\$ 21.4)	(\$ 15.6)	(\$ 1.3)

Currently, we do not use financial instruments to hedge our exposure to exchange rate changes.

The following table presents the carrying value of the net assets of our foreign operations in U.S. dollars at December 31, 2015:

(in millions)	December 31, 2015
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Europe	\$	209.1
China		98.7
Cyprus		36.4
Other		5.9

We record foreign currency translation adjustments associated with other balance sheet accounts. See Nonoperating Income (Expense) under the Financial Review Section on page 27 of the Annual Report which is incorporated in this document by reference. We maintain several cash accounts denominated in foreign currencies, primarily in US dollars and Euros. As we translate the foreign-denominated cash balances into U.S. dollars, the translated cash balance is adjusted upward or downward depending upon the foreign currency exchange movements. The upward or downward adjustment is recorded as a gain or loss on foreign currency translation in our statements of income. As those cash accounts have increased, the upward or downward adjustments have increased. We recorded a net translation gain of approximately \$0.4 million for the year ended December 31, 2015 relating to the translation of foreign denominated balance sheet accounts, most of which were cash. The balance of the foreign-denominated cash accounts subject to risk of translation gains or losses at December 31, 2015 was approximately \$11.3 million, the majority of which is denominated in Euros.

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We provide financing to our international operation in Europe through an intercompany loan that requires the operation to repay the financing in U.S. dollars. The functional currency of each operation is the respective local currency. As we translate the foreign currency denominated financial statements into U.S. dollars, the translated balance of the financing (liability) is adjusted upward or downward to match the U.S. dollar obligation (receivable) on our financial statements. The upward or downward adjustment is recorded as a gain or loss on foreign currency translation in other comprehensive income.

The net asset account balance subject to foreign currency exchange rates between the local currencies and the U.S. dollar at December 31, 2015 was \$30.0 million.

The following table presents the potential effect on income before income taxes of hypothetical shifts in the foreign currency exchange rate between the local currencies and the U.S. dollar of plus or minus 100 basis points, 500 basis points and 1,000 basis points based on the net asset account balance of \$30.0 million at December 31, 2015.

(in thousands)	Effect of Basis Point Change					
	Increase in basis point			Decrease in basis point of		
	100	500	1,000	100	500	1,000
Effect on income before income taxes	\$ 300	1,500	3,000	(300)	(1,500)	(3,000)

Interest Rate Risk. We are also exposed to interest rate risk associated with the investing of available cash. We invest available cash in conservative short-term instruments and are primarily subject to changes in the short-term interest rates.

The following table provides information about our debt obligations that are sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. The information is presented in U.S. dollar equivalents, which is our reporting currency. The debt obligations' actual cash flows are denominated in U.S. dollars.

At December 31, 2015	Expected maturity date						TOTAL
Liabilities	2016	2017	2018	2019	2020	Thereafter	
(US\$ Equivalent in millions)							
Long-term Debt:							
Fixed Rate	\$ 20.4	15.1	550.0			550.0	\$ 1,135.5
Average interest rate	3.03%	3.05%	3.46%			3.75%	3.52%
Variable Rate	\$ 30.0	128.2	140.0				\$ 298.2
Average interest rate	1.30%	1.30%	1.29%				1.30%

Item 8. Financial Statements and Supplementary Data

The Quarterly Financial Data (Unaudited), Stock Price, Dividend Information Section,

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which is set forth on page 91, and the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Cash Flows, Consolidated Statements of Changes in Equity, Notes to Consolidated Financial Statements, Report of Independent Registered Public Accounting Firm and Management's Report on Internal Control Over Financial Reporting, which are set forth on pages 41 through 90 of the Annual Report are incorporated in this document by reference.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

Not Applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this annual report as required by Rule 13a-15 of the Securities Exchange Act of 1934, as amended (Exchange Act). This evaluation was carried out under the supervision and with the participation of our management, including our chief executive officer and chief financial officer. Based on this evaluation, the chief executive officer and chief financial officer concluded that as of December 31, 2015, TSYS disclosure controls and procedures were designed and effective to ensure that the information required to be disclosed by TSYS in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and were also designed and effective to ensure that the information required to be disclosed in the reports that TSYS files or submits under the Exchange Act is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting and Report of Independent Registered Public Accounting Firm. Management's Report on Internal Control Over Financial Reporting, which is set forth on page 90 of the Annual Report, and Report of Independent Registered Public Accounting Firm, which is set forth on page 89 of the Annual Report, are incorporated in this document by reference.

Changes in Internal Control Over Financial Reporting. No change in our internal control over financial reporting occurred during the fourth fiscal quarter covered by this annual report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not Applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

PROPOSALS TO BE VOTED ON PROPOSAL 1: ELECTION OF DIRECTORS,

EXECUTIVE OFFICERS, and

CORPORATE GOVERNANCE AND BOARD MATTERS Committees of the Board.

We have a Code of Business Conduct and Ethics that applies to all directors, officers and employees, including our principal executive officer, our principal financial officer and our chief accounting officer. You can find our Code of Business Conduct and Ethics in the Corporate Governance section of our website at www.tsys.com under Investor Relations then Corporate Governance. We will post any amendments to the Code of Business Conduct and Ethics and any waivers that are required to be disclosed by the rules of either the SEC or the NYSE in the Corporate Governance section of our website.

Item 11. Executive Compensation

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

DIRECTOR COMPENSATION, and

EXECUTIVE COMPENSATION Compensation Discussion and Analysis, Compensation Committee Report, Summary Compensation Table and the Compensation Tables and Narratives which follow the Summary Compensation Table, and Compensation Committee Interlocks and Insider Participation.

The information included under the heading Compensation Committee Report in our Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be soliciting material or to be filed with the Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information pertaining to equity compensation plans is contained in Note 18 of Notes to Consolidated Financial Statements on page 73 of the Annual Report and is incorporated in this document by reference.

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Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS, and
PRINCIPAL SHAREHOLDERS.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

CORPORATE GOVERNANCE AND BOARD MATTERS Director Independence and Certain Relationships and Related Transactions.

Item 14. Principal Accountant Fees and Services

Information included under the following captions in our Proxy Statement is incorporated in this document by reference:

RATIFICATION OF APPOINTMENT OF THE INDEPENDENT AUDITOR Audit and Non-Audit Fees
and Policy on Audit Committee Pre-Approval.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

The following consolidated financial statements of TSYS are incorporated in this document by reference from pages 41 through 90 of the Annual Report.

Consolidated Balance Sheets December 31, 2015 and 2014

Consolidated Statements of Income Years Ended December 31, 2015, 2014 and 2013

Consolidated Statements of Comprehensive Income Years Ended December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows Years Ended December 31, 2015, 2014 and 2013

Consolidated Statements of Changes in Equity Years Ended December 31, 2015, 2014 and 2013

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Management's Report on Internal Control Over Financial Reporting

Table of Contents**2. Financial Statement Schedules**

The following report of independent registered public accounting firm and consolidated financial statement schedule of TSYS are included:

Report of Independent Registered Public Accounting Firm

Schedule II - Valuation and Qualifying Accounts - Years Ended

December 31, 2015, 2014 and 2013

All other schedules are omitted because they are inapplicable or the required information is included in the consolidated financial statements and notes thereto.

3. Exhibits

The following exhibits are filed herewith or are incorporated to other documents previously filed with the SEC. Exhibits 10.8 through 10.31 pertain to executive compensation plans and arrangements. With the exception of those portions of the Annual Report and Proxy Statement that are expressly incorporated by reference in this Form 10-K, such documents are not to be deemed filed as part of this Form 10-K.

Exhibit

Number	Description
2.1	Stock Purchase Agreement, dated January 26, 2016, by and among TSYS, Vista Equity Partners Fund V, L.P., Vista Equity Partners Fund V-A, L.P., Vista Equity Partners Fund V-B, L.P., Vista Equity Partners Fund V Executive, L.P., VEPF V FAF, L.P., Vista Equity Associates, LLC, and TransFirst Holdings Corp., incorporated by reference to Exhibit 2.1 of TSYS Current Report on Form 8-K dated January 27, 2016.
3.1	Articles of Incorporation of TSYS, as amended, incorporated by reference to Exhibit 3.1 of TSYS Current Report on Form 8-K dated April 30, 2009
3.2	Bylaws of TSYS, as amended, incorporated by reference to Exhibit 3.1 of TSYS Current Report on Form 8-K dated July 28, 2009
4.1	Indenture, dated as of May 22, 2013, between TSYS and Wells Fargo Bank, National Association, as trustee, incorporated by reference to Exhibit 4.1 of TSYS Current Report on Form 8-K dated May 22, 2013
4.2	Form of 2.375% Senior Note due 2018, incorporated by reference to Exhibit 4.2 of TSYS Current Report on Form 8-K dated May 22, 2013
4.3	Form of 3.750% Senior Note due 2023, incorporated by reference to Exhibit 4.3 of TSYS Current Report on Form 8-K dated May 22, 2013
10.1	Credit Agreement of TSYS, dated as of September 10, 2012, with JPMorgan Chase

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Bank, N.A., as Administrative Agent, J.P. Morgan Securities LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Regions Capital Markets and U.S. Bank National Association, as joint lead arrangers and joint bookrunners, and The Bank of Tokyo-Mitsubishi

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- UFJ, Ltd., Regions Bank and U.S. Bank National Association, as Syndication Agents, and the other lenders named therein, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated September 11, 2012
- 10.2 First Amendment, dated as of April 8, 2013, to the Credit Agreement of TSYS, dated as of September 10, 2012, with JPMorgan Chase Bank, N.A., as Administrative Agent, J.P. Morgan Securities LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Regions Capital Markets and U.S. Bank National Association, as joint lead arrangers and joint bookrunners, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Regions Bank and U.S. Bank National Association, as Syndication Agents, and the other lenders named therein, incorporated by reference to Exhibit 10.2 of TSYS Current Report on Form 8-K dated April 8, 2013
- 10.3 Second Amendment, dated as of January 26, 2016, to the Credit Agreement of TSYS, dated as of September 10, 2012, with JPMorgan Chase Bank, N.A., as Administrative Agent, J.P. Morgan Securities LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Regions Capital Markets and U.S. Bank National Association, as joint lead arrangers and joint bookrunners, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., Regions Bank and U.S. Bank National Association, as Syndication Agents, and the other lenders named therein, incorporated by reference to Exhibit 10.2 of TSYS Current Report on Form 8-K dated January 27, 2016
- 10.4 Credit Agreement of TSYS, dated as of April 8, 2013, with JPMorgan Chase Bank, N.A., as Administrative Agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Syndication Agent, Regions Bank and U.S. Bank National Association, as Documentation Agents, and other lenders party thereto, with J.P. Morgan Securities LLC, The Bank of Tokyo Mitsubishi UFJ, Ltd., Regional Capital Markets, and U.S. Bank National Association, as joint lead arrangers and joint bookrunners, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated April 8, 2013
- 10.5 First Amendment, dated as of January 26, 2016, to the Credit Agreement of TSYS, dated as of April 8, 2013, with JPMorgan Chase Bank, N.A., as Administrative Agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Syndication Agent, Regions Bank and U.S. Bank National Association, as Documentation Agents, and other lenders party thereto, with J.P. Morgan Securities LLC, The Bank of Tokyo Mitsubishi UFJ, Ltd., Regional Capital Markets, and U.S. Bank National Association, as joint lead arrangers and joint bookrunners, incorporated by reference to Exhibit 10.3 of TSYS Current Report on Form 8-K dated January 27, 2016
- 10.6 Bridge Term Loan Facility Commitment Letter, dated January 26, 2016, by and among Total System Services, Inc., J.P. Morgan Securities LLC, JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of America N.A., The Bank of Tokyo-Mitsubishi

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UFJ, Ltd., U.S. Bank National Association, Wells Fargo Securities, LLC and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated January 27, 2016

- 10.7 Credit Agreement of Total System Services, Inc., dated as of February 23, 2016, with JPMorgan Chase Bank, N.A., as Administrative Agent and L/C Issuer, Bank of America, N.A., as Syndication Agent and L/C Issuer, The Bank of Tokyo-Mitsubishi UFJ, LTD., U.S. Bank National Association and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the other lenders party thereto, with J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, The Bank of Tokyo-Mitsubishi UFJ, LTD., U.S. Bank National Association and Wells Fargo Securities, LLC as joint lead arrangers and joint bookrunners, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated February 23, 2016

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

- 10.8 Amended and Restated Total System Services, Inc. Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, as filed with the SEC on August 9, 2010
- 10.9 Amended and Restated Total System Services, Inc. Directors Deferred Compensation Plan, incorporated by reference to Exhibit 10.2 of TSYS Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, as filed with the SEC on August 7, 2008
- 10.10 Wage Continuation Agreement of TSYS, incorporated by reference to Exhibit 10.7 of TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 1992, as filed with the SEC on March 18, 1993
- 10.11 Split Dollar Insurance Agreement of TSYS, incorporated by reference to Exhibit 10.10 of TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 1993, as filed with the SEC on March 22, 1994
- 10.12 Change of Control Agreement for executive officers of TSYS, incorporated by reference to Exhibit 10.17 of TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as filed with the SEC on February 29, 2008
- 10.13 Split Dollar Insurance Agreement and related Executive Benefit Substitution Agreement, incorporated by reference to Exhibit 10.19 of TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as filed with the SEC on March 19, 2002
- 10.14 Summary of Board of Directors Compensation, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, as filed with the SEC on August 6, 2015
- 10.15 Total System Services, Inc. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated April 24, 2007
- 10.16 Total System Services, Inc. 2012 Omnibus Plan (formerly named the 2008 Omnibus Plan), incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated May 4, 2012
- 10.17 Form of Non-Employee Director Fully Vested Stock Option Agreement for the Total System Services, Inc. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.37 of

TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as filed with the SEC on February 28, 2011

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- 10.18 Form of Non-Employee Director Fully Vested Share Award Agreement for the Total System Services, Inc. 2007 Omnibus Plan, incorporated by reference to Exhibit 10.38 of TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as filed with the SEC on February 28, 2011
- 10.19 Form of Stock Option Agreement for 2011 stock option awards under the Total System Services, Inc. 2008 Omnibus Plan, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, as filed with the SEC on May 6, 2011
- 10.20 Form of Indemnification Agreement for directors and executive officers of TSYS, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated July 25, 2007
- 10.21 Form of Senior Executive Stock Option Agreement for 2012 stock option awards under the Total System Services, Inc. 2008 Omnibus Plan, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, as filed with the SEC on May 7, 2012
- 10.22 Form of Senior Executive Stock Option Agreement for 2013 stock option awards under the Total System Services, Inc. 2012 Omnibus Plan, incorporated by reference to Exhibit 10.3 of TSYS Quarterly Report on Form 10-Q for the Quarter ended March 31, 2013, as filed with the SEC on May 8, 2013
- 10.23 Form of Senior Executive Performance Share Agreement for 2013 performance share awards under the Total System Services, Inc. 2012 Omnibus Plan, incorporated by reference to Exhibit 10.4 of TSYS Quarterly Report on Form 10-Q for the Quarter ended March 31, 2013, as filed with the SEC on May 8, 2013
- 10.24 Form of Senior Executive Stock Option Agreement for 2014 stock option awards under the Total System Services, Inc. 2012 Omnibus Plan, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the Quarter ended March 31, 2014, as filed with the SEC on May 8, 2014
- 10.25 Form of Senior Executive Performance Share Agreement for 2014 performance share awards under the Total System Services, Inc. 2012 Omnibus Plan, incorporated by reference to Exhibit 10.2 of TSYS Quarterly Report on Form 10-Q for the Quarter ended March 31, 2014, as filed with the SEC on May 8, 2014
- 10.26 Form of Senior Executive Stock Option Agreement for 2015 stock option awards under the Total System Services, Inc. 2012 Omnibus Plan, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the Quarter ended March 31, 2015, as filed with the SEC on May 7, 2015
- 10.27 Form of Senior Executive Performance Share Agreement for 2015 performance share awards under the Total System Services, Inc. 2012

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	Omnibus Plan, incorporated by reference to Exhibit 10.2 of TSYS Quarterly Report on Form 10-Q for the Quarter ended March 31, 2015, as filed with the SEC on May 7, 2015
10.28	Form of Amendment to Senior Executive Stock Option Agreement and Senior Executive Performance Share Agreement, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the Quarter ended September 30, 2015, as filed with the SEC on November 5, 2015
10.29	Transition and Retirement Agreement, dated June 23, 2014, between Philip W. Tomlinson and Total System Services, Inc., incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K dated June 23, 2014
10.30	Restrictive Covenant Agreement, dated June 23, 2014, between Philip W. Tomlinson and Total System Services, Inc., incorporated by reference to Exhibit 10.2 of TSYS Current Report on Form 8-K dated June 23, 2014
10.31	Consulting Agreement, dated June 23, 2014, between Philip W. Tomlinson and Total System Services, Inc., incorporated by reference to Exhibit 10.3 of TSYS Current Report on Form 8-K dated June 23, 2014
13.1	Certain specified pages of TSYS 2015 Annual Report to Shareholders which are incorporated herein by reference
21.1	Subsidiaries of Total System Services, Inc.
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Powers of Attorney contained on the signature pages of this 2015 Annual Report on Form 10-K and incorporated herein by reference
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Annual Report on Form 11-K for the Total System Services, Inc. 2012 Employee Stock Purchase Plan for the year ended December 31, 2015 (to be filed as an amendment hereto within 120 days of the end of the period covered by this report)
101	Interactive Data File

We agree to furnish the SEC, upon request, a copy of each instrument with respect to issues of long-term debt. The principal amount of any individual instrument, which has not been previously filed, does not exceed ten percent of the total assets of TSYS and our subsidiaries on a consolidated basis.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Total System Services, Inc.:

Under date of February 24, 2016, we reported on the consolidated balance sheets of Total System Services, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows, and changes in equity for each of the years in the three-year period ended December 31, 2015, which are included in the December 31, 2015 annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/KPMG LLP

Atlanta, Georgia

February 24, 2016

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Schedule II

Schedule Valuation and Qualifying Accounts

TOTAL SYSTEM SERVICES, INC.

Schedule II

Valuation and Qualifying Accounts

(in thousands)

	Balance at beginning of period	Additions Changes in allowances, charges to expenses and changes to other accounts	Deductions	Balance at end of period
Year ended December 31, 2013:				
Provision for doubtful accounts	\$ 1,743	164(1)	(149)(3)	\$ 1,758
Provision for billing adjustments	\$ 1,174	(376)(1)	(294)(3)	\$ 504
Provision for merchant losses	\$ 994	2,211(1)	(2,083)(3)	\$ 1,122
Transaction processing provisions				
processing errors	\$ 1,724	7,458(2)	(6,773)(3)	\$ 2,409
Provision for cardholder losses	\$	19,737(4),(5)	(13,953)(3)	\$ 5,784
Deferred tax valuation allowance	\$ 12,976	2,298(6)	(583)(7)	\$ 14,691
Year ended December 31, 2014:				
Provision for doubtful accounts	\$ 1,758	640(1)	(824)(3)	\$ 3,222
Provision for billing adjustments	\$ 504	497(1)	(135)(3)	\$ 866
Provision for merchant losses	\$ 1,122	1,686(1)	(1,690)(3)	\$ 1,118
Transaction processing provisions				
processing errors	\$ 2,409	9,468(2)	(7,247)(3)	\$ 4,630
Provision for cardholder losses	\$ 5,784	38,381(5)	(37,853)(3)	\$ 6,312
Deferred tax valuation allowance	\$ 14,691	5,534(6)	(1,262)(7)	\$ 18,963
Year ended December 31, 2015:				
Provision for doubtful accounts	\$ 3,222	(58)(1)	(1,407)(3)	\$ 1,757
Provision for billing adjustments	\$ 866	(114)(1)	174(3)	\$ 926
Provision for merchant losses	\$ 1,118	4,667(1)	(4,419)(3)	\$ 1,366
Transaction processing provisions				
processing errors	\$ 4,630	6,976(2)	(5,149)(3)	\$ 6,457
Provision for cardholder losses	\$ 6,312	41,264(5)	(38,185)(3)	\$ 9,391
Deferred tax valuation allowance	\$ 18,963	541(6)	(1,058)(7)	\$ 18,446

(1)

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Amount reflected includes charges to (recoveries of) bad debt expense which are classified in selling, general and administrative expenses and the charges for billing adjustment which are recorded against revenues.

- (2) Amount reflected is the change in transaction processing provisions reflected in cost of services expenses.
- (3) Accounts deemed to be uncollectible and written off during the year as it relates to bad debts. Amounts that relate to billing adjustments and transaction processing provisions reflect actual billing adjustments and processing errors charged against the allowances. Amounts that related to cardholder losses reflect write-offs against the provision for cardholder losses.
- (4) Includes \$7.8 million of cardholder losses on July 1, 2013 related to the acquisition of NetSpend.
- (5) Amount represents the charges in the provision for cardholder losses reflected in cost of services expenses.
- (6) Amount represents an increase in the amount of deferred tax assets, which more likely than not, will not be realized.
- (7) Amount represents a decrease in the amount of deferred tax assets, which more likely than not, will not be realized.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Total System Services, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TOTAL SYSTEM SERVICES, INC.
(Registrant)

Date: February 24, 2016

By: /s/M. Troy Woods
M. Troy Woods,
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints M. Troy Woods and Paul M. Todd each of them, his true and lawful attorney(s)-in-fact and agent(s), with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this report and to file the same, with all exhibits and schedules thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney(s)-in-fact and agent(s) full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney(s)-in-fact and agent(s), or their substitute(s), may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons in the capacities and on the dates indicated.

/s/M. Troy Woods

Date: February 24, 2016

M. Troy Woods,
Chairman, President, Chief Executive Officer and Director

(Principal Executive Officer)

/s/Paul M. Todd

Date: February 24, 2016

Paul M. Todd,
Senior Executive Vice President and

Chief Financial Officer

(Principal Financial Officer)

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/s/Dorenda K. Weaver Date: February 24, 2016

Dorenda K. Weaver,
Chief Accounting Officer

(Principal Accounting Officer)

/s/James H. Blanchard Date: February 24, 2016

James H. Blanchard,
Director

/s/Kriss Cloninger III Date: February 24, 2016

Kriss Cloninger III,
Director

/s/Walter W. Driver, Jr. Date: February 24, 2016

Walter W. Driver, Jr.,
Director

/s/Gardiner W. Garrard, Jr. Date: February 24, 2016

Gardiner W. Garrard, Jr.,
Director

/s/Sidney E. Harris Date: February 24, 2016

Sidney E. Harris,
Director

/s/William M. Isaac Date: February 24, 2016

William M. Isaac,
Director

/s/Mason H. Lampton Date: February 24, 2016

Mason H. Lampton,
Director

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/s/Connie D. McDaniel	Date: February 24, 2016
Connie D. McDaniel, Director	
/s/H. Lynn Page	Date: February 24, 2016
H. Lynn Page, Director	
/s/Philip W. Tomlinson	Date: February 24, 2016
Philip W. Tomlinson, Director	
/s/John T. Turner	Date: February 24, 2016
John T. Turner, Director	
/s/Richard W. Ussery	Date: February 24, 2016
Richard W. Ussery, Director	
/s/James D. Yancey	Date: February 24, 2016
James D. Yancey, Director	