

TOTAL SYSTEM SERVICES INC
Form 10-K/A
April 11, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2018
Commission file number 1-10254

TOTAL SYSTEM SERVICES, INC.
(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of

58-1493818
(I.R.S. Employer

incorporation or organization)

Identification No.)

One TSYS Way

Columbus, Georgia
(Address of principal executive offices)

31901
(Zip Code)

Registrant's telephone number, including area code: (706) 644-4388

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

| Title of each class | Name of each exchange on which registered |
|---|--|
| Common Stock, \$.10 Par Value | 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 every Interactive Data File required to be submitted 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 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, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$9,575,381,000 based on the closing sale price as reported on the New York Stock Exchange.

As of January 31, 2019, there were 176,915,530 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, 2018 (Annual Report) | Parts I, II, III and IV |
| Portions of the 2019 Proxy Statement for the Annual Meeting of Shareholders to be held May 2, 2019 (Proxy Statement) | Part III |

EXPLANATORY NOTE

Total System Services, Inc. is filing this Amendment No. 1 on Form 10-K/A for the sole purpose of amending Item 15 of its Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on February 21, 2019, to include Exhibit 99.1, the Annual Report on Form 11-K for the Total System Services, Inc. 2012 Employee Stock Purchase Plan for the year ended December 31, 2018 as set forth below and in the attached exhibits. This Amendment No. 1 does not otherwise update information in the originally filed Form 10-K to reflect facts or events occurring subsequent to the original filing date.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. *Financial Statements*

The following consolidated financial statements of TSYS are incorporated in this document by reference from pages 35 through 86 of the Annual Report.

Consolidated Balance Sheets December 31, 2018 and 2017

Consolidated Statements of Income Years Ended December 31, 2018, 2017 and 2016

Consolidated Statements of Comprehensive Income Years Ended December 31, 2018, 2017 and 2016

Consolidated Statements of Cash Flows Years Ended December 31, 2018, 2017 and 2016

Consolidated Statements of Changes in Equity Years Ended December 31, 2018, 2017 and 2016

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Management's Report on Internal Control Over Financial Reporting

2. *Financial Statement Schedules*

The following consolidated financial statement schedule of TSYS is included:

Schedule II Valuation and Qualifying Accounts Years Ended December 31, 2018, 2017 and 2016

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 10.5 through 10.28 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 | Exhibit Description |
|--------|---|
| 2.1 | <u>Agreement and Plan of Merger, dated December 16, 2017, by and among Total System Services, Inc., PCP CYN Merger Sub, Inc., MW CYN Merger Sub, LLC, Cayan Holdings LLC, PCP MW Holding Corp., and Parthenon Investors IV L.P. solely in its capacity as representative of the equityholders, incorporated by reference to Exhibit 2.1 of TSYS Current Report on Form 8-K filed with the SEC on December 19, 2017</u> |
| 3.1 | <u>Articles of Incorporation of TSYS, as amended, incorporated by reference to Exhibit 3.1 of TSYS Current Report on Form 8-K filed with the SEC on April 30, 2009</u> |
| 3.2 | <u>Bylaws of TSYS, as amended, incorporated by reference to Exhibit 3.1 of TSYS Current Report on Form 8-K filed with the SEC on June 20, 2018</u> |
| 4.1 | <u>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 filed with the SEC on May 22, 2013</u> |
| 4.2 | <u>Form of 2.375% Senior Note due 2018, incorporated by reference to Exhibit 4.2 of TSYS Current Report on Form 8-K filed with the SEC on May 22, 2013</u> |
| 4.3 | <u>Form of 3.750% Senior Note due 2023, incorporated by reference to Exhibit 4.3 of TSYS Current Report on Form 8-K filed with the SEC on May 22, 2013</u> |
| 4.4 | <u>Senior Indenture, dated March 17, 2016, between TSYS and Regions Bank as trustee, incorporated by reference to Exhibit 4.1 of TSYS Current Report on Form 8-K filed with the SEC on March 17, 2016</u> |
| 4.5 | <u>Form of 3.800% Senior Note due 2021, incorporated by reference to Exhibit 4.2 of TSYS Current Report on Form 8-K filed with the SEC on March 17, 2016</u> |
| 4.6 | <u>Form of 4.800% Senior Note due 2026, incorporated by reference to Exhibit 4.3 of TSYS Current Report on Form 8-K filed with the SEC on March 17, 2016</u> |
| 4.7 | <u>Form of 4.000% Senior Note due 2023, incorporated by reference to Exhibit 4.1 of TSYS Current Report on Form 8 K filed with the SEC on May 11, 2018</u> |
| 4.8 | <u>Form of 4.450% Senior Note due 2028, incorporated by reference to Exhibit 4.2 of TSYS Current Report on Form 8 K filed with the SEC on May 11, 2018</u> |
| 10.1 | <u>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 filed with the SEC on February 23, 2016</u> |

- 10.2 Bilateral Loan Facility Commitment Letter, dated December 16, 2017, by and among Total System Services, Inc. and Bank of America N.A., incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K filed with the SEC on December 19, 2017
- 10.3 Credit Agreement, dated January 10, 2018, by and among Total System Services, Inc., Bank of America, N.A. as Administrative Agent, the other lenders party thereto from time to time and Bank of America Merrill Lynch, as sole lead arranger and sole bookrunner, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K filed with the SEC on January 11, 2018
- 10.4 Credit Agreement of Total System Services, Inc., dated as of April 23, 2018, with Bank of America, N.A., as Administrative Agent and L/C Issuer, JPMorgan Chase Bank, N.A., as Syndication Agent, MUFG Bank, Ltd., Capital One, N.A., Regions Bank, SunTrust Bank, TD Bank, N.A., U.S. Bank National Association and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the other lenders party thereto, with Bank of America Merrill Lynch and JPMorgan Chase Bank, N.A., MUFG Bank, Ltd., Capital One, N.A., Regions Bank, Suntrust Robinson Humphrey, Inc., TD Securities (USA) LLC, 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 filed with the SEC on April 24, 2018

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

- 10.5 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, filed with the SEC on August 9, 2010
- 10.6 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, filed with the SEC on August 7, 2008
- 10.7P 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, filed with the SEC on March 18, 1993
- 10.8P 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, filed with the SEC on March 22, 1994
- 10.9 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, filed with the SEC on February 29, 2008
- 10.10 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, filed with the SEC on March 19, 2002

- 10.11 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 March 31, 2017, filed with the SEC on May 4, 2017
- 10.12 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 filed with the SEC on May 4, 2012
- 10.13 Form of Non-Employee Director Fully Vested Stock Option Agreement, incorporated by reference to Exhibit 10.37 of TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on February 28, 2011
- 10.14 Form of Non-Employee Director Fully Vested Share Award Agreement, incorporated by reference to Exhibit 10.38 of TSYS Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on February 28, 2011
- 10.15 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 filed with the SEC on July 26, 2007
- 10.16 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, filed with the SEC on May 7, 2015
- 10.17 Form of Senior Executive Performance Share Agreement for 2015 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, 2015, filed with the SEC on May 7, 2015
- 10.18 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, filed with the SEC on November 5, 2015
- 10.19 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 filed with the SEC on June 23, 2014
- 10.20 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 filed with the SEC on June 23, 2014
- 10.21 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 filed with the SEC on June 23, 2014
- 10.22 Form of Stock Option Agreement for stock option awards under the Total System Services, Inc. 2012 and 2017 Omnibus Plans, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed with the SEC on May 5, 2016

- 10.23 Form of Performance Share Agreement for 2016 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, 2016, filed with the SEC on May 5, 2016
- 10.24 Form of Performance Share Agreement for 2017 and 2018 performance share awards under the Total System Services, Inc. 2012 and 2017 Omnibus Plans, incorporated by reference to Exhibit 10.2 of TSYS Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 4, 2017
- 10.25 Total System Services, Inc. 2017 Omnibus Plan, incorporated by reference to Exhibit 10.1 of TSYS Current Report on Form 8-K filed with the SEC on April 28, 2017
- 10.26 Letter Agreement regarding separation, dated September 21, 2017, between Total System Services, Inc. and Pamela A. Joseph, incorporated by reference to Exhibit 10.1 of TSYS Quarterly Report on Form 10-Q for the quarter ended October 31, 2017, filed with the SEC on November 7, 2017
- 10.27 Form of Performance Share Agreement for performance share awards with nonfinancial metrics under the Total System Services, Inc. 2017 Omnibus Plan, incorporated by reference to TSYS Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, filed with the SEC on May 8, 2018
- 10.28 Form of Amendment to Nonemployee Director Fully Vested Stock Option Agreement
- 13.1 Certain specified pages of TSYS 2018 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 2018 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, 2018
- 101 Interactive Data File

* Filed Herewith

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.

Item 16. Form 10-K Summary

None.

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.

April 11, 2019

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