

TOTAL SYSTEM SERVICES INC  
Form DEF 14A  
March 16, 2015  
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## SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

**(Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

**Total System Services, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - 1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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M. Troy Woods

President and

Chief Executive Officer

March 16, 2015

Dear Fellow Shareholder:

Thank you for putting your confidence and resources in TSYS. Enhancing the value of your investment remains our first priority. You are invited to attend our 2015 Annual Meeting of Shareholders on Tuesday, April 28, 2015 at 10:00 a.m. Eastern Time in the TSYS Riverfront Campus Auditorium, One TSYS Way, Columbus, Georgia.

I hope that you will be able to join us as we review 2014 and our strategy for the future. If you are unable to attend the meeting, you can listen to it live and view the slide presentation by visiting our website at [www.tsys.com](http://www.tsys.com).

Your vote is very important to us. Whether or not you plan to attend, I encourage you to promptly submit your vote by the Internet, telephone or mail to ensure that your shares are represented at our Annual Meeting.

Thank you for your continued commitment to TSYS.

Sincerely,

M. Troy Woods

Total System Services, Inc.

Post Office Box 2506

Columbus, Georgia 31902-2506

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Notice of The 2015 Annual Meeting of Shareholders

**TIME:** 10:00 a.m. Eastern Time

Tuesday, April 28, 2015

**PLACE:** TSYS Riverfront Campus Auditorium

One TSYS Way

Columbus, Georgia 31901

- ITEMS OF BUSINESS:**
- (1) To elect 14 directors to serve until the next Annual Meeting of Shareholders.
  - (2) To ratify the appointment of KPMG LLP as TSYS independent auditor for the year 2015.
  - (3) To approve, on an advisory basis, executive compensation.
  - (4) To transact such other business as may properly come before the meeting and any adjournment thereof.

**WHO MAY VOTE:** You may vote if you were a shareholder of record on February 18, 2015.

**ANNUAL REPORT:** A copy of the Annual Report is enclosed.

**PROXY VOTING:** Your vote is important. Please vote in one of these ways:

- (1) Use the toll-free telephone number shown on your proxy card or Notice of Internet Availability of Proxy Materials, as applicable;
- (2) Visit the website shown on your proxy card or Notice of Internet Availability of Proxy Materials, as applicable, or scan the QR code shown with your mobile device;
- (3) If you received paper copies of the proxy materials, mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope provided; or
- (4) Submit a ballot at the Annual Meeting.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE YOUR SHARES PROMPTLY.**

By Order of the Board of Directors,

March 16, 2015

G. Sanders Griffith, III

Secretary

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder**

**Meeting to be held on April 28, 2015**

**This Proxy Statement and Annual Report to Shareholders are available on our website at**

**<http://annualreport.tsys.com>.**

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This summary highlights certain information contained elsewhere in this Proxy Statement. As it is only a summary, please read the entire Proxy Statement before you vote.

**2015 ANNUAL MEETING OF SHAREHOLDERS**

**Date and Time:**

April 28, 2015, 10:00 a.m. Eastern Time

**Record Date:**

February 18, 2015

**Place:**

TSYS Riverfront Campus Auditorium

One TSYS Way

Columbus, Georgia 31901

**Meeting Webcast:**

[www.tsys.com](http://www.tsys.com) under

Investor Relations Events, Webcasts and Presentations

**MEETING AGENDA AND VOTING RECOMMENDATIONS**

<b>Management Proposals:</b>	<b>Board's Recommendation</b>	<b>Page</b>
Election of 14 Director Nominees	<b>FOR</b> all Director Nominees	17
Ratification of Appointment of KPMG LLP as Independent Auditor for 2015	<b>FOR</b>	22
Advisory Approval of Executive Compensation	<b>FOR</b>	52

**BUSINESS HIGHLIGHTS**

TSYS delivered strong operating results in 2014. Highlights include the following:

Adjusted earnings per share ( EPS ) from continuing operations were \$1.96, an increase of 13.2% over 2013. On a GAAP basis, basic EPS from continuing operations were \$1.48, an increase of 12.8% over 2013.

Total revenues were \$2.4 billion, an increase of 18.5% over 2013. Revenues before reimbursable items were \$2.2 billion, an increase of 20.2% over 2013.

Income from continuing operations attributable to TSYS shareholders was \$275.2 million, an increase of 11.5% over 2013.

We returned over \$240 million to our shareholders through share repurchases and dividends.

The number of authorizations and transactions processed during the traditional holiday shopping season were the highest in our history.

Adjusted EPS and revenues before reimbursable items are non-GAAP financial measures which are defined on page 28 of this Proxy Statement. These two metrics and income from continuing operations attributable to TSYS shareholders were used as the performance metrics at the enterprise level for our executive compensation program for 2014.

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**SUCCESSFUL LEADERSHIP CHANGES**

2014 was a very important year in terms of setting the course for our long-term outlook. Philip W. Tomlinson, who played an integral role in our growth and successes during his 40-year tenure with TSYS, retired as Chief Executive Officer in July 2014 and will retire as Chairman of the Board in April 2015. As a result of Mr. Tomlinson's retirement and other retirements, our Board of Directors made several leadership changes during 2014, the most significant of which include the following:

*James H. Blanchard Appointed Independent Lead Director.* Upon the retirement of our former independent Lead Director in May 2014, our Board appointed James H. Blanchard as our new independent Lead Director. Our Board believes that Mr. Blanchard will contribute to effective and independent leadership.

*M. Troy Woods Appointed Chief Executive Officer.* Mr. Tomlinson was succeeded as Chief Executive Officer by M. Troy Woods in July 2014. Having served as our President since December 2003 and in other capacities since 1987, Mr. Woods is well-prepared for the Chief Executive Officer position.

*Paul M. Todd Appointed as Senior Executive Vice President and Chief Financial Officer.* Our Board promoted Paul M. Todd to Senior Executive Vice President and Chief Financial Officer effective July 2014 upon the retirement from that position of James B. Lipham. Mr. Todd has served in various capacities with TSYS and its affiliated companies since 2002, including directing strategy, mergers and acquisitions, product and marketing and diversification, which have prepared him well for the Chief Financial Officer position.

**CORPORATE GOVERNANCE FACTS**

**Our Corporate Governance Policies Reflect Best Practices Including:**

Annual Election of All Directors

Majority Voting and a Director Resignation Policy for Directors in Uncontested Elections

Independent Lead Director with Broad Authority and Responsibility

12 of 14 Directors are Independent

Executive Sessions of Independent Directors held at each Regularly Scheduled Board Meeting

Board Participation in Executive Succession Planning

Board Oversight of Risk Management With a Focus on the Most Significant Risks Facing TSYS

Director Stock Ownership Guidelines

Limitation on Outside Board and Audit Committee Service

Annual Board and Committee Self-Evaluations

Shareholder Outreach Regarding General Governance Issues and Compensation Related Matters

No Hedging of Company Stock by Directors and Executive Officers and Restrictions on Pledging

No Poison Pill

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**EXECUTIVE COMPENSATION**

Our executive compensation program drives long-term shareholder value and attracts, motivates and retains an exceptionally talented executive team with the skills and vision required for us to become the leading global payment solutions provider. Our executive compensation program is performance-oriented and links compensation to TSYS performance.

**Our Executive Compensation Program Reflects Best Practices Including:**

Emphasis on Performance-Based Compensation

Clawback of Incentive Compensation

Double-Trigger Provisions with Pro Rata Vesting for Equity Upon Change of Control

Significant Stock Ownership Guidelines and Share Retention Policy

Retain an Independent Compensation Consultant

Annual Shareholder Say-on-Pay Vote

No Hedging of Company Stock and Restrictions on Pledging

No Backdating or Repricing of Stock Options

No Excise Tax Gross-Up Policy for New Agreements

No Employment Agreements with Executive Officers

**Our Compensation Pay Mix**

Performance-based pay incentives focus our management on achieving our key financial, strategic and business goals. For 2014, more than 72% of our named executive officers' target total direct compensation was performance-based, with the actual amounts realized dependent upon our annual and long-term performance and our stock price.

(1) Reflects Mr. Woods as the current CEO and includes his base pay and target percentages as CEO as opposed to prorated percentages for the portion of 2014 during which he did not serve as CEO. Performance-based pay includes the target 2014 Annual Incentive Program ( AIP ) cash award and Long-Term Incentive Program ( LTIP ) opportunity (delivered in the form of stock options and performance shares).

We were gratified that 97% of the votes cast in 2014 on the advisory vote on our executive officers' compensation voted in support of the compensation paid to executive officers. Nevertheless, consistent with its strong interest in shareholder engagement, communication, and transparency, the Compensation Committee continued to examine our executive compensation program to assure alignment between the interests of our executive officers and shareholders.

Please see the Compensation Discussion and Analysis section beginning on page 27 of this Proxy Statement for a detailed description of our executive compensation.

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PROXY STATEMENT

Purpose

This Proxy Statement is being made available or mailed to TSYS shareholders beginning on or about March 16, 2015. The TSYS Board of Directors is soliciting proxies to be used at the 2015 Annual Meeting of TSYS Shareholders which will be held on April 28, 2015 at 10:00 a.m. Eastern Time in the TSYS Riverfront Campus Auditorium, One TSYS Way, Columbus, Georgia. Proxies are solicited to give all shareholders of record an opportunity to vote on matters to be presented at the Annual Meeting. In the following pages of this Proxy Statement, you will find information on matters to be voted upon at the Annual Meeting of Shareholders or any adjournment of that meeting.

Who Can Vote

You are entitled to vote if you were a shareholder of record of TSYS stock as of the close of business on February 18, 2015, the record date. Your shares can be voted at the meeting only if you are present or represented by a valid proxy.

Quorum and Shares Outstanding

A majority of the outstanding shares of TSYS stock must be present, either in person or represented by proxy, in order to conduct the Annual Meeting of TSYS Shareholders. On February 18, 2015, 185,053,781 shares of TSYS stock were outstanding.

Proxies

The Board has designated two individuals to serve as proxies to vote the shares represented by proxies at the Annual Meeting of Shareholders. If you are a shareholder of record and properly submit a proxy card or submit a proxy by telephone or via the Internet but do not specify how you want your shares to be voted, your shares will be voted by the designated proxies:

FOR the election of all of the director nominees (Proposal 1);

FOR the ratification of the appointment of KPMG LLP as TSYS independent auditor for the year 2015 (Proposal 2); and

FOR the approval, on an advisory basis, of the compensation of TSYS named executive officers (Proposal 3). The designated proxies will vote in their discretion on any other matter that may properly come before the Annual Meeting. At this time, we are unaware of any matters, other than as set forth above, that may properly come before the Annual Meeting.

Voting of Shares

Each share of TSYS stock represented at the Annual Meeting is entitled to one vote on each matter properly brought before the meeting. All shares entitled to vote and represented in person or by valid proxies received by phone, Internet or mail will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies.

#### Required Votes

##### *Election of Directors (Proposal 1)*

Our bylaws provide a majority vote standard for uncontested director elections. To be elected, directors must receive a majority of the votes cast (the number of shares voted for a director nominee must exceed the number of votes cast against that nominee). If shareholders do not elect a nominee who is serving as a director, Georgia

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law provides that the director would continue to serve on the Board as a hold over director. Under our Corporate Governance Guidelines, an incumbent director that is not elected is expected to tender, promptly following certification of the voting results, his or her resignation from the Board, which resignation may be conditioned on Board acceptance of the resignation. In addition, our Corporate Governance Guidelines provide that the Board will nominate for election and appoint to Board vacancies only those candidates who have agreed to tender, promptly following the failure to receive the required vote for election to the Board, an irrevocable resignation that will be effective upon Board acceptance of the resignation. The Corporate Governance and Nominating Committee will consider the tendered resignation and recommend to the Board whether to accept or reject the resignation. The Board will act on the tendered resignation within 90 days from the certification of the voting results and promptly publicly disclose its decision. A director who tenders his or her resignation will not participate in the Committee's recommendation or the Board action regarding whether to accept or reject the tendered resignation.

### *All Other Proposals*

The affirmative vote of a majority of the votes cast is also needed to ratify the appointment of KPMG LLP as TSYS independent auditor for 2015 (Proposal 2) and approve the advisory vote on the compensation of TSYS named executive officers (Proposal 3).

### *Abstentions and Broker Non-Votes*

Under certain circumstances, banks, brokers or other nominees are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions to the bank, broker or other nominee (a broker non-vote). In these cases, and in cases where the shareholder abstains from voting on a matter, those shares will be counted for the purpose of determining if a quorum is present, but will not be included as votes cast with respect to those matters. Whether a bank, broker or other nominee has authority to vote its shares on uninstructed matters is determined by the rules of the New York Stock Exchange (NYSE). We expect that banks, brokers and other nominees will be able to exercise discretionary authority to vote on Proposal 2, but will not have discretion to vote on Proposals 1 and 3. As such, if you do not provide voting instructions to your bank, broker or other nominee, your bank, broker or other nominee may only vote your shares on Proposal 2. Abstentions and broker non-votes will have no effect on the outcome of any of the Proposals to be voted on at the Annual Meeting.

### *How You Can Vote*

If you hold shares in your own name, you may vote by proxy or in person at the meeting. If you wish to vote your shares in person at our Annual Meeting, you may either bring your proxy card or Notice of Internet Availability to the meeting or request a ballot at the meeting. To vote by proxy, you may select one of the following options:

#### *Vote By Internet*

You can vote your shares on the Internet until 11:59 p.m. Eastern Time on April 27, 2015. The website for Internet voting is shown on your proxy card or Notice of Internet Availability, as applicable. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been properly recorded. If you vote on the Internet, you do NOT need to return your proxy card if you received one.

You can also vote your shares on the Internet by scanning the QR code shown on your proxy card or Notice of Internet Availability, as applicable, with your mobile device.

#### *Vote By Telephone*

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You can vote your shares by telephone until 11:59 p.m. Eastern Time on April 27, 2015 by calling the toll-free telephone number (at no cost to you) shown on your proxy card or Notice of Internet Availability, as applicable. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the shareholder by using individual control numbers. If you vote by telephone, you do NOT need to return your proxy card if you received one.

### *Vote By Mail*

If you received your proxy materials by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided.

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If your shares are held in the name of a bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee that you must follow for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the Annual Meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the Annual Meeting.

### **Revocation of Proxy**

If you hold shares in your own name and vote by proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by: (1) signing another proxy card with a later date and returning it to us prior to the Annual Meeting; (2) voting again by telephone or on the Internet before 11:59 p.m. Eastern Time on April 27, 2015; or (3) attending the Annual Meeting in person and casting a ballot.

If your TSYS shares are held by a bank, broker or other nominee, you must follow the instructions provided by the bank, broker or other nominee if you wish to change your vote.

### **Attending the Annual Meeting**

The Annual Meeting will be held on Tuesday, April 28, 2015 at 10:00 a.m. Eastern Time in the TSYS Riverfront Campus Auditorium, One TSYS Way, Columbus, Georgia. Directions to the auditorium can be obtained on our website at <http://annualreport.tsys.com>.

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### Corporate Governance Principles

TSYS is committed to good corporate governance, which is designed to build long-term shareholder value, sustain our success, maintain internal checks and balances and foster responsible decision making and accountability.

TSYS has adopted Corporate Governance Guidelines and other governance practices to provide a framework for the effective governance of TSYS. Our Corporate Governance Guidelines and other governance practices are reviewed regularly by the Board and TSYS and modified as appropriate. The full text of our Corporate Governance Guidelines, Code of Business Conduct and Ethics which is applicable to all directors, officers and employees, each committee's current charter, procedures for shareholders and other interested parties to communicate with the Lead Director or with the non-management directors individually or as a group and procedures for reporting complaints and concerns about TSYS, including complaints concerning accounting, internal accounting controls and auditing matters can be found in the Corporate Governance section of our website at [www.tsys.com](http://www.tsys.com), under Investor Relations then Corporate Governance.

Governance is a continuing focus at TSYS, starting with the Board and extending to management and all employees. As such, the Board reviews TSYS's policies and business strategies and advises and counsels the Chief Executive Officer and the other executive officers who manage our business.

### Director Independence

The current Board consists of 14 directors, two of whom are currently employed by TSYS (M. Troy Woods and Philip W. Tomlinson). All of our director nominees listed under Nominees for Election as Directors on page 17, other than Mr. Woods and Mr. Tomlinson, are independent as that term is defined in the listing standards of the NYSE and our Corporate Governance Guidelines, as was retired director Richard Y. Bradley throughout the period he served on our Board. For a director to be considered independent, the Board must affirmatively determine that the director has no direct or indirect material relationship with TSYS. The Board has established guidelines for independence to assist it in determining director independence which are consistent with the independence requirements in the NYSE listing standards. In addition to applying these guidelines, which are set forth in Section 2 of our Corporate Governance Guidelines and available in the Corporate Governance section of our website at [www.tsys.com](http://www.tsys.com), under Investor Relations then Corporate Governance, the Board considers all relevant facts and circumstances in making an independence determination. The Board considered the transactions described under Certain Relationships and Related Transactions on page 13 and concluded that none of the transactions impaired any director's independence under TSYS's independence guidelines or NYSE listing standards.

### Attendance at Meetings

The Board of Directors held seven meetings in 2014. All directors attended at least 75% of Board and committee meetings held during their tenure during 2014. The average attendance by directors at the aggregate number of Board and committee meetings they were scheduled to attend was 97%. Although TSYS has no formal policy with respect to Board members' attendance at its annual meetings, it is customary for all Board members to attend the annual meetings. All of our directors attended the 2014 Annual Meeting of Shareholders.

### Executive Sessions of the Board of Directors

The non-management directors meet separately in executive session at least four times a year after each regularly scheduled meeting of the Board of Directors. Currently, all of our non-management directors are independent. In the event one or more of our non-management directors is not independent, the independent directors meet in executive session at least once a year. The Lead Director presides at the meetings of non-management and independent directors. James H. Blanchard currently serves as Lead Director.

#### Committees of the Board

TSYS Board of Directors has five principal standing committees – an Audit Committee, a Corporate Governance and Nominating Committee, a Compensation Committee, a Technology Committee and an Executive Committee.

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Each committee has a written charter adopted by the Board of Directors that complies with the listing standards of the NYSE pertaining to corporate governance. Copies of the committee charters are available in the Corporate Governance section of our website at [www.tsys.com](http://www.tsys.com), under Investor Relations then Corporate Governance. The Board has determined that each member of the Audit, Corporate Governance and Nominating and Compensation Committees is an independent director as defined by the listing standards of the NYSE and our Corporate Governance Guidelines, and satisfies the applicable SEC and NYSE additional independence requirements for the members of such committees. The following table shows the current membership of the various committees.

Name	Corporate Governance		Technology Executive	Chair
	Audit	Compensation and Nominating		
James H. Blanchard				
Kriss Cloninger III	ü			
Walter W. Driver, Jr.	ü			
Gardiner W. Garrard, Jr.			ü	
Sidney E. Harris	ü		Chair	ü
William M. Isaac		ü	ü	
Mason H. Lampton		Chair		ü
Connie D. McDaniel	ü			
H. Lynn Page	Chair			ü
Philip W. Tomlinson				ü
John T. Turner	ü	ü		
Richard W. Ussery			ü	
M. Troy Woods				ü
James D. Yancey		Chair	ü	ü
Number of Committee Meetings Held in 2014	8	8	4	0

*Executive Committee*

During the intervals between meetings of TSYS Board of Directors when the full Board is unable to meet in person or telephonically with respect to urgent, time sensitive matters, the Executive Committee possesses and may exercise any and all of the powers of the Board of Directors in the management and direction of the business and affairs of TSYS with respect to which specific direction has not been previously given by the Board of Directors unless Board action is required by TSYS governing documents, law or rule.

*Audit Committee*

The Report of the Audit Committee is on page 24. The Board has determined that all members of the Committee are independent under the rules of the NYSE and the SEC, financially literate under the rules of the NYSE and that H. Lynn Page and Connie D. McDaniel are audit committee financial experts as defined by the rules of the SEC. The primary functions of the Audit Committee include:

Monitoring the integrity of TSYS financial statements, TSYS systems of internal controls and TSYS compliance with regulatory and legal requirements;

Selecting and monitoring the independence, qualifications and performance of TSYS independent auditor and internal auditing activities;

Providing an avenue of communication among the independent auditor, management, internal audit and the Board of Directors; and

Monitoring the effectiveness of management's enterprise risk management process that monitors and manages key business risks facing TSYS.

*Corporate Governance and Nominating Committee*

The primary functions of the Corporate Governance and Nominating Committee include:

Identifying qualified individuals to become Board members;

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Recommending to the Board the director nominees for each annual meeting of shareholders and director nominees to be elected by the Board to fill interim director vacancies;

Overseeing the annual review and evaluation of the performance of the Board and its committees;

Developing and recommending to the Board corporate governance guidelines; and

Ensuring that procedures are in place for annual CEO performance reviews and annual reviews for succession planning and management development.

*Compensation Committee*

The Report of the Compensation Committee is on page 43. The primary functions of the Compensation Committee include:

Establishing, reviewing and approving the compensation of the Chief Executive Officer and reviewing and approving compensation amounts for all other executive officers;

Overseeing TSYS' equity compensation plans;

Preparing the report on executive compensation to be included in TSYS' annual proxy statement;

Reviewing and assessing potential risk to TSYS from its compensation practices, policies and programs; and

Monitoring TSYS' management development and executive succession planning activities.

The Compensation Committee's charter reflects these responsibilities and, except to the extent prohibited by NYSE rules or other applicable law or regulation, allows the Committee to delegate any matters within its power and responsibility to individuals or subcommittees when it deems appropriate. Information regarding TSYS' processes and procedures for the consideration and determination of executive compensation, including the roles of TSYS' executive officers and independent compensation consultant in the Committee's decision making process, can be found under Compensation Discussion and Analysis on page 27.

*Technology Committee*

The primary functions of the Technology Committee include:

Assisting the Board and Audit Committee in their oversight of TSYS' management of risks regarding technology, data security, disaster recovery, and business continuity;

Reviewing and discussing with management TSYS assessment and management of risks associated with its technology;

Reviewing and discussing with management TSYS risk appetite and strategy relating to technology risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks: and

Making recommendations to the Audit Committee or the Board with respect to any of the above and other matters related to technology risks.

#### Board Leadership Structure

Under its charter, the Corporate Governance and Nominating Committee periodically reviews and recommends to the Board the leadership structure of the Board including whether to separate or combine the Chief Executive Officer and Chairman positions as well as whether to have a Lead Director. Our bylaws and Corporate Governance Guidelines provide the Board with the flexibility to change the structure of the Chairman and Chief Executive Officer positions as and when appropriate. In addition, since 2003, our Corporate Governance Guidelines have required the election by the independent directors of an independent Lead Director to serve during any period when there is no independent Chairman of the Board in order to ensure that there is effective oversight by an independent board. James H. Blanchard currently serves as our Lead Director.

Under our Corporate Governance Guidelines, the responsibilities of the Lead Director include:

providing leadership to ensure the Board works in an independent, cohesive fashion, which includes evaluating the CEO's and Board's performance on an ongoing and annual basis;

serving as a liaison with TSYS shareholders;

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developing the agenda for Board meetings with the Chairman of the Board, Board and Corporate Secretary;

having the authority to call meetings of the independent and non-management directors, as needed;

ensuring Board leadership in times of crisis;

developing the agenda for and chairing executive sessions of the independent directors and executive sessions of the non-management directors and acting as liaison between the independent directors and the Chairman of the Board on matters raised in such sessions;

chairing Board meetings when the Chairman of the Board is not in attendance;

working with the Chairman of the Board regarding meeting schedules to ensure the conduct of the Board meeting provides adequate time for serious discussion of appropriate issues and that appropriate information is made available to Board members on a timely basis;

attending meetings of the committees of the Board, as necessary or at his/her discretion, and communicating regularly with the Chairs of the principal standing committees of the Board; and

being available, upon request, for consultation and direct communication with major shareholders.

Our Corporate Governance Guidelines provide that non-management directors will meet in executive session at least four times a year and that in the event one or more of the non-management directors is not independent, our independent directors will meet in executive session at least once a year. As noted above, our Lead Director chairs these executive sessions which allow the Board to review key decisions and to discuss matters in a manner that is independent of the Chief Executive Officer, and where necessary, critical of the Chief Executive Officer and senior management.

Philip W. Tomlinson served as our Chairman of the Board and Chief Executive Officer from 2006 until July 31, 2014, at which time he retired as Chief Executive Officer but remains as an executive officer and Chairman of the Board. The Board believed that having Mr. Tomlinson serve in both capacities was in the best interests of TSYS and its shareholders as it enhanced communication between the Board and management and allowed Mr. Tomlinson to more effectively execute TSYS business plans and confront its challenges.

M. Troy Woods became Chief Executive Officer on July 31, 2014 in connection with Mr. Tomlinson's retirement as Chief Executive Officer. The Board believes that the separation of the roles of Chairman of the Board and Chief Executive Officer is appropriate at this time as part of Chief Executive Officer transition planning but, for the reasons set forth above, will recombine the roles when Mr. Woods assumes the position of both Chairman of the Board and Chief Executive Officer on April 28, 2015 upon Mr. Tomlinson's retirement as Chairman. The Board believes that the appointment of a strong independent Lead Director and the use of regular executive sessions of the non-management directors, along with the Board's strong committee system and substantial majority of independent directors, allow it to maintain effective oversight of management.



## Risk Oversight

Our Board of Directors has overall responsibility for risk oversight with a focus on the most significant risks facing TSYS. A fundamental part of risk oversight is not only understanding the material risks a company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the Board of Directors in reviewing TSYS' business strategy is an integral aspect of the Board's assessment of management's tolerance for risk and also its determination of what constitutes an appropriate level of risk for TSYS. The Board exercises its oversight responsibility for risk both directly and through the Audit, Compensation, Corporate Governance and Nominating, and Technology Committees. Management of TSYS, which is responsible for day-to-day risk management, maintains an enterprise risk management process. The enterprise risk management process is designed to identify and assess TSYS' risks, and to develop steps to mitigate and manage risks. On at least an annual basis, our Chief Risk and Compliance Officer presents a report to the full Board and the Board discusses the most significant risks that TSYS is facing and the steps management has taken or will take to mitigate those risks. In addition, the full Board is kept informed of each committee's risk oversight and related activities through regular reports from the committee chairs.

The Audit Committee has primary responsibility for overseeing TSYS' enterprise risk management framework and programs. The Committee regularly discusses our major financial risk exposures, financial reporting, internal controls, key operational risks, market risks and compliance, and the enterprise risk management framework and programs. TSYS' executive management engages with and/or reports to the Committee on a regular basis to address high priority risks.

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The Technology Committee assists the Board and the Audit Committee in the oversight of TSYS' management of risks regarding technology, data security, disaster recovery, and business continuity, including, but not limited to, risks in these four areas related to hardware, software, personnel, architecture, organizational structure, management, resource allocation, innovation, and research and development. The Committee oversees and reviews management's assessment and management of these technology risks and regularly discusses with management TSYS' risk appetite and strategy relating to these risks.

The Corporate Governance and Nominating Committee oversees risks related to our overall corporate governance structure and processes, including board and committee composition, board size and structure, independence and risks arising from related party transactions.

The Compensation Committee oversees the risks associated with management resources, succession planning and management development and our compensation structure and programs, including evaluating and assessing risks arising from our compensation policies and practices for all employees, as discussed further below.

Management recently conducted a risk assessment to evaluate the risks associated with TSYS' compensation practices, policies and programs for all employees, including the named executive officers. Management's analysis was reviewed with the Compensation Committee at its February 2015 meeting. Based on this review and assessment, we do not believe our compensation programs encourage excessive or inappropriate risk-taking that is reasonably likely to result in a material adverse effect on TSYS.

## **Shareholder Engagement**

We believe that building positive relationships with our shareholders is critical to TSYS' long-term success. We value the views of our shareholders and we have both face-to-face meetings and conference calls with them during the year on subjects such as capital allocation, our performance, the regulatory environment, corporate governance and executive compensation in an effort to ensure that management and the Board understand and consider the issues that matter most to our shareholders and to enable TSYS to attempt to address them effectively.

## **Board and Committee Evaluations**

Each year, our Board and committees conduct self-evaluations to assess their effectiveness and adherence to our Corporate Governance Guidelines and committee charters, and to identify opportunities to improve Board and committee performance.

## **Communicating with the Board**

The Board provides a process for shareholders and other interested parties to communicate with one or more members of the Board, including the Lead Director, or the non-management directors individually or as a group. Shareholders and other interested parties may communicate with the Board by writing the Board of Directors, Total System Services, Inc., c/o General Counsel's Office, One TSYS Way, Columbus, Georgia 31901 or by calling (888) 467-2881. These procedures are also available in the Corporate Governance section of our website at [www.tsys.com](http://www.tsys.com), under Investor Relations then Corporate Governance. The process for handling shareholder and other communications to the Board has been approved by TSYS' independent directors.

## **Board Composition**

## *Nominating Process and Director Recruitment*

The Corporate Governance and Nominating Committee reviews potential director candidates and recommends nominees to the Board for approval. The Committee assesses the size and composition of the Board each year and seeks input from each director with respect to the current composition of the Board in light of TSYS' current and future business strategies as a means to identify any backgrounds or skill sets that may be helpful in maintaining or improving alignment between Board composition and our business. In assessing Board composition and selecting and recruiting director candidates, the Committee believes it is important to have a mix of experienced directors with a deep understanding of TSYS and others who bring a fresh perspective. In this regard, the Committee recruited two new directors in 2014 who were elected by shareholders at the 2014 Annual Meeting.

The Committee is aware that a long-tenured board and/or long-tenured directors may be believed by some to contribute to a lack of diversity and fresh perspectives, and may also diminish a director's independence. The

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Committee appreciates these concerns and has been focused on director refreshment and succession planning for several years in light of director retirements in both 2013 and 2014 and additional retirements that will take place in the near future. In anticipation of at least four director retirements over the next two years, the Committee is actively engaged in succession planning and, depending upon what the Board determines the appropriate size of the Board to be at that time, will seek directors who meet the criteria described under *Director Qualifications* below.

### *Director Qualifications*

Our Corporate Governance Guidelines contain Board membership criteria considered by the Committee in recommending nominees for a position on TSYS Board. The Committee believes that, at a minimum, a director candidate must possess the personal qualities of personal and professional integrity, sound judgment and forthrightness. A director candidate must also have sufficient time and energy to devote to the affairs of TSYS, be free from conflicts of interest with TSYS, and be willing to make, and financially capable of making, the required investment in TSYS stock pursuant to our Director Stock Ownership Guidelines. The Committee considers, among other things, the following criteria when reviewing a director candidate and existing directors:

The extent of the director s/potential director s business, educational, governmental, non-profit or professional acumen and experience;

Whether the director/potential director assists in achieving a mix of Board members that represents a diversity of background, perspective and experience, including with respect to age, gender, race, place of residence and specialized experience;

Whether the director/potential director meets the independence requirements of the listing standards of the NYSE and our independence guidelines (where independence is desired);

Whether the director/potential director has the financial acumen or other professional or business experience relevant to an understanding of TSYS business; and

Whether the director/potential director, by virtue of particular technical expertise, experience or specialized skill relevant to TSYS current or future business, will add specific value as a Board member.

In addition, in accordance with our Corporate Governance Guidelines, no person 75 years or older is eligible for election as a member of the Board.

The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. In addition to the criteria set forth above, the Committee considers how the skills and attributes of each individual candidate or incumbent director work together to create a board that is collegial, engaged and effective in performing its duties. Although the Board does not have a formal policy on diversity, the Board and the Committee believe that the background and qualifications of the directors, considered as a group, should provide a significant mix of experience, knowledge and abilities that will contribute to Board diversity and allow the Board to effectively fulfill its responsibilities. The Committee actively considers diversity in recruitment and nominations of directors.

*Identifying and Evaluating Nominees*

The Committee has two primary methods for identifying director candidates (other than those proposed by TSYS shareholders, as discussed below). First, the Committee solicits ideas for possible candidates from a number of sources including members of the Board, TSYS executives and individuals personally known to the members of the Board. Second, the Committee may use its authority under its charter to retain at TSYS expense one or more search firms to identify candidates (and to approve such firms' fees and other retention terms).

The Committee will consider all director candidates identified through the processes described above and will evaluate each of them, including incumbents, based on the same criteria. Director candidates are evaluated at regular or special meetings of the Committee and may be considered at any point during the year. If based on the Committee's initial evaluation a director candidate continues to be of interest to the Committee, the Chair of the Committee and other Committee members will interview the candidate and communicate the evaluation to executive management. Additional interviews are conducted, if necessary, and ultimately the Committee will meet to finalize its list of recommended candidates for the Board's consideration.

*Shareholder Candidates*

The Committee will also consider candidates for nomination as a director submitted by shareholders. Although the Committee does not have a separate policy that addresses the consideration of director candidates recommended

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by shareholders, the Board does not believe that such a separate policy is necessary as our bylaws permit shareholders to nominate candidates and as one of the duties set forth in the Corporate Governance and Nominating Committee charter is to review and consider director candidates submitted by shareholders. The Committee's evaluation process does not vary based upon whether a candidate is recommended by a shareholder; provided, however, the procedural requirements set forth in our bylaws and the procedures described under "Shareholder Proposals and Nominations" on page 54 must be met.

### Certain Relationships and Related Transactions

#### *Related Party Transaction Policy*

The Board of Directors has adopted a written policy for the review, approval or ratification of certain transactions with related parties of TSYS, which policy is administered by the Corporate Governance and Nominating Committee. Transactions that are covered under the policy include any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, in which: (1) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year; (2) TSYS is a participant; and (3) any related party of TSYS (such as an executive officer, director, nominee for election as a director or greater than 5% beneficial owner of TSYS stock, or their immediate family members) has or will have a direct or indirect material interest.

In determining whether to approve or ratify a related party transaction, the Committee must consider, in addition to other factors it deems appropriate, whether the transaction is on terms no less favorable to TSYS than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction.

The policy does not apply to transactions which occurred, or in the case of ongoing transactions, transactions which began, prior to the date of the adoption of the policy by the Board.

#### *Related Party Transactions*

Mack Paul Daffin, Jr., the son-in-law of Philip W. Tomlinson, Chairman of the Board of TSYS, was employed by TSYS as a senior director of distributed technology during 2014. Mr. Daffin received \$293,119 in compensation during 2014. John Dale Hester, the son-in-law of director Richard W. Ussery, was employed by TSYS as group executive, relationship management during 2014. Mr. Hester received \$216,079 in compensation during 2014. Roderick Cowan Hunter, the son-in-law of director James D. Yancey, was employed by TSYS as a director of sales and marketing during 2014. Mr. Hunter received \$154,355 in compensation during 2014. Charles D. Todd, the brother of Paul M. Todd, Senior Executive Vice President and Chief Financial Officer of TSYS, was employed by TSYS as a senior director of finance and accounting during 2014. Mr. Todd received \$201,606 in compensation during 2014. None of the employees listed above is an executive officer of TSYS. The compensation received by the employees listed above is determined under the standard compensation practices of TSYS. The employment relationships described above did not require review, approval or ratification under TSYS' Related Party Transaction Policy as they began prior to the adoption of the policy by the TSYS Board.

During 2011, TSYS made a capital commitment of \$20 million to TTV Fund III, L.P. ( Fund III ), a private equity fund engaged in private equity investment transactions. As of January 31, 2015, TSYS had funded approximately 55% of its capital commitment and held approximately 49% of the membership interests in Fund III. TSYS will be entitled to receive 39.9% of any profit allocations made by Fund III. Gardiner W. Garrard, III, the son of director Gardiner W. Garrard, Jr., owns an interest in the general partner which manages Fund III. As a result of this ownership interest, Gardiner W. Garrard, III will be entitled to receive 29.2% of any profit allocations made by Fund III to its general

partner. Fund III has entered into an agreement with TTV Capital, LLC ( TTV ) pursuant to which TTV provides investment management administrative services to Fund III. Gardiner W. Garrard, III owns 50% of the membership interests in TTV and also serves as its managing partner. During 2014, TSYS paid TTV a management fee of \$400,000 as a result of its investment in Fund III. The terms of these transactions are comparable to those provided for between similarly situated unrelated third parties in similar transactions and these transactions were approved pursuant to TSYS Related Party Transaction Policy.

*Other Information About Board Independence*

In addition to the information set forth under the caption Related Party Transactions above, the Board also considered the following relationships in evaluating the independence of our independent directors and determined

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that they do not constitute a direct or indirect material relationship with TSYS. An entity of which Mr. Cloninger serves as an executive officer made payments to and received payments from TSYS for merchant processing and printing and related services, respectively, in the ordinary course of business during 2014, which payments were significantly less than the greater of two percent of the annual revenues for that entity or TSYS, or \$1 million, and therefore satisfy the Board's guidelines for independence.

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### Director Compensation Program

The Corporate Governance and Nominating Committee is responsible for reviewing and recommending to the Board compensation programs for non-employee directors, which review is conducted annually. TSYS does not pay directors who are employees for Board service in addition to their regular employee compensation. As part of its review of director compensation, the Committee periodically engages an outside consultant to report on director compensation practices and levels, but did not do so in 2014. In addition, from time to time, the Chief Executive Officer may make recommendations to the Committee about types and amounts of appropriate compensation for directors. There were no changes to director compensation for 2014.

The compensation program for non-employee directors is designed to achieve the following goals: compensation should fairly pay directors for work required for a company of TSYS size; compensation should align directors interests with the long-term interests of shareholders; and the structure of the compensation should be simple, transparent and easy for shareholders to understand.

### *Cash Compensation of Directors*

The annual cash retainer for non-employee directors is \$70,000. Compensation Committee, Technology Committee and Executive Committee members receive an additional cash retainer of \$10,000, Corporate Governance and Nominating Committee members receive an additional cash retainer of \$7,500 and Audit Committee members receive an additional cash retainer of \$15,000. In addition, the Chairperson of the Corporate Governance and Nominating Committee receives a \$7,500 cash retainer, the Chairpersons of the Compensation and Technology Committees receive a \$10,000 cash retainer, the Chairpersons of the Audit and Executive Committees receive a \$15,000 cash retainer and the Lead Director receives a \$5,000 cash retainer. In addition, directors may from time to time receive compensation for serving on special committees of the TSYS Board. Beginning in 2015, directors will no longer be compensated for serving on the Executive Committee.

### *Deferral Program*

Non-employee directors may elect to defer all or a portion of their cash compensation under the Directors Deferred Compensation Plan. The Directors Deferred Compensation Plan does not provide directors with an above market rate of return. Instead, the deferred amounts are deposited into one or more investment funds at the election of the director. In so doing, the plan is designed to allow directors to defer the income taxation of a portion of their compensation and to receive an investment return on those deferred amounts. All deferred fees are payable only in cash. Mr. Driver deferred cash compensation under this plan during 2014.

### *Equity Compensation of Directors*

Non-employee directors receive an annual equity award with a fixed value of \$112,000, with 50% awarded in the form of fully vested stock options and 50% in the form of fully vested shares. These awards are designed to create equity ownership and to focus directors on the long-term performance of TSYS.

### *Stock Ownership Guidelines*

The equity awards to non-employee directors assist and facilitate directors fulfillment of their stock ownership requirements. TSYS Corporate Governance Guidelines require all directors to accumulate over time shares of TSYS

stock equal in value to at least three times the value of their annual retainer for Board service. Directors have five years to attain this level of total stock ownership but must attain a share ownership threshold of one times the amount of the director's annual retainer within three years. These stock ownership guidelines are designed to align the interests of TSYS directors to that of TSYS shareholders and the long-term performance of TSYS. All directors currently comply with our ownership guidelines.

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The following table summarizes the compensation paid to non-employee directors during the year ended December 31, 2014.

## Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock	Option	Total (\$)
		Awards (\$) <sup>(1)</sup>	Awards (\$) <sup>(2)</sup>	
James H. Blanchard	\$ 100,000	\$ 56,000	\$ 52,107	\$ 208,107
Richard Y. Bradley <sup>(3)</sup>				
Kriss Cloninger III	90,000	56,000	52,107	198,107
Walter W. Driver, Jr.	80,000	56,000	52,107	188,107
Gardiner W. Garrard, Jr.	90,000	56,000	52,107	198,107
Sidney E. Harris	115,000	56,000	52,107	223,107
William M. Isaac <sup>(4)</sup>	109,375	56,000	52,107	217,482
Mason H. Lampton	100,000	56,000	52,107	208,107
Connie D. McDaniel <sup>(4)</sup>	106,250	56,000	52,107	214,357
H. Lynn Page	110,000	56,000	52,107	218,107
John T. Turner	92,500	56,000	52,107	200,607
Richard W. Ussery	80,000	56,000	52,107	188,107
James D. Yancey	105,000	56,000	52,107	213,107

(1) This column represents the aggregate grant date fair value of 1,763 fully vested shares awarded to non-employee directors in 2014 calculated in accordance with FASB ASC Topic 718. The fair values of the awards granted on May 1, 2014 were calculated using the closing stock price on April 30, 2014 of \$31.77.

(2) This column represents the aggregate grant date fair value of 7,051 fully vested stock options awarded to non-employee directors in 2014 calculated in accordance with FASB ASC Topic 718, using a Black-Scholes valuation model. The fair values of the awards granted on May 1, 2014 were calculated using the closing stock price on April 30, 2014 of \$31.77, which is the exercise price for the stock options. For a discussion of the assumptions used in calculating the values of the stock option awards reported in this column, see Note 19 of Notes to Consolidated Financial Statements in TSYS Annual Report for the year ended December 31, 2014. At December 31, 2014, each non-employee director held 24,070 vested unexercised stock options that were awarded as director compensation except Mr. Bradley, who held no unexercised options, and Mr. Page, Mr. Ussery, Mr. Isaac, Ms. McDaniel and Mr. Yancey, who held 7,051 unexercised options. The stock options granted May 1, 2014 expire on April 30, 2024.

(3) Mr. Bradley did not stand for reelection at the 2014 Annual Meeting and as such did not receive any compensation in 2014.

(4) Mr. Isaac and Ms. McDaniel received a prorated cash retainer for their service prior to May 1, 2014.

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### General Information

Our Board of Directors is pleased to present the 14 nominees listed on pages 17 through 21 of this Proxy Statement for election as directors at the Annual Meeting. All of the 14 nominees are currently serving on our Board and were elected by shareholders at the 2014 Annual Meeting. Our directors determine the size of the Board and for purposes of the Annual Meeting, the number is fixed at 14.

### Nominees for Election as Directors

All nominees for director have been nominated by the Corporate Governance and Nominating Committee and approved by the Board for election as directors and, if elected, will hold office until the 2016 Annual Meeting. The Board believes that each director nominee will be able to stand for election. If any nominee becomes unable to stand for election, proxies in favor of that nominee will be voted in favor of any substitute nominee named by the Board upon the recommendation of the Corporate Governance and Nominating Committee. If you do not wish your shares voted for one or more of the nominees, you may so indicate on the proxy.

The 14 nominees for director were selected by the Corporate Governance and Nominating Committee based upon a review of the nominees and consideration of the director qualifications described under **Director Qualifications** on page 12. The Committee evaluates each individual in the context of the Board as a whole with the objective of recommending a group of directors that can best perpetuate the success of TSYS' business and represent the long-term interests of shareholders.

The Committee determined that each director nominee possesses the personal qualities of personal and professional integrity, sound judgment and forthrightness; has sufficient time to dedicate to the affairs of TSYS; is free from conflicts of interest with TSYS; is able to work in a collegial manner; and is in compliance with the requirements of the Director Stock Ownership Guidelines. The Committee also assessed the experience and qualifications of each director nominee. To follow is certain information with respect to each director nominee, including information with respect to the specific experience, qualifications or skills that contributed to his or her selection as a member of our Board of Directors.

### **The Board of Directors Recommends That You Vote FOR All of the Following Nominees.**

#### **James H. Blanchard**

**Chairman of the Board and Chief Executive Officer, Retired, Synovus Financial Corp.; Chairman, Board of Advisors, Jordan-Blanchard Capital, LLC**

**Age 73**

**Director since 1982**

Mr. Blanchard has served as Chairman of the Board of Advisors of Jordan-Blanchard Capital, LLC, a private equity investment company, since 2014, and served as Chairman of its Board of Directors from 2011 until 2014.

Mr. Blanchard previously served as Chairman of the Board and Chief Executive Officer of Synovus Financial Corp., a financial services company ( Synovus ). Mr. Blanchard was elected Chairman of the Board of Synovus in 2005 and retired from that position in 2006. Prior to 2005, Mr. Blanchard served for over 34 years in various capacities with Synovus or its subsidiary, Columbus Bank and Trust Company (the predecessor to Synovus Bank), including Chief Executive Officer of both Synovus and Columbus Bank and Trust Company. Mr. Blanchard continued to serve as a director of Synovus until 2012. Mr. Blanchard was elected Chairman of the Executive Committee of TSYS in 1992. Although he continues to serve in this capacity, he retired as an executive officer of TSYS in conjunction with his retirement as an executive officer of Synovus in 2006.

Mr. Blanchard has served as a director of AT&T Corporation and BellSouth Corporation. Mr. Blanchard's business experience includes service on the boards of the Financial Services Roundtable, BITS (formerly, Bankers Information Technology Secretariat), the American Bankers Association, the Georgia Chamber of Commerce and the Georgia Research Alliance, and membership with The University of Georgia Dean's Advisory Board for the

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Terry College of Business. Mr. Blanchard is a graduate of the University of Georgia, and he earned a law degree from the University of Georgia School of Law. Mr. Blanchard's leadership and consensus-building skills, experience as the principal executive officer of a public company in the financial services industry, experience in the payment services industry and understanding of TSYS' business and historical development give TSYS' Board valuable insights related to matters of strategic importance.

### **Kriss Cloninger III**

#### **President and Chief Financial Officer, Aflac Incorporated**

**Age 67**

#### **Director since 2004**

Mr. Cloninger has served in various capacities with Aflac Incorporated, an insurance holding company, since joining Aflac in 1992, including President and Chief Financial Officer, a title he has held since 2001. Mr. Cloninger also serves as a director of Aflac. Mr. Cloninger also serves as a director of Tupperware Brands Corporation and is a member of its Compensation Committee. Mr. Cloninger's business experience includes serving as a principal with KPMG LLP. Mr. Cloninger is a fellow of the Society of Actuaries and a member of the American Academy of Actuaries. Mr. Cloninger is a graduate of the University of Texas at Austin and he earned a Masters degree in business administration from the University of Texas at Austin. Mr. Cloninger's experience as a principal financial officer of a public company with a strong international business provides an important perspective to the TSYS Board as TSYS expands internationally.

### **Walter W. Driver, Jr.**

#### **Chairman - Southeast, Goldman, Sachs & Co.**

**Age 69**

#### **Director since 2002**

Mr. Driver has served as Chairman-Southeast of Goldman, Sachs & Co., an investment banking and securities firm, since 2006. Mr. Driver practiced law with the law firm of King & Spalding from 1970 until 2006, and served as Managing Partner or Chairman of the firm from 1999 until 2006. Mr. Driver's law practice focused on many aspects of representation of financial institutions, including financing transactions. Mr. Driver also serves as a director of Equifax Inc. and is a member of its Compensation Committee. Mr. Driver is a graduate of Stanford University and he earned a law degree from the University of Texas School of Law. Mr. Driver's legal training and experience, his negotiating skills, risk assessment skills and understanding of complex financial transactions benefit the TSYS Board in its discussion of strategic matters.

### **Gardiner W. Garrard, Jr.**

**Chairman of the Board, The Jordan Company**

**Age 74**

**Director since 1982**

Mr. Garrard has served as Chairman of the Board of The Jordan Company, a real estate development and private equity investments company, since 2009. He served as President of The Jordan Company from 1975 until his election as Chairman of the Board. Mr. Garrard previously served as a director of Synovus and has also served as a member of the TSYS and Synovus Audit Committees, Compensation Committees and Executive Committees. Mr. Garrard is a graduate of the University of North Carolina and he earned a law degree from the University of Georgia School of Law. Mr. Garrard's executive management experience, leadership skills, public company board expertise and legal training provide the TSYS Board with leadership and consensus building skills on matters of strategic importance.

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**Sidney E. Harris**

**Professor, Georgia State University**

**Age 65**

**Director since 1999**

Mr. Harris has served as a professor at Georgia State University since 1997. From 1997 until 2004, Mr. Harris also served as the Dean of the J. Mack Robinson College of Business at Georgia State University. In 1987, Mr. Harris joined the faculty of the Peter F. Drucker Graduate School of Management at the Claremont Graduate School and served as Dean of Drucker from 1991 until 1996. His research has focused on strategy implementation, general management and the strategic use of information in the strategy, structure and culture of high performance organizations. He has lectured internationally at several universities, and served as a member of the board of the Society of International Business Fellows. Mr. Harris serves as a director of the RidgeWorth Funds and is a member of its Audit Committee. Mr. Harris has also served as a director of the Multi-Manager Portfolio Funds, The ServiceMaster Company and Transamerica Investors, Inc. Mr. Harris is a graduate of Morehouse College and he earned a PhD in operations research at Cornell University. Mr. Harris' knowledge of best practices in executive management, familiarity with international business practices and expertise in corporate strategy implementation and risk management help the TSYS Board address challenges that TSYS encounters as it expands internationally and manages enterprise risk.

**William M. Isaac**

**Senior Managing Director, FTI Consulting**

**Age 71**

**Director since 2014**

Mr. Isaac has served as Senior Managing Director of FTI Consulting ( FTI ) since 2011. Mr. Isaac also serves as Global Head of FTI's Financial Institutions practice. Mr. Isaac founded The Secura Group, a leading financial institutions consulting firm, in 1986. The Secura Group was acquired by FTI in 2011. Prior to forming The Secura Group, Mr. Isaac served for almost eight years on the Board of the Federal Deposit Insurance Corporation, serving as Chairman for nearly five years. Mr. Isaac also serves as Chairman of Isaac Property Companies. Mr. Isaac's business experience includes serving as the former Chairman of Fifth Third Bancorp, and as a former director of MPS Group, Trans Union Corporation, The Associates and Amex Centurion Bank. Mr. Isaac is a graduate of Miami University and he earned a law degree from The Ohio State University College of Law. Mr. Isaac's experience in the financial services industry exceeds 40 years of service in the role of lawyer, consultant, regulator and director which provides the TSYS Board with invaluable resources regarding the financial services industry.

**Mason H. Lampton**

**Chairman of the Board, Standard Concrete Products, Inc.**



**Age 67**

**Director since 1986**

Mr. Lampton has served as Chairman of the Board of Standard Concrete Products, Inc., a privately held construction materials company, since 2004. From 1996 until 2004, Mr. Lampton served as President and Chief Executive Officer of Standard Concrete Products, which he founded in 1996. Prior to 1996, Mr. Lampton served as President and Chairman of the Board of The Hardaway Company, a construction company. Mr. Lampton also serves as a director of Synovus. His prior business experience also includes serving as a director and as a member of the Audit Committee of another public company, Citizens Fidelity Corporation. He has served as a member of the TSYS and Synovus Audit Committees, Executive Committees and Compensation Committees. Mr. Lampton is a graduate of Vanderbilt University. Mr. Lampton's skills in risk management and directing corporate strategy and his public company board expertise provide the TSYS Board with valuable insights as the Board oversees TSYS' strategic development.

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**Connie D. McDaniel**

**Vice President and Chief of Internal Audit, Retired, The Coca-Cola Company**

**Age 56**

**Director since 2014**

Ms. McDaniel was elected Vice President and Chief of Internal Audit of The Coca-Cola Company in 2009 and retired from that position in 2013. Prior to 2009, Ms. McDaniel served for over 20 years in various capacities with The Coca-Cola Company, including Vice President Global Finance Transformation and Vice President and Controller. She also held finance leadership positions with The Coca-Cola Company in Operating Units in both Germany and Thailand. Ms. McDaniel serves as a director of RidgeWorth Funds and Chairs its Audit Committee. Ms. McDaniel is a graduate of Georgia State University. Ms. McDaniel's experience as the chief audit executive of a public company, her financial expertise and her international business experience provide valuable resources to the TSYS Board as TSYS expands internationally and manages financial reporting and enterprise risk.

**H. Lynn Page**

**Vice Chairman of the Board, Retired, Synovus Financial Corp.**

**Age 74**

**Director since 1982**

Mr. Page was elected Vice Chairman of Synovus in 1990 and retired from that position in 1991. Prior to 1991, Mr. Page served for over 26 years in various capacities with Synovus or its subsidiary, Columbus Bank and Trust Company, or with TSYS, including President of Synovus and Vice Chairman of TSYS. During Mr. Page's service as an executive officer of Synovus, he also served as the Chief Financial Officer of Synovus or the chief financial officer of Synovus reported directly to him. Mr. Page continued to serve as a director of Synovus until 2013. He is a graduate of the Georgia Institute of Technology. Mr. Page brings to the TSYS Board financial expertise, executive management experience in overseeing the financial reporting of a public company, risk management skills and years of business experience with TSYS and in the financial services industry, enabling him to provide valuable leadership to the TSYS Board's oversight of financial reporting and enterprise risk management.

**Philip W. Tomlinson**

**Chairman of the Board, Total System Services, Inc.**

**Age 68**

**Director since 1982**

Mr. Tomlinson was elected Chairman of the Board and Chief Executive Officer of TSYS in January 2006, and retired from his position as Chief Executive Officer in July 2014. From 1982 until 2006, Mr. Tomlinson served in various capacities with TSYS, including Chief Executive Officer and President. Since TSYS' incorporation in December 1982, Mr. Tomlinson has played a key role in almost every major relationship that has shaped TSYS' development. Mr. Tomlinson is a director of Synovus, a member of the Financial Services Roundtable, a graduate of Louisiana State University's School of Banking of the South, former Chairman of the Columbus State University Board of Trustees and a member of the Board of Directors of the Georgia Department of Economic Development. Mr. Tomlinson's leadership skills, his relationship-building and risk management skills, his extensive knowledge of and years of experience with TSYS and his knowledge and understanding of the payment services and financial services industries provide invaluable resources to TSYS' Board.

**John T. Turner**

**Private Investor**

**Age 58**

**Director since 2003**

Mr. Turner is a private investor and a director of the W.C. Bradley Co., a privately held consumer products goods company. Mr. Turner served for 20 years in various capacities with the W.C. Bradley Co. and/or its subsidiaries,

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including President of Bradley Specialty Retailing, Inc. Mr. Turner has for many years been actively involved in initiatives encompassing a variety of entrepreneurial, social and environmental interests. Mr. Turner is a graduate of Vanderbilt University. Mr. Turner's experience in business management, corporate strategy development, including international business, and risk assessment provide the TSYS Board with a valuable perspective on matters relating to TSYS's strategic growth and enterprise risk management.

**Richard W. Ussery**

**Chairman of the Board and Chief Executive Officer, Retired, Total System Services, Inc.**

**Age 67**

**Director since 1982**

Mr. Ussery retired as an executive employee of TSYS in 2005 and served as a non-executive Chairman of the Board until 2006. Prior to 2005, Mr. Ussery served for over 40 years in various capacities with TSYS or Synovus's subsidiary, Columbus Bank and Trust Company, including Chairman of the Board and Chief Executive Officer of TSYS. His business experience includes serving as a director of the Georgia Power Company, an electric utility subsidiary company of Southern Company. Mr. Ussery is a graduate of Auburn University. Mr. Ussery's leadership skills, extensive knowledge of and experience in the payment services and financial services industries and understanding of TSYS's technology, business and historical development give him unique insights into our company's challenges, opportunities and business.

**M. Troy Woods**

**President and Chief Executive Officer, Total System Services, Inc.**

**Age 63**

**Director since 2003**

Mr. Woods was elected President and Chief Executive Officer of TSYS in July 2014. From 1987 until 2014, Mr. Woods served in various capacities with TSYS, including President and Chief Operating Officer. Mr. Woods is a graduate of Columbus State University, the University of Virginia's Graduate School of Retail Bank Management and Louisiana State University's School of Banking of the South. Mr. Woods is also a member of the Columbus State University Board of Trustees. Mr. Woods's business experience includes service in the financial services industry in a variety of capacities, including as a senior vice president of consumer lending. Mr. Woods has been involved in directing TSYS's international expansion, strategic planning activities, mergers and acquisitions, negotiations with major clients and the continual improvement of TS2, TSYS's core payments engine. Mr. Woods's extensive knowledge of TSYS's business, operations and employees, risk management and negotiating skills, as well as his extensive experience in the payment services and financial services industries provide invaluable resources to TSYS's Board.

**James D. Yancey**

**Chairman of the Board, Retired, Synovus Financial Corp. and Columbus Bank and Trust**

**Age 73**

**Director since 1982**

Mr. Yancey retired as an executive employee of Synovus in 2004 and served as a non-executive Chairman of the Board until 2005. Mr. Yancey also served as a non-executive Chairman of the Board of Synovus during 2010. Mr. Yancey was elected as an executive officer Chairman of the Board of Synovus in 2003. Prior to 2003, Mr. Yancey served for over 45 years in various capacities with Synovus and/or its subsidiary, Columbus Bank and Trust Company, including Vice Chairman of the Board and President of both Synovus and Columbus Bank and Trust Company. Mr. Yancey continued to serve as a director of Synovus until 2014. His business experience includes service as a member of the Financial Services Roundtable, the Board of Regents of the University System of Georgia and as a director of the Georgia Chamber of Commerce. Mr. Yancey is a graduate of Columbus State University. Mr. Yancey provides a valuable perspective to the TSYS Board based on his experience in overseeing the management of a bank engaged in the credit card business, as a large portion of TSYS' customer base is comprised of credit card issuing banks.

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The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm retained to audit our financial statements and our internal control over financial reporting. The Committee has appointed the firm of KPMG LLP as the independent auditor for TSYS for 2015. KPMG has served as our independent auditor since 1983.

The Committee annually reviews KPMG's independence and performance in deciding whether to retain KPMG or engage another firm as our independent auditor. In the course of these reviews, the Committee considers, among other things, the quality and efficiency of the services provided by the independent auditor and KPMG's historical and recent performance on the TSYS audit. A new Lead Engagement Partner is designated at least every five years to provide a fresh perspective. Consistent with this practice, a new Lead Engagement Partner was designated for 2015, in consultation with the Audit Committee.

Representatives of KPMG will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders present at the meeting. Although shareholder ratification of the appointment of TSYS' independent auditor is not required by our bylaws or otherwise, we are submitting the selection of KPMG to our shareholders for ratification as a matter of good corporate practice. If not ratified, the Audit Committee will reconsider the selection, although the Audit Committee will not be required to select a different independent auditor for TSYS.

**The Board of Directors Recommends That You Vote FOR The Ratification of The Appointment of KPMG LLP as the Independent Auditor.**

**Audit and Non-Audit Fees**

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of TSYS annual financial statements for the years ended December 31, 2014 and December 31, 2013 and fees billed for other services rendered by KPMG during those periods.

	<b>2014</b>	<b>2013</b>
Audit Fees <sup>(1)</sup>	\$ 2,254,535	\$ 2,798,459
Audit Related Fees <sup>(2)</sup>	1,952,488	1,698,229
Tax Fees <sup>(3)</sup>	287,903	301,777
All Other Fees	-0-	-0-
<b>Total</b>	<b>\$ 4,494,926</b>	<b>\$ 4,798,465</b>

(1) Audit fees represent fees for professional services provided in connection with the audit of TSYS' financial statements and internal control over financial reporting, reviews of quarterly financial information and audit services provided in connection with other statutory or regulatory filings.

(2) Audit related fees consisted principally of certain agreed upon procedures engagements, employee benefit plan audits and assurance related services associated with data center reviews.

(3) Tax fees consisted of fees for tax compliance/preparation and tax consultation services.

[Policy on Audit Committee Pre-Approval](#)

The Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor in order to assure that the provision of these services does not impair the independent auditor's independence. TSYS Audit Committee Pre-Approval Policy addresses services included within the four categories of audit and permissible non-audit services, which include Audit Services, Audit Related Services, Tax Services and All Other Services.

The annual audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. In addition, the Audit Committee must specifically pre-approve permissible non-audit services classified as All Other Services.

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Prior to engagement, management submits to the Committee for approval a detailed list of the Audit Services, Audit Related Services and Tax Services that it recommends the Committee engage the independent auditor to provide for the fiscal year. Each specified service is allocated to the appropriate category and accompanied by a budget estimating the cost of that service. The Committee will, if appropriate, approve both the list of Audit Services, Audit Related Services and Tax Services and the budget for such services.

The Committee is informed at each Committee meeting as to the services actually provided by the independent auditor pursuant to the Pre-Approval Policy. Any proposed service that is not separately listed in the Pre-Approval Policy or any service exceeding the pre-approved fee levels must be specifically pre-approved by the Committee. The Audit Committee has delegated pre-approval authority to the Chairman of the Audit Committee. The Chairman must report any pre-approval decisions made by him to the Committee at its next scheduled meeting.

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The Audit Committee of the Board of Directors is comprised of four directors, each of whom the Board has determined to be an independent director as defined by the listing standards of the NYSE and the rules of the SEC. The duties of the Audit Committee are summarized in this Proxy Statement under "Committees of the Board" on page 7 and are more fully described in the Audit Committee charter adopted by the Board of Directors.

One of the Audit Committee's primary responsibilities is to assist the Board in its oversight responsibility regarding the integrity of TSYS' financial statements and systems of internal controls. Management is responsible for TSYS' accounting and financial reporting processes, the establishment and effectiveness of internal controls and the preparation and integrity of TSYS' consolidated financial statements. KPMG LLP, TSYS' independent auditor, is responsible for performing an independent audit of TSYS' consolidated financial statements and of the effectiveness of TSYS' internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing opinions on whether those financial statements are presented fairly in conformity with accounting principles generally accepted in the United States and on the effectiveness of TSYS' internal control over financial reporting. The Audit Committee is directly responsible for the appointment, compensation and oversight of KPMG. The function of the Audit Committee is not to duplicate the activities of management or the independent auditor, but to monitor and oversee TSYS' financial reporting process.

In discharging its responsibilities regarding the financial reporting process, the Audit Committee:

Reviewed and discussed with management and KPMG TSYS' audited financial statements as of and for the year ended December 31, 2014;

Discussed with KPMG the matters required to be discussed by Auditing Standard No. 16 (Communications with Audit Committees) as adopted by the PCAOB; and

Received from KPMG the written disclosures and the letter required by applicable requirements of the PCAOB regarding KPMG's communications with the Audit Committee concerning independence and has discussed with KPMG its independence.

Based upon the review and discussions referred to in the preceding paragraph, the Audit Committee recommended to the Board of Directors that the audited financial statements referred to above be included in TSYS' Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission.

**The Audit Committee**

H. Lynn Page, Chairman

Sidney E. Harris

Connie D. McDaniel

John T. Turner

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The following table sets forth the name, age and position with TSYS of each executive officer of TSYS.

<b>Name</b>	<b>Age</b>	<b>Position with TSYS</b>
M. Troy Woods <sup>(1)</sup>	63	President and Chief Executive Officer
Philip W. Tomlinson <sup>(1)</sup>	68	Chairman of the Board
G. Sanders Griffith, III <sup>(2)</sup>	61	Senior Executive Vice President, General Counsel and Secretary
William A. Pruett <sup>(3)</sup>	61	Senior Executive Vice President and Chief Client Officer; President, TSYS North America
Paul M. Todd <sup>(4)</sup>	44	Senior Executive Vice President and Chief Financial Officer
Kenneth L. Tye <sup>(5)</sup>	62	Senior Executive Vice President and Chief Information Officer

(1) As Messrs. Tomlinson and Woods are also directors of TSYS, relevant information pertaining to their positions with TSYS is set forth under the caption *Nominees for Election as Directors* on page 17.

(2) G. Sanders Griffith, III was elected as Senior Executive Vice President of TSYS in January 2008, Secretary of TSYS in 1995 and General Counsel of TSYS in 1988.

(3) William A. Pruett was elected as Senior Executive Vice President and Chief Client Officer of TSYS in April 2004 and President, TSYS North America in November 2010. From 1993 until 2004, Mr. Pruett served as Executive Vice President of TSYS. From 1982 until 1993, Mr. Pruett served in various capacities with TSYS, including Senior Vice President.

(4) Paul M. Todd was elected as Senior Executive Vice President and Chief Financial Officer of TSYS effective July 2014. From 2008 until 2014, Mr. Todd served as Executive Vice President of Strategy, Mergers and Acquisitions, Product and Marketing of TSYS.

(5) Kenneth L. Tye was elected as Senior Executive Vice President and Chief Information Officer of TSYS in April 2004. From 1999 until 2004, Mr. Tye served as Executive Vice President and Chief Information Officer of TSYS. From 1982 until 1999, Mr. Tye served in various capacities with TSYS, including Senior Vice President.

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The following table sets forth ownership of shares of TSYS stock by each director, each executive officer named in the Summary Compensation Table and all directors and executive officers as a group as of December 31, 2014.

Name	Shares of TSYS			Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/14
	Shares of TSYS Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/14	Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/14	Total Shares of TSYS Stock Beneficially Owned as of 12/31/14 <sup>(1)(2)</sup>	
James H. Blanchard	86,340	151,482	261,892	*
Kriss Cloninger III	20,394		44,464	*
Walter W. Driver, Jr.	20,029		44,099	*
Gardiner W. Garrard, Jr.	60,430	103,785	188,285	*
G. Sanders Griffith, III	217,984	1,683	361,653	*
Sidney E. Harris	18,680		42,750	*
William M. Isaac	1,763		8,814	*
Mason H. Lampton	28,463	14,827	67,360	*
James B. Lipham <sup>(3)</sup>	130,382	600	259,846	*
Connie D. McDaniel	1,763		8,814	*
H. Lynn Page	333,184	30,906	371,141	*
William A. Pruett	255,655		392,037	*
Paul M. Todd	2,137		22,862	*
Philip W. Tomlinson	444,455	126,183	1,509,411	*
John T. Turner	11,279	1,341,632	1,376,981	*
Kenneth L. Tye	165,162		348,821	*
Richard W. Ussery	384,054		391,105	*
M. Troy Woods	307,546	2,279	849,118	*
James D. Yancey	207,807	29,319	244,177	*
Directors and Executive Officers as a Group (19 persons)	2,697,507	1,802,696	6,793,630	3.6

\* Less than one percent of the outstanding shares of TSYS stock.

(1) The totals shown in the table above for each of the non-employee directors include options to purchase 24,070 shares, except that the totals shown for each of Mr. Ussery, Mr. Page, Mr. Isaac, Mr. Yancey and Ms. McDaniel include options to purchase 7,051 shares and for each of the individuals listed below include options to purchase the number of shares shown below. These options are all of the options held by TSYS directors and the named executive officers that were exercisable on, or became exercisable within 60 days after, December 31, 2014.

<b>Name</b>	<b>Stock Options</b>
G. Sanders Griffith, III	121,138
James B. Lipham	128,864
William A. Pruett	136,382
Paul M. Todd	20,725
Philip W. Tomlinson	938,773
Kenneth L. Tye	183,659
M. Troy Woods	539,293
Directors and Executive Officers as a Group (19 persons)	2,272,579

- (2) The totals shown in the table above include the following number of shares of TSYS stock that were pledged, including shares held in a margin account: 64,650 shares for Mr. Tye, which shares in the aggregate represent less than .035% of TSYS outstanding shares. Shares that are pledged are not included when calculating whether directors and executive officers are in compliance with director and executive officer stock ownership guidelines. The total shown in the table above for Mr. Griffith includes 20,848 shares for which he possessed sole voting power and no investment power.
- (3) As required by SEC rules, Mr. Lipham is included in this table because he is identified in this Proxy Statement as a named executive officer, even though he was not an executive officer on December 31, 2014.

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The Compensation Discussion and Analysis which follows explains TSYS' executive compensation program applicable to the following named executive officers whose 2014 compensation information is provided in the series of tables following this discussion:

M. Troy Woods, President and Chief Executive Officer;

Paul M. Todd, Senior Executive Vice President and Chief Financial Officer;

Philip W. Tomlinson, Chairman of the Board (former Chief Executive Officer);

William A. Pruett, Senior Executive Vice President and Chief Client Officer; President, TSYS North America;

Kenneth L. Tye, Senior Executive Vice President and Chief Information Officer;

G. Sanders Griffith, III, Senior Executive Vice President, General Counsel and Secretary; and

James B. Lipham, Former Senior Executive Vice President and Chief Financial Officer.

Mr. Tomlinson retired as Chief Executive Officer on July 31, 2014, succeeded by Mr. Woods. Mr. Tomlinson will continue to serve as an executive officer of TSYS and Chairman of the Board of Directors until the Annual Meeting of Shareholders on April 28, 2015 ( 2015 Annual Meeting ). Mr. Lipham retired as Senior Executive Vice President and Chief Financial Officer on June 30, 2014, succeeded by Mr. Todd, and continued to serve as a non-executive employee until December 31, 2014.

We have voluntarily disclosed the compensation amounts earned by or paid to Mr. Griffith for 2013 and 2014 and for Mr. Pruett for 2012 even though Mr. Griffith was not a named executive officer for 2013 or 2014 and Mr. Pruett was not a named executive officer for 2012. As Mr. Pruett, Mr. Tye and Mr. Griffith are paid similar base salaries, it is possible that TSYS' named executive officers could change from year-to-year as both the short-term and long-term incentive awards are expressed as a percentage of base pay and the target percentage for each of these three executives is the same. We believe this information for the years in which the base salaries of certain of these executives is similar will provide our shareholders with consistent disclosure from year-to-year.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

*Overview*

TSYS executive compensation programs align the interests of TSYS executives with those of our shareholders by tying a significant portion of their total compensation directly to our short-term and long-term business results. The Compensation Committee (the Committee) reviews the program components, targets and payouts on an annual basis to ensure our pay-for-performance alignment. Executive performance is evaluated against both short- and long-term goals with targets and metrics that are directly linked to our annual operational and long-term strategic goals. We believe that the design of our executive compensation program provides a direct link to shareholder value by focusing our executives on achieving key financial and strategic business objectives and rewarding them when those objectives are achieved.

We surveyed significant shareholders as part of our annual shareholder outreach calls and based in part on their suggestions and feedback, the Committee modified the performance metrics for the 2014 Long-Term Incentive Program by replacing income from continuing operations with adjusted earnings per share (EPS) from continuing operations so that the performance metrics for the Annual Incentive Program and Long-Term Incentive Program would be different. The Committee chose adjusted EPS primarily because we began using this metric for external guidance purposes after our acquisition of NetSpend Holdings, Inc. as it will provide a more meaningful measure of our performance given the increase in amortization expense for acquisition intangibles and merger and acquisition expenses.

#### *2014 Say-on-Pay Vote and Shareholder Outreach*

At our 2014 Annual Meeting, we asked shareholders to approve, on an advisory basis, the compensation of the named executive officers as disclosed in the proxy statement for that meeting. Shareholders responded favorably with 97% of the votes cast in favor of approval. The Board and the Compensation Committee appreciate and value

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the view of our shareholders. In considering the results of this advisory vote on executive compensation, the Committee concluded that the compensation paid to our named executive officers and our overall pay practices enjoy strong shareholder support.

In light of the strong shareholder support of the compensation paid to our executive officers evidenced by the results of this advisory vote, the Board and the Committee did not make any material changes to our executive compensation program for 2015 as a result of the 2014 say-on-pay vote. Future advisory votes on executive compensation will serve as an additional tool to guide the Board and the Committee in evaluating the alignment of our executive compensation program with the interests of TSYS and its shareholders. The Board and the Committee intend to continue our shareholder outreach program pursuant to which we discuss, or offer to discuss, with all shareholders holding 1% or more of TSYS shares their views on general governance issues as well as compensation related matters or any concerns they may have concerning TSYS practices.

## *Financial Highlights*

Adjusted EPS from continuing operations were \$1.96, an increase of 13.2% over 2013. On a GAAP basis, basic EPS from continuing operations were \$1.48, an increase of 12.8% over 2013. Total revenues were \$2.4 billion, an increase of 18.5% over 2013. Revenues before reimbursable items were \$2.2 billion, an increase of 20.2% over 2013. Income from continuing operations attributable to TSYS shareholders was \$275.2 million, an increase of 11.5% over 2013.

We also used the strength of our cash generation to return over \$240 million to our shareholders through share repurchases and dividends.

For 2014, we used three performance metrics at the enterprise level for our executive compensation program: adjusted EPS from continuing operations, revenues before reimbursable items and income from continuing operations attributable to TSYS shareholders<sup>(1)</sup>

## *Key Performance Metrics*

(1) Adjusted EPS and revenues before reimbursable items are non-GAAP financial measures. Adjusted EPS is adjusted earnings divided by weighted average shares outstanding used for basic EPS calculations. Adjusted earnings is net income excluding the after-tax impact of stock-based compensation expenses, amortization of acquisition intangibles and NetSpend merger and acquisition expenses. Revenues before reimbursable items is total revenues less reimbursable items, or pass-through items, such as postage. For a reconciliation of these non-GAAP financial measures to the nearest comparable GAAP measure, see Non-GAAP Financial Measures in our consolidated financial statements included in our Annual Report to Shareholders accompanying this Proxy Statement and available on our web site at <http://annualreport.tsys.com>.

## *Compensation Components and Linking Pay with Performance*

The primary components of our named executive officers' total compensation are base salary, annual cash incentive awards through the Annual Incentive Program ( AIP ), annual equity-based awards through our Long-Term Incentive Program ( LTIP ) and retirement and other employee benefits.



Our AIP provides cash awards based on our performance against pre-established short-term financial goals aligned with our annual operating plan. Our financial performance at the enterprise level for the 2014 AIP is determined based on revenue growth and income from continuing operations.

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The LTIP component of our executives' compensation is delivered in two forms of equity grants:

- 50% is in the form of stock options, to align a significant portion of pay to value created for our shareholders through increases in our stock price; and
- 50% is in the form of multi-year, financial goal-based performance shares, to link an element of pay to achievement of three-year goals established for key financial performance metrics. Our financial performance for the 2014 LTIP is determined based on compound revenue growth and adjusted EPS growth.

The Committee considers our annual operating plan and long-term strategic goals when establishing our AIP and LTIP performance measures and goals.

### *2014 Compensation Committee Actions and Results*

Base salaries for the named executive officers other than Mr. Tomlinson were increased in a range of approximately 3% to 4% before increases associated with promotions. Mr. Tomlinson did not receive an increase in base pay.

Based on our performance against the 2014 AIP bonus targets for revenue growth and income from continuing operations at the enterprise level, bonuses were earned at 94.26% of target at the enterprise level. Mr. Pruett's AIP bonus opportunity also depends on the performance of our North America Services business segment and attainment of personal objectives as is more fully described in the following pages of this CD&A.

Based on our performance against the LTIP performance goals of compound growth in revenues and income from continuing operations for the 2012-2014 performance period, performance shares were paid out in TSYs shares at 133.98% of target.

Mr. Woods and Mr. Todd received increases in compensation in connection with their promotions as is more fully described in the following pages of this CD&A.

### *Pay for Performance*

The graphs below show the approximate percentage of performance-based compensation and the balance of the elements that comprised target total direct compensation approved by the Committee for the named executive officers for 2014. For purposes of the graphs below, performance-based compensation is comprised of AIP bonuses, stock options and performance shares. The percentage of performance-based compensation listed above each chart is calculated by dividing (i) the value of performance-based compensation at target by (ii) the amount of target total direct compensation, which includes performance-based compensation plus 2014 base salary. The mix of actual pay delivered to executives may vary significantly from the charts based on the level of achievement of AIP and LTIP awards.

- (1) Reflects Mr. Woods as the current CEO and includes his base pay and target percentages as CEO as opposed to prorated percentages for the portion of 2014 during which he did not serve as CEO.

*Best Practices*

Our compensation practices embody good corporate governance and reflect best practices within executive compensation:

***Emphasis on Performance-based Compensation:*** A significant percentage, 83% for our CEO, of the target total direct compensation awarded to our executive officers is in the form of performance-based compensation that is tied to the achievement of performance goals.

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***Clawback Policy:*** TSYS may recover incentive compensation paid or awarded to executive officers in certain circumstances.

***Double-Trigger Change of Control Provisions:*** Our change of control agreements and equity award agreements require both a change of control of TSYS and actual or constructive termination of employment before change in control benefits are triggered. In addition, our equity award agreements subsequent to 2011 provide for pro rata vesting.

***Stock Ownership Guidelines and Share Retention Policy:*** Our executives must hold a significant amount of TSYS stock. Our CEO exceeds our guidelines by approximately 200%, and each of our other executive officers exceeds our guidelines by more than 100%, except Mr. Todd who became an executive officer in July 2014. In addition, our share retention policy for executive officers requires them to retain ownership of at least 50% of all stock acquired through our equity compensation plans, net of taxes and transaction costs, until retirement or other termination of employment.

***Independent Compensation Consultant:*** The Committee selects and directly engages its own executive compensation consultant. The Committee must pre-approve the engagement by management of this executive compensation consultant for any other purpose, subject to a de minimis exception.

***No Tax Gross-Up Policy:*** Agreements adopted or materially amended after December 2011 will not provide for tax gross-up payments to executive officers, except for gross-ups applicable to management employees generally, such as payments made pursuant to an expatriate tax equalization policy.

***No Backdating or Repricing of Stock Options:*** Stock options are never backdated or issued with below-market exercise prices. Stock options are never re-priced without shareholder approval.

***No Hedging Policy and Restrictions on Pledging:*** Our executive officers and directors may not engage in hedging transactions designed to off-set decreases in the market value of TSYS stock. Our pledging policy, implemented in January 2014, prohibits any future pledging of TSYS shares by directors and executive officers except in situations, and on conditions, pre-approved by the Corporate Governance and Nominating Committee of TSYS.

***No Employment Agreements:*** None of our executive officers has an employment agreement.

***No Discretionary Bonuses:*** The Committee does not authorize discretionary bonuses except in exceptional circumstances.

Additional information with respect to the items listed above can be found in the following pages of this CD&A.

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**Table of Contents***Elements of Compensation*

The primary elements of compensation in TSYS executive compensation program are summarized in the table below.

<b>Compensation Element</b>	<b>Objective</b>	<b>Key Features</b>
Base Pay	To provide a fixed level of cash compensation for executive officers commensurate with their respective skills, responsibilities, experience and performance.	Reviewed annually and adjusted based on an executive's current and anticipated future performance with benchmarking to our Benchmarking Group.
AIP performance-based cash bonuses	To motivate executive officers to produce specified financial results and to reward executives for successful implementation of TSYS annual operating plan.	Cash bonuses are a function of attainment of performance goals.
LTIP annual performance shares and stock options and special equity grants	To align interests of executive officers with shareholders and to reward executives for the achievement of the goals necessary to successfully implement TSYS strategic plan.	Annual award is a multiple of base pay. One-half of annual award is paid in stock options and one-half is paid in performance shares. Performance shares are subject to attainment of performance goals over a three-year period.  Special equity grants are made only in exceptional circumstances and have varying features.
Retirement Savings Plan a tax qualified plan that allows 401(k) deferrals	To provide retirement income for executive officers.	Broad-based retirement plan. TSYS may make discretionary contributions based on profits and provides 401(k) matching contributions.  TSYS contributions are fully vested after two years of service.
Deferred Compensation Plan a nonqualified plan	To provide additional retirement savings and income deferral opportunities.	Executive officers can elect to defer a portion of their base salary and cash bonuses under the AIP.  TSYS contributes an amount equal to the amount that would have been contributed to the Retirement Savings Plan but for IRS limits, and matches deferrals at the same rate it matches 401(k) contributions.

Perquisites	To provide minimal personal benefits for executive officers to align our compensation program with competitive practices.	Treated as taxable income to executive officers and represents an insignificant amount of an executive's compensation.
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#### Executive Compensation Program

#### *Compensation Philosophy and Objectives*

TSYS' executive compensation program drives shareholder value and attracts, motivates and retains an exceptionally talented executive team with the skills and vision required for us to become the leading global payment solutions provider. We structure our program to accomplish our key objectives by focusing on our core principles and aligning executive pay with TSYS' performance.

#### ***Core Principles***

Our executive compensation program reflects these core principles:

align management's interests with the long-term interests of shareholders;

provide compensation on the basis of performance that supports key financial and strategic business outcomes;

attract, motivate and retain top talent to lead our businesses;

reinforce a culture of integrity through our corporate governance initiatives to support sustainable business growth;

assess and appropriately manage compensation risk in the context of our business strategies; and

limit perquisites to those that are reasonable and appropriate.

We believe that our 2014 executive compensation program successfully implements these principles and incorporates best practices in executive compensation.

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### *How We Make Compensation Decisions*

#### ***Role of the Compensation Committee***

The Committee is responsible to our Board for overseeing the development and administration of our compensation policies and program for executive officers. The Committee, which consists of three independent directors, is responsible for the review and approval of all aspects of our executive compensation program. Among its duties, the Committee is responsible for establishing the compensation recommendations for our CEO and reviewing and approving all compensation recommendations for our executive officers, including:

Review and approval of corporate incentive goals and objectives relevant to compensation;

Evaluation of the competitiveness of each executive officer's total compensation package; and

Approval of any changes to the total compensation package, including, but not limited to, base salary, annual and long-term incentive award opportunities and payouts.

The Committee is supported in its work by the Chief Human Resource Officer, his staff and an independent executive compensation consultant, as described below.

The Committee's charter, which sets out its duties and responsibilities and addresses other matters, can be found on our website at [www.tsys.com](http://www.tsys.com), under Investor Relations then Corporate Governance.

#### ***Role of Management***

Our CEO does not participate in the Committee's deliberations or decisions with regard to his compensation. However, within the framework of the compensation programs approved by the Committee and based on management's review of market competitive positions, each year our CEO provides input to the Committee regarding the performance and appropriate compensation of the other named executive officers. These recommendations are based upon his assessment of each executive officer's performance, the performance of the individual's respective business or function and employee retention considerations. The Committee reviews our CEO's recommendations and approves any compensation changes affecting our executive officers as it determines in its sole discretion.

#### ***Role of the Compensation Consultant***

The Committee is authorized to retain and terminate any consultant, as well as approve the consultant's fees and other terms of retention. The Committee selected and directly engaged Towers Watson in 2013 as its independent compensation consultant for 2013 and 2014. Towers Watson provides general observations on TSYS' compensation programs, but it does not determine or recommend the amount or form of compensation for our named executive officers.

Following is a description of the consultant's duties:



reviews and makes recommendations on the benchmarking peer group;

provides executive compensation market benchmark information;

provides an equity usage analysis compared to the peer group;

provides executive tally sheets;

attends meetings of the Committee;

provides information, research and analysis pertaining to executive compensation;

updates the Committee on market trends, changing practices and regulatory matters pertaining to executive compensation; and

reviews TSYS executive compensation strategy and program to ensure appropriateness and market-competitiveness.

The Committee recognizes the benefit of receiving objective advice from its executive compensation consultant and has implemented a pre-approval policy that requires the approval of the Committee before TSYS management can engage the executive compensation consultant for the Committee to provide additional services, other than the purchase of national and international compensation surveys for fees that do not exceed \$25,000 in any fiscal year. During 2014, Towers Watson provided no services to TSYS other than its advice to the Committee on executive compensation issues and the provision of surveys.

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The Committee has considered the independence of Towers Watson in light of SEC rules and NYSE listing standards. The Committee requested and received letters from Towers Watson addressing its independence, including the following factors: (1) other services provided to us by the consultant; (2) fees paid by us as a percentage of the consulting firm's total revenue; (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants involved in the engagement and a member of the Committee; (5) any company stock owned by the individual consultants involved in the engagement; and (6) any business or personal relationships between our executive officers and the consulting firm or the individual consultants involved in the engagement. The Committee considered these factors and determined that no conflict of interest exists that would prevent Towers Watson from serving as an independent consultant to the Committee.

***Role of Peer Companies and Benchmarking***

The Committee uses publicly reported information from companies that we consider our peers when reviewing the compensation of the named executive officers relative to the compensation paid to similarly-situated executives and in evaluating performance-based compensation plans. This process is often referred to as benchmarking. We believe that benchmarking should be a point of reference for measurement, not determinative of the named executive officers compensation or the performance-based plans.

The Benchmarking Group was selected after considering companies that compete in TSYS' market for business, companies with similar financial attributes, affordability, and performance. Companies included in peer groups developed by proxy advisors and similar-sized companies in TSYS' GICS code were also considered. The Benchmarking Group is reviewed annually. For 2014, two companies were removed. Lender Processing Services, Inc. was removed because it was acquired by another company, and TeleTech Holdings, Inc. was removed because its revenue and market capitalization were no longer comparable to TSYS and it is not a direct competitor of TSYS. Two companies that operate in the payment processing services space were added to the peer group: Vantiv, Inc. and The Western Union Company.

Companies in the 2014 Benchmarking Group are:

Alliance Data Systems Corporation	Equifax Inc.	Jack Henry & Associates, Inc.
Broadridge Financial Solutions, Inc.	Euronet Worldwide, Inc.	Moneygram International, Inc.
Convergys Corporation	Fidelity National Information Services, Inc.	Vantiv, Inc.
CoreLogic, Inc.	Fiserv, Inc.	VeriFone Systems, Inc.
DST Systems, Inc.	Global Payments Inc.	The Western Union Company
The Dun & Bradstreet Corporation	Heartland Payment Systems, Inc.	

As part of ongoing efforts to ensure that appropriate companies are included in the Benchmarking Group, the Committee further revised the Benchmarking Group for 2015. The Dun & Bradstreet Corporation was removed because it is not a direct competitor of TSYS and is a less direct business/operations match than other similarly-sized peer companies. Paychex, Inc., which provides business services and outsourcing, was added because its revenues are similar in size to TSYS, one of the proxy advisors includes Paychex in TSYS' peer group and Paychex includes TSYS in its peer group.

TSYS uses our Benchmarking Group for benchmarking total compensation, as well as external market surveys. TSYS benchmarks base salaries and short-term and long-term incentive awards with our Benchmarking Group. TSYS also benchmarks total compensation (base salary, short-term incentives and long-term incentives) of its executives using

benchmarking data. The Committee considers the market median when setting total compensation, but it does not target a specific market position and uses comparative market data at the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles only as reference points to guide its decision making of the type and amount of compensation based on its own evaluation.

***Tally Sheets***

The Committee reviews tally sheets for the named executive officers annually. Tally sheets present the dollar amount of each element of the named executive officer's compensation package, including base salary, cash bonus under the AIP, current LTIP target award, perquisites, health and welfare benefits, contributions to the qualified Retirement Savings Plan and the non-qualified Deferred Compensation Plan and outstanding equity awards. Tally sheets also provide estimates of the amounts payable to each executive upon the occurrence of potential future events, such as a change of control, retirement, death, disability, involuntary termination for cause and voluntary or involuntary termination without cause.

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Tally sheets provide a summary of all elements of an executive's compensation package, as well as information on wealth accumulation, so that the Committee can analyze both the individual elements of compensation (including the compensation mix) as well as the aggregate total amount of actual and projected compensation and determine whether the executive's compensation is reasonable. Although tally sheets are not used to benchmark total compensation with our Benchmarking Group, the Committee considers total compensation paid to executives in our Benchmarking Group in considering the reasonableness of our executives' compensation.

### *Elements of Compensation*

The primary elements of compensation in TSYS' executive compensation program are discussed below.

#### *2014 Base Pay*

Base pay provides our executives with a level of compensation commensurate with their respective skills, responsibilities, experience and performance. It is the amount paid to an executive for effectively performing his or her job on a daily basis.

To ensure that base pay is competitive, TSYS benchmarks an executive's base pay against base pay paid by our Benchmarking Group. Each executive's current base pay is compared to market information for that position, with an emphasis on the market median, using proxy statement information from our Benchmarking Group. For certain positions for which there is no clear market match in the benchmarking data, the Committee uses a blend of two or more positions from the benchmarking data. After reviewing the benchmarking data, the Committee establishes a competitive base salary for each executive. See "The Role of Peer Companies and Benchmarking" section on page 33 for a list of the companies in the Benchmarking Group and information on the process used to select these companies.

In addition to market comparisons of similar positions at our peer companies, individual performance may affect base pay. Comparison of an executive's base pay to the base pay of other TSYS executives may also be a factor in establishing base pay, especially with respect to positions for which there is no clear market match in benchmarking data. Because of the process used to establish base pay, large increases in base pay generally occur only when an executive is promoted into a new position. Base pay is not directly related to TSYS' performance, except over the long term since revenues are used in benchmarking base pay against our Benchmarking Group.

For 2014, the named executive officers other than Mr. Tomlinson received increases in base pay ranging from 3% to 4.1% effective January 1, 2014. Mr. Tomlinson did not receive an increase in base pay as his 2014 AIP target bonus was increased from 100% to 115% in lieu thereof. As a result of the increases, the named executive officers had base pay ranging from 95% to 125% of the base pay for holders of comparable positions or ranking at the Benchmarking Group.

In connection with Mr. Tomlinson's retirement as Chief Executive Officer and Mr. Woods' and Mr. Todd's promotions to Chief Executive Officer and Senior Executive Vice President and Chief Financial Officer, respectively, the Committee: (1) reduced Mr. Tomlinson's base salary by approximately 24% to \$700,000 from \$918,000 effective August 1, 2014; (2) increased Mr. Woods' base pay by approximately 15% from \$698,000 to \$800,000 effective August 1, 2014; and (3) increased Mr. Todd's base pay by approximately 15% from \$356,000 to \$410,000 effective July 1, 2014. Base pay for 2014 is set forth in the "Salary" column in the 2014 Summary Compensation Table on page 44.

#### *Annual Incentive Program*

Annual cash bonuses under the AIP provide an incentive for our executives to meet short-term performance goals as reflected in our annual operating plan. In addition, given the prevalence of short-term incentive compensation in the marketplace, annual cash bonuses are necessary to provide a competitive compensation program.

AIP performance measures are based on growth in revenues before reimbursable items and income from continuing operations attributable to TSYS shareholders at the enterprise level, and, at the business segment level, on revenues before reimbursable items, adjusted operating income and personal objectives. In order to reinforce the importance of profitability, the 2014 AIP provides that the portion of the AIP payment based on growth in revenues before reimbursable items cannot exceed the portion of the AIP payment based on income from continuing operations at the enterprise level and adjusted operating income at the business segment level, as applicable, to discourage growth in revenues that could be detrimental to earnings. During 2014, the performance criteria for named executive officers with enterprise level accountability was based on enterprise financial results

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rather than the weighted average of enterprise and segment results that was used in 2013 to add clarity to the AIP structure and ensure alignment with the job responsibilities of executives with enterprise level accountability. Enterprise and segment metrics for the named executive officers are weighted as follows:

Executive	Enterprise-wide Performance		North America Services Segment Performance Adjusted		
	Growth in Revenues	Income from Continuing Operations	Growth in Revenues	Operating Income	Personal Objectives
M. Troy Woods	50%	50%			
Paul M. Todd	50%	50%			
Philip W. Tomlinson	50%	50%			
William A. Pruett	20%	20%	25%	25%	10%
Kenneth L. Tye	50%	50%			
G. Sanders Griffith, III	50%	50%			
James B. Lipham	50%	50%			

Annual cash bonuses under the AIP are expressed as a percentage of an executive's base pay. AIP bonuses are benchmarked against typical short-term incentive awards in our Benchmarking Group. See "The Role of Peer Companies and Benchmarking" section on page 33 for a list of the companies in our Benchmarking Group and information on the process used to select these companies. AIP target bonuses for 2014 were set taking into account median market data of our Benchmarking Group, as well as existing incentive targets, internal pay equity, individual performance and retention needs. Mr. Tomlinson's target AIP bonus as a percentage of base pay was increased from 100% to 115% effective January 1, 2014 in lieu of an increase in base salary. Target AIP bonuses for Mr. Woods and Mr. Todd were increased when they were promoted. Mr. Woods' target AIP bonus increased from 100% to 125% of base pay effective August 1, 2014, and Mr. Todd's target AIP bonus increased from 65% to 85% effective July 1, 2014.

The 2014 AIP target bonuses as a percentage of base pay were:

Executive	Target as a Percent of Base Pay
M. Troy Woods <sup>(1)</sup>	111%
Paul M. Todd <sup>(2)</sup>	76%
Philip W. Tomlinson	115%
William A. Pruett	85%
Kenneth L. Tye	85%
G. Sanders Griffith, III	85%
James B. Lipham	85%

(1) Mr. Woods' target AIP bonus opportunity for 2014 is prorated to reflect his promotion to Chief Executive Officer effective July 31, 2014.

(2)

Mr. Todd's target AIP bonus opportunity for 2014 is prorated to reflect his promotion to Senior Executive Vice President and Chief Financial Officer effective July 1, 2014.

The amount of an AIP bonus ranges from zero to 200% of the target based on achievement of performance goals established by the Committee for the year. For 2014, the Committee established the following performance goals for the AIP at the enterprise and North America Services business segment levels:

Percent of Target Bonus Paid	Enterprise		North America Services Segment	
	Revenues Before Reimbursable	Income from Continuing Operations	Revenues Before Reimbursable	Adjusted Operating Income
25%	\$ 2,082,822,000	\$ 258,946,000	\$ 864,317,000	\$ 308,113,000
50%	\$ 2,146,770,000	\$ 263,666,000	\$ 890,854,000	\$ 317,572,000
75%	\$ 2,210,717,000	\$ 268,386,000	\$ 917,390,000	\$ 327,032,000
100%	\$ 2,274,665,000	\$ 273,105,000	\$ 943,927,000	\$ 336,492,000
125%	\$ 2,306,869,000	\$ 276,972,000	\$ 957,291,000	\$ 341,256,000
150%	\$ 2,338,255,000	\$ 280,740,000	\$ 970,315,000	\$ 345,899,000
175%	\$ 2,369,641,000	\$ 284,508,000	\$ 983,339,000	\$ 350,542,000
200%	\$ 2,401,027,000	\$ 288,276,000	\$ 996,364,000	\$ 355,185,000

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As Mr. Pruett is President of our North America Services segment, 50% of his AIP bonus was based on the North America Services segment metrics, 40% of his AIP bonus was based on enterprise-level metrics and 10% of his AIP bonus was based on attainment of personal objectives. The Committee evaluated Mr. Pruett's performance based on qualitative measures, such as increasing customer satisfaction, and determined that he was entitled to the full 10% of his AIP bonus that was based on attainment of personal objectives. The AIP bonus for all other named executive officers was based 100% on enterprise-level metrics.

The financially based AIP metrics are derived from our financial statements. However, in determining actual performance for purposes of the AIP, the Committee made certain positive and negative adjustments to our reported results, as required by the AIP terms. These adjustments are intended to ensure that the AIP rewards underlying operational performance, disregarding factors that are beyond the control of our executives or nonrecurring. For purposes of the AIP earned bonus percentage for 2014, the performance results were adjusted to exclude the impact of an acquisition, divestiture, significant nonrecurring charitable contribution and fluctuations in currency exchange rates. The required adjustments to reported results may from year to year have a favorable or unfavorable impact on the AIP bonuses earned by our named executive officers. The impact was favorable for 2014.

Results for 2014, after adjustments, were as follows:

	<b>Revenues Before</b>		<b>Income from Continuing</b>	
	<b>Reimbursable</b>		<b>Operations or</b>	<b>Percent of</b>
	<b>Items</b>		<b>Adjusted</b>	<b>Target Bonus</b>
			<b>Operating Income</b>	
Enterprise Level	\$ 2,256,597,000		\$ 272,271,000	92.46%
North America Services Segment	\$ 954,145,000		\$ 350,362,000	146.58%

The Committee has the right to exercise downward discretion and reduce (but not increase for awards that are intended to comply with Section 162(m)) or eliminate the amount that would otherwise be awarded under the approved schedule. For example, AIP bonuses can be reduced to reflect individual or business unit performance or for affordability.

The dollar amounts of AIP bonuses paid, and earned and paid as percentages of base pay were:

<b>Executive</b>	<b>AIP Bonus</b>	<b>Earned as a Percentage</b>	<b>Paid as a Percentage</b>
		<b>of Base Pay</b>	<b>of Base Pay</b>
M. Troy Woods	\$ 774,300	104.90%	104.90%
Paul M. Todd	\$ 273,300	71.36%	71.36%
Philip W. Tomlinson	\$ 896,600	108.40%	108.40%
William A. Pruett	\$ 517,300	102.84%	102.84%
Kenneth L. Tye	\$ 399,000	80.12%	80.12%
G. Sanders Griffith, III	\$ 387,800	80.12%	80.12%
James B. Lipham	\$ 362,100	80.12%	80.12%

AIP bonuses for 2014 also are set forth in the Non-Equity Incentive Plan Compensation column in the 2014 Summary Compensation Table on page 44.



*Long-Term Incentive Program*

**LTIP Award Opportunities.** Equity awards under the LTIP provide an incentive for our executives to drive TSYS long-term performance by tying a significant portion of their compensation to the achievement of the goals necessary to successfully implement TSYS strategic plan. Equity awards also align the interests of our executives and our shareholders by awarding executives equity in TSYS. Given the prevalence of long-term incentive compensation in the marketplace, LTIP awards also are part of a competitive compensation program.

LTIP awards are expressed as a multiple of an executive's base pay. LTIP awards are set taking into account median market data of our Benchmarking Group, as well as existing incentive targets, internal pay equity, individual performance and retention needs. See *The Role of Peer Companies and Benchmarking* section on page 33 for a list of the companies in our Benchmarking Group and information on the process used to select these companies.

The target LTIP awards for Mr. Woods and Mr. Todd were increased in connection with their promotions. The Committee increased Mr. Woods' target annual LTIP opportunity from 250% of his base pay to 375% of his base pay effective August 1, 2014. The Committee also increased Mr. Todd's target annual LTIP opportunity from 100% of base pay to 150% of his base pay effective January 1, 2015.

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The 2014 LTIP awards as a percentage of base pay were:

<b>Executive</b>	<b>Target as a Percentage of Base Pay</b>
M. Troy Woods <sup>(1)</sup>	302%
Paul M. Todd	100%
Philip W. Tomlinson	375%
William A. Pruett	175%
Kenneth L. Tye	175%
G. Sanders Griffith, III	175%
James B. Lipham	175%

(1) Mr. Woods' total annual 2014 LTIP opportunity is prorated to reflect his promotion to Chief Executive Officer effective July 31, 2014.

Annual LTIP awards generally are granted one-half in stock options and one-half in performance shares. The Committee believes that stock options are an appropriate equity vehicle for a portion of LTIP compensation because they are performance-based, providing value only if the value of our stock price increases over time, which aligns our executives' interests with the long-term interests of our shareholders. Stock options are awarded in the performance year and vest in three equal annual installments on the anniversaries of the date of grant. The exercise price of a stock option is determined as of the date of grant.

The Committee believes that performance shares are an appropriate equity vehicle for the remainder of LTIP compensation because performance shares align executives' interests with the interests of shareholders by focusing executives on the long-term performance of TSYS. Each year the Committee establishes performance goals for the performance share portion of the annual LTIP awards. The Committee linked the 2014 performance share portion of the LTIP award to compound growth in revenues before reimbursable items and adjusted EPS from continuing operations during the period 2014 to 2016.

Named executive officers receive an initial target award of performance shares determined as of the date of grant. At the end of the three-year performance period, a named executive officer's payout of his or her performance share award will range from zero to 200% of target based on achievement of the pre-established performance goals.

Because the Committee may take action to approve LTIP awards on or near the date that TSYS' earnings are released, the Committee has established the last business day of the month in which earnings are released as the grant date for equity awards to executive officers to ensure that the earnings release has had time to be absorbed by the market before equity awards are granted and stock option exercise prices are established. However, if the date of the TSYS earnings release or the date the Committee takes action is within five business days of the last business day of the month, the grant date is postponed for five business days after the later of the TSYS earnings release or the date the Committee takes action. With respect to performance-based equity awards other than conventional stock options, awards vest on the date that the Committee certifies that the required performance goals have been attained.

**2014 LTIP Award (2014-2016 Performance Period).** Each named executive officer received 50% of his 2014 LTIP award in the form of stock options. Stock options received by the named executive officers are included in the "All Other Option Awards: Number of Securities Underlying Options" column in the 2014 Grants of Plan-Based Awards table on page 46. Each named executive officer received the remaining 50% of his 2014 LTIP award in the form of performance shares. The closing price of TSYS stock on March 18, 2014 was used to determine the exercise price for

the stock options and the number of performance shares awarded at target. Performance share awards at target are included in the Estimated Future Payouts Under Equity Incentive Plan Awards column in the 2014 Grants of Plan-Based Awards table on page 46.

In response to the views expressed by some shareholders on our shareholder outreach calls regarding the use of the same performance metrics for both the AIP and LTIP, the Committee elected to use different performance metrics for the 2014 LTIP than the performance metrics used for the 2013 LTIP by substituting adjusted EPS from continuing operations for income from continuing operations. The Committee chose adjusted EPS primarily because we began using this metric for external guidance purposes after our acquisition of NetSpend Holdings, Inc. as it provides a more meaningful measure of our performance given the increase in amortization expense for acquisition intangibles and merger and acquisition expenses. Performance goals for payout of the performance share award portion of the 2014 LTIP are based on the metrics of compound growth in revenues before reimbursable items and adjusted EPS over the period 2014 to 2016, each weighted 50%. The calculation of the revenues portion of the LTIP metric differs from that of the AIP in that the impact of the operating results of acquired companies and divestitures is not excluded in order to better incent and reward the named executive

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officers for fulfilling this important goal and, as noted above, the LTIP calculation contains a CAGR. Future payouts and the applicable performance levels will be reported after the end of the 2014 to 2016 performance period.

For the 2014 to 2016 performance period, the Committee approved the following performance goals for the LTIP:

Percentage	Revenues Before Reimbursable Items		Adjusted EPS	
	Required 2016 Level	CAGR*	Required 2016 Level	CAGR*
50%	\$ 2,447,000,000	5%	\$ 2,183,100	7%
100%	\$ 2,590,000,000	7%	\$ 2,244,900	8%
200%	\$ 2,814,000,000	10%	\$ 2,503,700	12%

\* Reflects compound annual growth rate required to achieve 2016 results as compared to 2013 results.

**Supplemental 2014 LTIP Award (2014-2016) Performance Period for New CEO.** The 2014 LTIP awards effective March 18, 2014 were based on LTIP target opportunities in effect on January 1, 2014. When the target LTIP award opportunity for Mr. Woods was increased to reflect his promotion to Chief Executive Officer, he received an additional equity-based LTIP grant with a target value of \$665,000 effective August 1, 2014 to reflect his service as Chief Executive Officer during 80% of the 2014-2016 performance period for the long-term incentive award granted in March 2014. Half of the value was granted in the form of stock options and half of the value was granted in the form of performance shares. The performance goals for the payout of Mr. Woods' additional performance share award are the same metrics applicable to the performance share grants made in March 2014 (see 2014 LTIP Award (2014-2016 Performance Period) above). The closing price of TSYS stock on August 1, 2014 was used to determine the exercise price for the stock options and the number of performance shares awarded at target. Performance share awards at target are included in the Estimated Future Payouts Under Equity Incentive Plan Awards column in the 2014 Grants of Plan-Based Awards table on page 46.

**2012 LTIP Award (2012-2014 Performance Period).** The 2012 LTIP is structured like the 2014 LTIP described above, with the exception that the income from continuing operations metric was used in lieu of adjusted EPS. For the 2012 to 2014 performance period, the Committee approved the following performance goals for the LTIP:

Percentage	Revenues Before Reimbursable Items		Income From Continuing Operations	
	Required 2014 Level	CAGR*	Required 2014 Level	CAGR*
50%	\$ 1,784,000,000	5%	\$ 263,000,000	6%
100%	\$ 1,888,000,000	7%	\$ 278,000,000	8%
200%	\$ 2,051,000,000	10%	\$ 310,000,000	12%

\* Reflects compound annual growth rate required to achieve 2014 results as compared to 2011 results.

As TSYS' revenues before reimbursable items for the performance period were \$2,191,000,000 and income from continuing operations was \$268,000,000 after adjusting for fluctuations in currency exchange rates and a significant nonrecurring charitable contribution, TSYS met the performance goals required for payment of the 2012 LTIP award at 133.98% of target.

As a result of certification of performance by the Committee on January 30, 2015, named executive officers received shares of TSYS stock in connection with the 2012 LTIP as follows:

<b>Executive</b>	<b>TSYS Shares</b>
M. Troy Woods	49,235
Paul M. Todd	9,894
Philip W. Tomlinson	101,703
William A. Pruett	24,931
Kenneth L. Tye	24,931
G. Sanders Griffith, III	24,237
James B. Lipham	22,657

***Amendment to 2013 and 2014 LTIP Awards in Connection with the Retirement of the CEO.*** Mr. Tomlinson's stock option and performance share award agreements executed in connection with the 2013 and 2014 LTIP awards were amended to provide that if he is elected as a non-employee director of TSYS at the 2015 Annual Meeting, his continuous service as a non-employee director from the 2015 Annual Meeting to the termination of his service as a non-employee director will be treated as employment with TSYS for purposes of vesting of the awards.

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### *Qualified Plan and Nonqualified Deferred Compensation Plan*

TSYS maintains a broad-based qualified retirement plan. Under the Retirement Savings Plan, TSYS can make discretionary contributions based on profits. TSYS also matches 401(k) contributions up to 4% of a participant's eligible compensation. For 2014, all eligible participants, including each named executive officer, received a matching contribution of 4% of eligible compensation under the Retirement Savings Plan. Contributions to the Retirement Savings Plan for 2014 are included in the All Other Compensation column in the 2014 Summary Compensation Table on page 44.

TSYS also sponsors a nonqualified plan, the TSYS Deferred Compensation Plan. TSYS makes contributions to the Deferred Compensation Plan in an amount equal to the benefits that cannot be contributed to the Retirement Savings Plan due to limits imposed by the IRS. In addition, participants in the Deferred Compensation Plan may elect to contribute all or a portion of their base pay and cash bonuses under the AIP to the Deferred Compensation Plan, and TSYS matches the contribution at the same rate applicable under the Retirement Savings Plan. Assets of the Deferred Compensation Plan are held in a rabbi trust, which is subject to claims by TSYS's creditors. As the Deferred Compensation Plan does not pay above market interest, contributions to the Deferred Compensation Plan for 2014 are included in the All Other Compensation column in the 2014 Summary Compensation Table on page 44. Participants in the Deferred Compensation Plan invest amounts held for their benefit among specified mutual funds that are substantially similar to the mutual funds offered under the Retirement Savings Plan.

### *Perquisites*

Perquisites are a very small part of our executive compensation program. The aggregate incremental cost to TSYS of providing perquisites to our CEO in 2014 was \$40,770 and is included in the All Other Compensation column of the Summary Compensation Table on page 44 and additional information is included in footnote (7) to the table. Considered both individually and in the aggregate, we believe that the perquisites we offer to our named executive officers are reasonable and appropriate.

### *Forward-looking Statements*

The performance goals described in this CD&A may be deemed to be forward-looking statements, are not assurances of the outcome and are subject to a variety of risks that could cause actual results to differ materially from those suggested by the forward-looking statements. Causes for these potential differences include those described under Risk Factors in our Form 10-K for the year ended December 31, 2014.

### *Policies and Practices*

***Employment Agreements.*** None of our named executive officers has an employment agreement.

***Recoveries.*** Under TSYS's clawback policy, the Committee may direct that TSYS recover all or a portion of any incentive award granted or paid to a named executive officer if the incentive award is computed using materially misstated financial information or other performance metric criteria. The amount to be recovered is equal to the excess of the incentive award paid or granted over the incentive award that would have been paid or granted had the financial information or performance metric been fairly stated at the time the incentive award was paid or granted, or any greater or lesser amount (up to the entire incentive award) that the Committee determines.

***Stock Ownership Guidelines and Share Retention Policy.*** To align the interests of our executives and directors with our shareholders, TSYS has stock ownership guidelines for our executives and directors. Executives are required

to own a multiple of their base pay in TSYS stock. TSYS CEO is required to own TSYS stock valued at five times his base pay, the President (if a different person than the CEO) is required to own TSYS stock valued at four times his base pay and the other named executive officers are required to own TSYS stock valued at three times their base pay. Executives generally have a five-year grace period to comply with the guidelines, with an interim three-year goal. Until the guidelines are met, executives are required to retain all stock acquired by them through our equity compensation plans, net of taxes and transaction costs. In the event of a severe financial hardship, the guidelines permit the development of an alternative ownership plan by the Chairman of the Board of Directors and Chairman of the Committee. Each of our executive officers exceeds these guidelines by more than 100%, except Mr. Todd who became an executive officer in July 2014. In addition, we have adopted a share retention policy for executive officers pursuant to which they are required to retain ownership of at least 50% of all stock acquired by them through our equity compensation plans, net of taxes and transaction costs, until retirement or other termination of employment.

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***Hedging.*** Our directors and executive officers are prohibited from entering into speculative transactions in TSYS stock, including engaging in short sales of TSYS stock, trading in publicly traded options, puts, calls or other derivative securities related to TSYS stock and engaging in hedging transactions involving TSYS stock.

***Pledging.*** Our pledging policy, which was implemented in January 2014, prohibits any future pledging of TSYS shares by directors and executive officers except in situations, and on conditions, pre-approved by the Corporate Governance and Nominating Committee of TSYS. Approvals will be based on the particular facts and circumstances of the request, including, but not limited to: (1) the percentage of the individual's equity holdings that are currently pledged and that would be pledged following the requested pledge; (2) the percentage the collective number of shares pledged by directors and executive officers represents of TSYS' outstanding shares; (3) the historical trading volume of TSYS' shares; (4) the financial ability of the individual to repay the loan without resort to the pledged shares; and (5) the purpose for which the individual is pledging the shares. In addition, the policy provides that shares of TSYS stock that are pledged by directors and executive officers are not included when calculating whether the individual is in compliance with director and executive officer stock ownership guidelines.

***No Tax Gross-Up Policy.*** Our no tax gross-up policy prohibits TSYS from making any tax gross-up payments to executive officers, except for gross-ups applicable to management employees generally, such as payments made pursuant to an expatriate tax equalization policy, and is applicable to new agreements and agreements that are materially amended subsequent to December 13, 2011.

***Post-Termination Compensation Philosophy.*** TSYS believes that compensation should generally be earned by executives while they are actively employed (*i.e.*, while contributing to TSYS' performance). Although retirement benefits are paid following an executive's retirement, the benefits are earned while employed. TSYS has entered into limited post-termination arrangements when appropriate, such as permitting equity to continue to vest in certain circumstances upon retirement as if the executive was still employed and the change of control agreements that are described under "Potential Payouts Upon Termination or Change-in-Control" on page 49. TSYS chose to enter into change of control arrangements with its executives to: (1) ensure the retention of executives and an orderly transition during a change of control; (2) ensure that executives would be financially protected in the event of a change of control so they continue to act in the best interests of TSYS while continuing to manage TSYS during a change of control; and (3) ensure a competitive compensation package because such arrangements are common in the market and it was determined that the agreements were important in recruiting and retaining executive talent.

***No Backdating or Repricing of Stock Options.*** Stock options are never backdated or issued with below-market exercise prices. Stock options are never re-priced without shareholder approval.

***Tax Considerations.*** In connection with making decisions on executive compensation, the Committee takes into consideration the provisions of IRC Section 162(m), which limits the deductibility by TSYS for federal income tax purposes of certain categories of compensation in excess of \$1 million paid to certain executive officers. It is TSYS policy to maximize the effectiveness of our compensation programs while also taking into consideration the requirements of Section 162(m). In that regard, the Committee intends to maintain the flexibility to take actions that it deems to be in the best interests of TSYS and its shareholders. Accordingly, although the Committee intends to preserve the deductibility of annual compensation to the extent consistent with the intent and spirit of our overall compensation policy, it reserves the authority to exercise its discretion and award non-deductible compensation as it deems appropriate.

With the exception of excise taxes that may be due with respect to change of control agreements with executive officers that were entered into prior to December 13, 2011, TSYS does not gross-up its named executive officers for taxes that are due with respect to their compensation.



***Consideration of Risk.*** TSYS executive compensation program provides payment opportunities related to different time periods (*i.e.*, short and long-term components); however, TSYS does not offer incentives that promote short-term objectives at the expense of long-term shareholder value. Elements of compensation include current cash payments, deferred cash and equity awards. Payouts are based on a combination of financial metrics. Amounts paid to executives under our program are reasonable compared to market, and the Committee retains significant discretion to limit performance-based compensation. The Committee considers the risks inherent in our executive compensation program, and the Committee has determined that our program is balanced and does not encourage executives to take unnecessary and excessive risks.

***Accounting Considerations.*** We account for all compensation paid in accordance with accounting principles generally accepted in the United States. The accounting treatment has generally not affected the form of compensation paid to the named executive officers.

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## Compensation Realized By Named Executive Officers for 2014

The 2014 Summary Compensation Table on page 44 provides compensation information for each named executive officer as required by SEC rules. However, the Summary Compensation Table includes amounts that were not realized by the executives in connection with the 2014 year. For example, the Summary Compensation Table reflects grant date fair values of equity awards (*i.e.*, options and performance shares) for 2014 rather than the financial benefit realized by the executives for 2014 as a result of the exercise of stock options or the vesting of performance shares. This information is, however, set forth in the 2014 Option Exercises and Stock Vested table on page 48.

The following table reflects only compensation actually realized by each executive for 2014 and is not a substitute for the Summary Compensation Table. In addition, it is not part of the compensation tables that we are required by SEC rules to present in this Proxy Statement. Furthermore, it does not include a number of compensation opportunities that were made available in 2014. For example, the LTIP awards for 2014 are not included in the table because the awards did not vest during 2014. Detailed information on all compensation opportunities that were made available in 2014 and all compensation paid to or earned by the named executive officers during 2014 is included in this CD&A and the series of tables following this CD&A.

Although various compensation opportunities for the named executive officers are not included in the following table, the Committee considered all amounts paid to or earned by the named executive officers and all compensation opportunities in its determination that the compensation paid to or earned by each named executive officer in 2014 is reasonable, competitive, performance-oriented and designed to align with the successful implementation of our strategic plan.

The following table reflects the components of the compensation realized by the named executive officers for 2014.

Name and Principal Position	Annual Base Pay <sup>(1)</sup>	Annual Incentive Cash Bonus <sup>(2)</sup>	Value Realized on	Value Realized on	All Other Compensation <sup>(6)</sup>	Total
			Exercise of Options During 2014 <sup>(3)</sup>	Vesting of Stock Awards During 2014 <sup>(4)(5)</sup>		
M. Troy Woods President and Chief Executive Officer	\$ 738,000	\$ 774,300		\$ 1,741,442	\$ 77,313	\$ 3,331,055
Paul M. Todd Senior Executive Vice President and Chief Financial Officer	383,000	273,300	\$ 140,498	349,951	28,065	1,174,814
Philip W. Tomlinson Chairman of the Board (former Chief	827,000	896,600	4,384,274	3,597,235	66,638	9,771,747

Executive Officer)						
William A. Pruett	503,000	517,300	577,604	881,809	23,000	2,502,713
Senior Executive Vice						
President and Chief Client Officer						
Kenneth L. Tye	498,000	399,000	432,011	881,809	37,690	2,248,510
Senior Executive Vice						
President and Chief Information Officer						
G. Sanders Griffith, III	484,000	387,800	997,184	857,263	48,563	2,774,810
Senior Executive Vice President, General Counsel						
and Secretary						
James B. Lipham	452,000	362,100	1,138,711	801,378	52,249	2,806,438
Former Senior Executive Vice President and Chief Financial Officer						

(1) Amount represents base salary earned during the year.

(2) Annual cash bonus under AIP.

(3) The value realized on exercise of stock options means the amount equal to the number of shares acquired upon exercise multiplied by the difference between the exercise price and the closing price of TSYS stock on the NYSE on the date of the stock option exercise. For a complete list of each named executive officer's outstanding options, see the Option Awards columns of the 2014 Outstanding Equity Awards at Fiscal Year-End table on page 47.

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(4) The value realized on vesting means the amount equal to the number of shares acquired upon vesting multiplied by the closing price of TSYS stock on the NYSE on the date of vesting. For a complete list of each named executive officer's unvested performance shares, see Stock Awards columns of the 2014 Outstanding Equity Awards at Fiscal Year-End table on page 47.

(5) Performance-based stock awards make up 100% of the values shown for each executive.

(6) The components of All Other Compensation for each named executive officer are set forth in footnotes (6) and (7) to the 2014 Summary Compensation Table on page 44.

**Conclusion**

For the reasons described above, we believe that each element of compensation in our executive compensation program and the total compensation for each named executive officer in 2014 is reasonable, competitive, performance-oriented and designed to align with the successful implementation of our strategic plan.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in TSYS Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission.

**The Compensation Committee**

Mason H. Lampton, Chairman

Kriss Cloninger III

Walter W. Driver, Jr.

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The table below summarizes the compensation for each of the named executive officers except Mr. Todd for each of the last three fiscal years, and with respect to Mr. Todd for 2014 as that is the year in which he became a named executive officer.

The named executive officers were not entitled to receive payments which would be characterized as Bonus payments for any of these fiscal years. The short-term incentive amounts paid to the named executives are set forth in the Non-Equity Incentive Plan Compensation column. TSYS methodology and rationale for short-term incentive compensation are described in the Compensation Discussion and Analysis above.

The named executive officers did not receive any compensation that is reportable under the Change in Pension Value and Nonqualified Deferred Compensation Earnings column because TSYS has no defined benefit pension plans and does not pay above-market interest on deferred compensation. The retirement plan contributions for the named executive officers are set forth in the All Other Compensation column.

Name and Principal Position <sup>(1)</sup>	Year	Salary (\$) <sup>(2)</sup>	Bonus (\$)	Stock Awards (\$) <sup>(3)</sup>	Option Awards (\$) <sup>(4)</sup>	Change in Pension Value Non-and Nonquali- Equityfied Incentive Plan Compensation Earnings (\$) <sup>(5)</sup>	Deferred Compensation (\$)	All Other Com- pensation (\$)	Total (\$)
M. Troy Woods President and Chief Executive Officer	2014	\$738,000		\$1,200,037	\$1,413,264	\$ 774,300		\$77,313 <sup>(6)(7)</sup>	\$4,202,914
	2013	673,000		841,274	616,138	175,400		76,004	2,381,816
	2012	647,000		1,227,564	563,753	557,400		85,972	3,081,689
Paul M. Todd Senior Executive Vice President and Chief Financial Officer	2014	383,000		178,012	199,454	273,300		28,065 <sup>(6)(7)</sup>	1,061,831
Philip W. Tomlinson Chairman of the Board (former Chief Executive Officer)	2014	827,000		1,721,270	1,928,690	896,600		66,638 <sup>(6)(7)</sup>	5,440,198
	2013	918,000		1,721,260	1,260,656	239,200		65,823	4,204,939
	2012	891,000		2,089,438	1,164,533	767,600		46,314	4,958,885
William A. Pruett Senior Executive Vice President and Chief Client Officer	2014	503,000		440,129	493,172	517,300		23,000 <sup>(6)(7)</sup>	1,976,601
	2013	483,000		422,641	309,538	249,300		44,258	1,508,737
	2012	468,000		409,516	285,450	290,900		40,429	1,494,295
Kenneth L. Tye Senior Executive Vice President and Chief Information Officer	2014	498,000		435,751	488,270	399,000		37,690 <sup>(6)(7)</sup>	1,858,711
	2013	483,000		422,641	309,538	87,000		42,520	1,344,699
	2012	468,000		409,516	285,450	342,700		34,934	1,540,600

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G. Sanders Griffith, III	2014	484,000	423,512	474,544	387,800	48,563 <sup>(6)(7)</sup>	1,818,419
Senior Executive	2013	469,000	410,396	300,564	103,900	38,505	1,322,365
Vice President, General Counsel and Secretary	2012	455,000	398,130	277,518	333,200	51,606	1,515,454
James B. Lipham	2014	452,000	395,518	443,164	362,100	52,249 <sup>(6)(7)</sup>	1,705,031
Former Senior Executive	2013	439,000	384,148	281,340	97,200	52,209	1,253,897
Vice President and Chief Financial Officer	2012	425,300	272,150	259,405	311,400	59,999	1,428,254

- (1) Mr. Tomlinson retired as Chief Executive Officer on July 31, 2014, succeeded by Mr. Woods. Mr. Tomlinson will continue to serve as an executive officer of TSYS and Chairman of the Board until the 2015 Annual Meeting. In addition, Mr. Lipham retired as Senior Executive Vice President and Chief Financial Officer on June 30, 2014, succeeded by Mr. Todd.
- (2) The amounts in this column represent base salary earned during the year. Effective August 1, 2014, Mr. Woods base salary was increased from \$694,000 to \$800,000 in connection with his promotion, and Mr. Tomlinson's base salary decreased from \$918,000 to \$700,000 in connection with his transition from Chief Executive Officer to executive Chairman of the Board. Effective July 1, 2014, Mr. Todd's base salary was increased from \$356,000 to \$410,000 in connection with his promotion.
- (3) The amounts in this column represent the aggregate grant date fair value of the stock awards reported in this column computed in accordance with FASB ASC Topic 718. As the stock awards are subject to performance conditions, the value at the grant date is based upon the probable outcome of such conditions in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. Pursuant to Mr. Tomlinson's Transition and Retirement Agreement, the performance shares granted to Mr. Tomlinson during 2013 and 2014 were amended to provide that any service by Mr. Tomlinson as a non-employee director will be treated as employment with TSYS for purposes of vesting. This vesting modification resulted in a Type I modification of the awards under FASB ASC Topic 718. The modification did not result in an incremental cost to TSYS. The values for the stock awards made to the named executive officers in 2014 include the value of performance share awards. The values of the 2014 performance share awards assuming that the highest level of performance conditions are attained are \$2,400,075, \$356,025, \$3,442,539, \$880,258, \$871,502, \$847,023 and \$791,036 for Messrs. Woods, Todd, Tomlinson, Pruet, Tye, Griffith and Lipham, respectively. For a discussion of the assumptions used in calculating the values of the awards reported in this column, see Note 19 of Notes to Consolidated Financial Statements in TSYS Annual Report for the year ended December 31, 2014. Additional information regarding the 2014 awards is set forth in the 2014 Grants of Plan-Based Awards table below.
- (4) The amounts in this column represent the aggregate grant date fair value of the option awards reported in this column computed in accordance with FASB ASC Topic 718. Pursuant to Mr. Tomlinson's Transition and Retirement Agreement, the stock options granted to Mr. Tomlinson during 2013

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and 2014 were amended to provide that any service by Mr. Tomlinson as a non-employee director will be treated as employment with TSYS for purposes of vesting. This vesting modification resulted in a Type I modification of the awards under FASB ASC Topic 718. The modification did not result in an incremental cost to TSYS. For a discussion of the assumptions used in calculating the values of the awards reported in this column, see Note 19 of Notes to Consolidated Financial Statements in TSYS Annual Report for the year ended December 31, 2014. Additional information regarding the 2014 awards is set forth in the 2014 Grants of Plan-Based Awards table below.

- (5) The amounts in this column represent the Annual Incentive Program cash awards paid.
- (6) Amount includes allocations to the qualified defined contribution plan of \$10,400 for each executive and allocations to the nonqualified deferred compensation plan of \$26,143, \$7,100, \$12,600, \$12,600, \$12,600, \$12,600 and \$11,568 for Messrs. Woods, Todd, Tomlinson, Pruett, Tye, Griffith and Lipham, respectively.
- (7) Amount for each executive except Mr. Pruett includes the cost incurred by TSYS in connection with providing the perquisite of an automobile allowance and the incremental cost to TSYS for reimbursement of club dues, if any. The amount also includes the actuarial value of providing term life insurance like coverage for each executive except Mr. Tomlinson, Mr. Pruett and Mr. Lipham, the cost incurred by TSYS for security alarm monitoring for each executive except Mr. Todd, Mr. Pruett and Mr. Tye, the cost incurred by TSYS for providing financial planning services for each executive except Mr. Todd, Mr. Tomlinson and Mr. Pruett, the cost incurred by TSYS for tax preparation services for each executive except Mr. Pruett, Mr. Tye, Mr. Griffith and Mr. Lipham and the incremental cost to TSYS for personal use of the corporate aircraft for each executive except Mr. Pruett and Mr. Tye. None of these perquisites individually exceeded \$25,000 with the exception of the incremental cost to TSYS for providing personal use of the corporate aircraft to Mr. Woods and Mr. Tomlinson in the amounts of \$25,280 and \$31,520, respectively. The amount for the personal use of corporate aircraft was calculated by adding all incremental costs of such use, including fuel, maintenance, hanger and tie-down costs, landing fees, airport taxes, catering and crew travel expenses (food, lodging and ground transportation). The aggregate incremental cost incurred by TSYS in connection with providing perquisites was \$40,770, \$10,565, \$43,638, \$9,658, \$14,690, \$25,563 and \$30,281 for Messrs. Woods, Todd, Tomlinson, Pruett, Tye, Griffith and Lipham, respectively.



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## 2014 GRANTS OF PLAN-BASED AWARDS

The table below sets forth the short-term incentive compensation (payable in cash) and equity awards granted to the named executive officers in 2014.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup>			All Other Option Awards:		Grant Date Fair Value of Stock and Option Awards <sup>(5)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Options (#) <sup>(4)</sup>	Awards (\$/Sh)	
M. Troy Woods		\$ 205,375	\$ 821,500	\$ 1,643,000						
	3/18/2014							127,901	\$ 30.83	\$ 972,048
	6/23/2014 <sup>(1)</sup>							47,290	31.96	441,216
	3/18/2014				14,070	28,139	56,278			867,525
	6/23/2014 <sup>(1)</sup>				5,202	10,404	20,808			332,512
Paul M. Todd		72,488	289,950	579,900						
	3/18/2014							26,244	30.83	199,454
	3/18/2014				2,887	5,774	11,548			178,012
Philip W. Tomlinson		237,763	951,050	1,902,100						
	3/18/2014							253,775	30.83	1,928,690
	3/18/2014				27,916	55,831	111,662			1,721,270
William A. Pruett		106,888	427,550	855,100						
	3/18/2014							64,891	30.83	493,172
	3/18/2014				7,138	14,276	28,552			440,129
Kenneth L. Tye		105,825	423,300	846,600						
	3/18/2014							64,246	30.83	488,270
	3/18/2014				7,067	14,134	28,268			435,751
G. Sanders Griffith, III		102,850	411,400	822,800						
	3/18/2014							62,440	30.83	474,544
	3/18/2014				6,869	13,737	27,474			423,512
James B. Lipham		96,050	384,200	768,400						
	3/18/2014							58,311	30.83	443,164
	3/18/2014				6,415	12,829	25,658			395,518

- (1) On June 23, 2014, the Compensation Committee approved the grant of performance shares and stock option awards to Mr. Woods effective August 1, 2014 in connection with his promotion to Chief Executive Officer.
- (2) The amounts shown in these columns represent the threshold, target and maximum amounts payable under the Annual Incentive Program for 2014. Awards are paid in cash and are based upon the level of attainment of certain performance measures, based on growth in revenues before reimbursable items and income from continuing operations, or operating income, as applicable.
- (3) The amounts shown represent the threshold, target and maximum payout amounts that were determined by the payout schedule approved by the Compensation Committee on March 18, 2014 for these performance share awards for the performance period from January 1, 2014 through December 31, 2016. Vesting will occur upon the Committee's certification subsequent to December 31, 2016 of the level of attainment of certain performance measures, based on compound growth in revenues before reimbursable items and income from continuing operations. Dividend equivalents equal to cash dividends will be credited to these performance shares and will be paid out in the form of TSYS stock to the extent that the performance shares are earned. Due to Mr. Lipham's retirement as an employee on December 31, 2014, he is eligible to receive only up to one-third (1/3) of the performance share award upon the Committee's certification subsequent to December 31, 2016 of the level of attainment of the performance measures.
- (4) These stock options vest in three annual installments of one-third (1/3) each, beginning on the first anniversary of the grant date, and expire ten years following the grant date. Due to Mr. Lipham's retirement as an employee on December 31, 2014, only 16,036 of the 58,311 stock options awarded to him vested and the remainder were forfeited upon his retirement.
- (5) The amounts in this column represent the aggregate grant date fair value of the stock and option awards computed in accordance with FASB ASC Topic 718. For a discussion of the assumptions used in calculating the values of the awards reported in this column, see Note 19 of Notes to Consolidated Financial Statements in TSYS' Annual Report for the year ended December 31, 2014. Pursuant to Mr. Tomlinson's Transition and Retirement Agreement, the performance shares and stock options granted to Mr. Tomlinson during 2013 and 2014 were amended to provide that any service by Mr. Tomlinson as a non-employee director will be treated as employment with TSYS for purposes of vesting. This vesting modification resulted in a Type I modification of the awards under FASB ASC Topic 718. The modification did not result in an incremental cost to TSYS.

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## 2014 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Date <sup>(1)</sup>	Option Awards			Stock Awards		
		Number of Securities Underlying	Number of Securities Underlying	Option	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested	
	Grant	Unexercised Options (#)	Unexercised Options (#)	Exercise Price (\$)	Expiration Date		
M. Troy Woods	1/31/2007	20,597		\$ 33.36	1/30/2017		
	2/6/2008	34,278		21.88	2/5/2018		
	3/31/2008	107,425		23.66	3/30/2018		
	2/3/2009	63,979		13.11	2/2/2019		
	3/31/2010	85,851		15.66	3/31/2020		
	3/15/2011	117,631		17.57	3/15/2021		
	3/29/2012	71,670	35,304	22.91	3/29/2022		
	4/1/2013	37,862	76,875	24.44	3/31/2023		
	3/18/2014		127,901	30.83	3/17/2024		
	8/1/2014		47,290	31.96	7/31/2024		
						17,613(3)	\$ 598,124
						14,248(4)	483,857
						5,234(5)	177,734
Paul M. Todd	3/15/2011	5,654		17.57	3/15/2021		
	3/29/2012	7,307	7,094	22.91	3/29/2022		
	4/1/2013	7,764	15,764	24.44	3/31/2023		

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	3/18/2014		26,244	30.83	3/17/2024			3,612(3)	122,659
								2,924(4)	99,285
Philip W. Tomlinson	1/31/2006	89,712		28.91	1/30/2016				
	1/31/2007	29,322		33.36	1/30/2017				
	2/6/2008	48,801		21.88	2/5/2018				
	3/31/2008	139,300		23.66	3/30/2018				
	3/31/2010	211,737		15.66	3/31/2020				
	3/15/2011	194,381		17.57	3/15/2021				
	3/29/2012	148,050	72,924	22.91	3/29/2022				
	4/1/2013	77,470	157,289	24.44	3/31/2023				
	3/18/2014		253,775	30.83	3/17/2024				
								36,036(3)	1,223,771
								28,269(4)	960,027
William A. Pruett	1/31/2006	39,369		28.91	1/30/2016				
	1/31/2007	13,356		33.36	1/30/2017				
	3/31/2008	46,492		23.66	3/30/2018				
	3/29/2012	18,145	17,876	22.91	3/29/2022				
	4/1/2013	19,020	38,622	24.44	3/31/2023				
	3/18/2014		64,891	30.83	3/17/2024				
								8,848(3)	300,487
								7,228(4)	245,479
Kenneth L. Tye	1/31/2007	12,647		33.36	1/30/2017				
	3/31/2008	46,492		23.66	3/30/2018				
	3/31/2010	18,301		15.66	3/31/2020				
	3/15/2011	50,910		17.57	3/15/2021				
	3/29/2012	36,289	17,876	22.91	3/29/2022				
	4/1/2013	19,020	38,622	24.44	3/31/2023				
	3/18/2014		64,246	30.83	3/17/2024				
								8,848(3)	300,487
								7,157(4)	243,037
G. Sanders Griffith, III	2/6/2008	22,058		21.88	2/5/2018				
	3/31/2008	45,330		23.66	3/30/2018				
	3/29/2012	35,280	17,380	22.91	3/29/2022				
	4/1/2013	18,470	37,501	24.44	3/31/2023				
	3/18/2014		62,440	30.83	3/17/2024				
								8,592(3)	291,781
								6,956(4)	236,211
James B. Lipham	1/31/2007	11,214		33.36	1/30/2017				
	3/29/2012	49,223		22.91	3/29/2022				
	4/1/2013	52,391		24.44	3/31/2023				
	3/18/2014	16,036		30.83	3/17/2024				
								8,042(3)	273,119
								6,496(4)	220,598

(1) For better understanding of this table, we have included an additional column showing the grant date of the stock options, which was the date that the Compensation Committee met and granted each stock option award shown in the table other than the stock option award to Mr. Woods on August 1, 2014, which was approved by the Compensation Committee on June 23, 2014.



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- (2) All of the stock options set forth in this column are the remaining unvested portions of stock option grants that, under the terms of the grant, were to vest in three equal annual installments of one-third each beginning on the first anniversary of the grant date. These unvested stock options vest as follows: the stock options granted in 2012 vest on the third anniversary of the grant date, the stock options granted in 2013 vest in two equal annual installments on the second and third anniversaries of the grant date, and the stock options granted in 2014 vest in three equal annual installments beginning on the first anniversary of the grant date. Due to Mr. Lipham's retirement, only 16,036 of the 58,311 stock options awarded to him on March 18, 2014 vested and the remainder were forfeited.
- (3) These amounts represent the number of performance shares awarded effective April 1, 2013 that will vest if the threshold level of performance is attained for the performance period from January 1, 2013 through December 31, 2015. Vesting will occur upon the Compensation Committee's certification subsequent to December 31, 2015 of the level of attainment of certain performance measures, which measures are based on revenues before reimbursable items and income from continuing operations.
- (4) These amounts represent the number of performance shares, awarded March 18, 2014, that will vest if the threshold level of performance is attained for the performance period from January 1, 2014 through December 31, 2016. Vesting will occur upon the Compensation Committee's certification subsequent to December 31, 2016 of the level of attainment of certain performance measures, which measures are based on revenues before reimbursable items and adjusted EPS from continuing operations. Due to Mr. Lipham's retirement, he is eligible to receive only up to one-third (1/3) of the performance share award upon the Committee's certification subsequent to December 31, 2016 of the level of attainment of the performance measures.
- (5) This amount represents the number of performance shares, awarded to Mr. Woods as a supplemental 2014 LTIP award upon his promotion to Chief Executive Officer, that will vest if the threshold level of performance is attained for the performance period from January 1, 2014 through December 31, 2016. Vesting will occur upon the Compensation Committee's certification subsequent to December 31, 2016 of the level of attainment of certain performance measures, which measures are based on revenues before reimbursable items and adjusted EPS from continuing operations.

**2014 OPTION EXERCISES AND STOCK VESTED**

The following table sets forth the number and corresponding value realized during 2014 with respect to stock option exercises and performance shares that vested for each named executive officer.

Name	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares Acquired	Value Realized
	Acquired on Exercise	on Exercise	on Vesting	on Vesting
	(#)	(\$) <sup>(1)</sup>	(#)	(\$) <sup>(2)</sup>
M. Troy Woods			49,235	\$ 1,741,442

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Paul M. Todd	20,372	\$ 140,498	9,894	349,951
Philip W. Tomlinson	327,178	4,384,274	101,703	3,597,235
William A. Pruett	69,746	577,604	24,931	881,809
Kenneth L. Tye	69,029	432,011	24,931	881,809
G. Sanders Griffith, III	67,484	997,184	24,237	857,263
James B. Lipham	147,746	1,138,711	22,657	801,378

(1) The value realized on exercise of stock options means the amount equal to the number of shares acquired upon exercise multiplied by the difference between the exercise price and the closing price of TSYS stock on the NYSE on the date of the stock option exercise.

(2) The value realized on vesting of performance shares means the amount equal to the number of shares acquired upon vesting multiplied by the closing price of TSYS stock on the NYSE on the date of vesting. Amounts in this column include performance shares, the performance periods for which ended on December 31, 2014 and the performance measures for which were certified by the Committee on January 30, 2015.

2014 NONQUALIFIED DEFERRED COMPENSATION

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions in Last FY	Contributions in Last FY	Earnings in Last FY	Withdrawals/ Distributions	Balance at Last FYE
	(\$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	(\$)	(\$)	(\$) <sup>(3)</sup>
M. Troy Woods	\$ 360,888	\$ 26,143	\$ 191,898		\$ 3,283,512
Paul M. Todd		7,100	7,737		106,339
Philip W. Tomlinson		12,600	100,749		2,036,010
William A. Pruett		12,600	34,249		788,692
Kenneth L. Tye		12,600	41,626		732,881
G. Sanders Griffith, III		12,600	29,612		673,086
James B. Lipham		11,568	65,833		1,875,919

(1) The amount reported in this column is reported in the 2014 Summary Compensation Table for 2014 as Salary.

(2) The amount reported in this column is reported in the 2014 Summary Compensation Table for 2014 as All Other Compensation.

(3) Of the balances reported in this column, the amounts of \$1,814,997, \$0, \$1,072,172, \$436,066, \$424,181, \$42,353 and \$416,862 with respect to Messrs. Woods, Todd, Tomlinson, Pruett, Tye, Griffith and Lipham, respectively, were reported in the Summary Compensation Table as Salary or All Other Compensation in previous years.

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The Deferred Compensation Plan replaces benefits lost by executives under the qualified Retirement Savings Plan due to IRS limits. Executives are also permitted to defer all or a portion of their base salary or short-term incentive award. Amounts deferred under the Deferred Compensation Plan are deposited into a rabbi trust, and executives are permitted to invest their accounts in mutual funds that are substantially similar to the mutual funds available in the qualified Retirement Savings Plan. Deferred Compensation Plan participants may elect to withdraw their accounts as of a specified date or upon their termination of employment. Distributions can be made in a single lump sum or in annual installments over a 2-10 year period, as elected by the executive.

**POTENTIAL PAYOUTS UPON TERMINATION OR CHANGE-IN-CONTROL**

None of our named executive officers has an employment agreement. We have entered into change of control agreements with our named executive officers. Under these agreements, benefits are payable upon the occurrence of two events (also known as a "double trigger"). The first event is a change of control and the second event is the actual or constructive termination of the executive within two years following the date of the change of control. "Change of control" is defined, in general, as the acquisition of 20% of TSYS stock by any person as defined under the Securities Exchange Act of 1934, turnover of more than one-third of the Board of Directors of TSYS, a merger of TSYS with another company, or a reorganization, sale or similar transaction, unless the former shareholders of TSYS own more than 60% of the surviving entity. For purposes of these agreements, a constructive termination is a voluntary termination for good reason when there is a material adverse reduction in an executive's position, duties or responsibilities, relocation of the executive more than 35 miles from where the executive is employed, or a material reduction in the executive's base salary, bonus or other employee benefits.

In the event payments are triggered under the agreements, each executive will receive three times his or her base salary as in effect prior to the termination, three times a percentage of his or her base salary equal to the average short-term incentive award percentage earned over the previous three calendar years prior to the termination, as well as a pro rata short-term incentive award calculated at target for the year of termination. These amounts will be paid to the executive in a single lump-sum cash payment. Each executive will also receive health and welfare benefits for a three-year period following the second triggering event. In addition, each executive will receive an amount that is designed to "gross-up" the executive for any excise taxes that are payable by the executive as a result of the payments under the agreement, but only if the total change of control payments to the executive exceed 110% of the applicable IRS cap. The Compensation Committee has adopted a policy pursuant to which it will no longer make tax gross-up payments to executive officers, except for gross-ups applicable to management employees generally, which policy is applicable to new agreements and agreements that are materially amended. In addition, our equity award agreements with named executive officers require actual or constructive termination of employment in addition to a change of control before acceleration of vesting is triggered and beginning in 2012 all award agreements provide for vesting on a pro rata basis. The following table quantifies the estimated amounts that would be payable under the change of control and equity award agreements, assuming the triggering events occurred on December 31, 2014.

	<b>3x</b>	<b>3-Years</b>	<b>Pro Rata</b>	<b>Health &amp;</b>	<b>Stock</b>	<b>Stock</b>	<b>Total</b>
	<b>Base Salary</b>	<b>Short-Term</b>	<b>Target</b>	<b>Welfare</b>	<b>Award</b>	<b>Option</b>	
		<b>Incentive</b>	<b>Short-</b>	<b>Benefits</b>	<b>Vesting<sup>(1)</sup></b>	<b>Vesting<sup>(2)</sup></b>	
		<b>Award</b>	<b>Term</b>				



**Incentive****Award**

M. Troy Woods	\$ 2,400,000	\$ 2,041,680	\$ 821,500	\$ 57,492	\$ 1,234,946 <sup>(3)</sup>	\$ 1,245,052 <sup>(3)</sup>	\$ 7,800,670
Paul M. Todd	1,230,000	678,468	289,950	57,492	229,065	145,025	2,416,956 <sup>(4)</sup>
Philip W. Tomlinson	2,100,000	1,786,470	951,242	57,492	2,265,086 <sup>(3)</sup>	2,521,636 <sup>(3)</sup>	9,681,926
William A. Pruet	1,509,000	1,105,493	427,550	57,492	562,655	360,390	4,022,580
Kenneth L. Tye	1,494,000	1,002,922	423,300	57,492	561,032 <sup>(3)</sup>	614,980 <sup>(3)</sup>	4,153,726
G. Sanders Griffith, III	1,452,000	1,052,119	411,400	57,492	544,922	349,649	3,867,582
James B. Lipham	1,356,000	982,422	384,200	57,492			2,780,114

(1) Estimated by multiplying the performance share awards that vest upon termination in connection with a change of control by the fair market value of TSYS stock on December 31, 2014.

(2) Estimated by multiplying the number of options that vest upon termination in connection with a change of control by the difference in the fair market value of TSYS stock on December 31, 2014 and the exercise price.

(3) Vesting determined by applicable retirement vesting schedule because executive was eligible to retire on date of assumed triggering events.

(4) Capped at maximum amount payable without incurring an excise tax under Section 4999 of the IRC.

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Executives who receive these benefits are subject to a confidentiality obligation with respect to secret and confidential information about TSYS. There are no provisions regarding a waiver of this confidentiality obligation. No perquisites or other personal benefits are payable under the change of control agreements.

The Nonqualified Deferred Compensation table sets forth the amount and form of deferred compensation benefits that the named executive officers would be entitled to receive upon their termination of employment.

In addition to vesting upon actual or constructive termination of employment in connection with a change of control (on a pro rata basis beginning in 2012), outstanding stock options and performance share awards may vest when named executive officers terminate employment under other circumstances as follows:

Stock options held by the named executive officers generally vest upon death, disability or retirement after attaining age 62; provided, however, that some grants are subject to more restrictive vesting provisions; and

Performance share awards will vest at target upon death or disability or in accordance with actual performance upon retirement after attaining age 62; provided, however, that the amount paid will be a pro rata portion based on the date of death, disability or retirement.

The Committee also has discretionary authority to vest equity awards.

### *Mr. Tomlinson's Transition and Retirement and Consulting Arrangements*

In June 2014, Mr. Tomlinson notified our Board of his decision to retire as the Chief Executive Officer effective July 31, 2014 but to remain as an executive officer and Chairman of the Board until the 2015 Annual Meeting. In his role as Executive Chairman, Mr. Tomlinson is assisting in the smooth and orderly transition of our executive leadership and providing support for our business development activities by working to maintain client relationships.

In connection with his retirement as Chief Executive Officer, in June 2014 we entered into a Transition and Retirement Agreement ( Retirement Agreement ) with him. The key terms are as follows:

Mr. Tomlinson will remain employed by us as Executive Chairman until the 2015 Annual Meeting.

Effective August 1, 2014 and through the date of the 2015 Annual Meeting, Mr. Tomlinson's annual base salary was reduced to \$700,000 and prorated on a calendar year basis.

His cash bonus under the AIP was based on his actual base salary for 2014, taking into account the reduction in his salary for the year.

The option and performance share awards we granted to him during 2012 under the LTIP for the 2012-2014 performance period continue to vest in accordance with their terms for so long as Mr. Tomlinson is employed as our Executive Chairman.

Mr. Tomlinson is not eligible for bonuses or equity or other awards under the AIP or LTIP for periods beginning after December 31, 2014.

The options and performance share awards we granted to him during 2013 and 2014 were amended to provide that if Mr. Tomlinson is elected as one of our non-employee directors at the 2015 Annual Meeting, his continuous service as a non-employee director from and after the 2015 Annual Meeting will be treated as employment with TSYS for purposes of vesting, and his termination of service as a non-employee director will be treated as a termination of employment under the awards.

We also entered into a Restrictive Covenant Agreement and a Consulting Agreement with him in June 2014. Under the Restrictive Covenant Agreement, Mr. Tomlinson has agreed to certain non-disclosure, non-competition, non-solicitation and non-disparagement covenants for a period of two years from and after the date when he retires from his position as a director of TSYS. The Consulting Agreement will commence upon Mr. Tomlinson's retirement. He has agreed to serve as a consultant to us for a period of two years following his retirement, providing consulting services related to business development, maintenance of client relationships, executive and board development and such other matters as may be requested by the Chief Executive Officer. We will pay Mr. Tomlinson \$500,000 per year during the term of the Consulting Agreement. We may terminate the Consulting Agreement if Mr. Tomlinson breaches any obligation under the Consulting Agreement, the Retirement Agreement, the Restrictive Covenant Agreement, or any other agreement with us.

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Compensation Committee Interlocks and Insider Participation

Mr. Cloninger, Mr. Driver and Mr. Lampton served on the Compensation Committee during 2014. None of these individuals is or has been an officer or employee of TSYS. During 2014, no member of the Compensation Committee was an executive officer of another entity on whose compensation committee or board of directors any executive officer of TSYS served.

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In accordance with Section 14A of the Securities Exchange Act of 1934, we are asking shareholders to approve, on an advisory basis, the compensation paid to our named executive officers as described in the Executive Compensation section found on pages 27 to 51 of this Proxy Statement. As described above in the Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

**How Our Executive Compensation Program**

<b>Objective</b>	<b>Achieves This Objective</b>
Pay for Performance	Tying a significant portion of each named executive officer's targeted total direct compensation to the achievement of performance goals
Alignment with Shareholder Interests	Establishing performance metrics under our LTIP and AIP that are designed to focus executives on the strategic objectives of TSYS
Commitment to Compensation Best Practices	Minimal executive perquisites Clawback policy for incentive compensation awards Stock ownership and retention requirements No tax gross-up policy for new agreements
Attract and Retain Top Talent	Competing effectively for the highest quality people who will determine our long-term success

We urge shareholders to read the Compensation Discussion and Analysis beginning on page 27 of this Proxy Statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives. The Compensation Committee and the Board believe that our compensation policies and procedures are effective in achieving our goals and that the compensation of our named executive officers reported in this Proxy Statement has contributed to TSYS' long-term success.

We are asking shareholders to approve the following advisory resolution:

**RESOLVED**, that the shareholders of TSYS approve, on an advisory basis, the compensation of TSYS' named executive officers disclosed pursuant to the rules of the Securities and Exchange Commission in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in this Proxy Statement for TSYS' 2015 Annual Meeting of Shareholders.

This advisory resolution, commonly referred to as a "say-on-pay" resolution, is non-binding on the Board. Although the advisory vote is non-binding, the Board and the Compensation Committee value the opinions of our shareholders, and will continue to review and consider the voting results when making future decisions regarding our executive compensation program. The Board has determined to hold annual advisory votes on executive compensation. Accordingly, the next advisory vote on executive compensation will occur at the 2016 Annual Meeting of

Shareholders, unless the Board modifies its policy on the frequency of holding such advisory votes.

**The Board of Directors Recommends That You Vote FOR the Approval of the Advisory Resolution Approving the Compensation of Our Named Executive Officers.**

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The following table sets forth the number of shares of TSYS stock held by the only known holders of more than 5% of the outstanding shares of TSYS stock as of December 31, 2014. The share ownership shown in the table below was obtained from SEC Schedule 13G filings by each of the owners set forth in the table below.

Name and Address of Beneficial Owner	Shares of TSYS	Percentage of Outstanding Shares
	Stock Beneficially Owned as of 12/31/14	of TSYS Stock Beneficially Owned as of 12/31/14
BlackRock, Inc. 55 East 52nd Street New York, New York 10022	11,263,174 <sup>(1)</sup>	6.1%
FMR LLC 245 Summer Street Boston, Massachusetts 02210	23,486,322 <sup>(2)</sup>	12.6%
Synovus Financial Corp. 1111 Bay Avenue, Suite 500 Columbus, Georgia 31901	14,635,748 <sup>(3)</sup>	7.9%
The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	12,503,393 <sup>(4)</sup>	6.7%

(1) As of December 31, 2014, BlackRock, Inc. and its subsidiaries possessed sole voting power with respect to 9,730,775 TSYS shares and sole investment power with respect to 11,263,174 TSYS shares.

(2) As of December 31, 2014, FMR LLC and its subsidiaries possessed sole voting power with respect to 2,853,939 TSYS shares and sole investment power with respect to 23,486,322 TSYS shares.

(3) As of December 31, 2014, Synovus and its subsidiaries possessed sole voting power with respect to 13,758,452 TSYS shares, shared voting power with respect to 32,463 TSYS shares, sole investment power with respect to 14,460,383 TSYS shares and shared investment power with respect to 155,994 TSYS shares.

(4) As of December 31, 2014, The Vanguard Group and its subsidiaries possessed sole voting power with respect to 282,080 TSYS shares, sole investment power with respect to 12,231,494 TSYS shares and shared investment power with respect to 271,899 TSYS shares.

Section 16(a) of the Securities Exchange Act of 1934 requires TSYS officers and directors, and persons who own more than ten percent of TSYS stock, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with

the SEC.

To TSYS knowledge, based solely on its review of such reports submitted to TSYS, and written representations from certain reporting persons that no Forms 5 were required for those persons, TSYS believes that during the fiscal year ended December 31, 2014 all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with, except that one transaction was reported late on one report for Dorenda Weaver and for Mr. Turner.

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In order for a shareholder proposal to be considered for inclusion in TSYS Proxy Statement for the 2016 Annual Meeting of Shareholders, the written proposal must be received by the Corporate Secretary of TSYS at the address below. The Corporate Secretary must receive the proposal no later than November 17, 2015. The proposal will also need to comply with the SEC's regulations under Rule 14a-8 regarding the inclusion of shareholder proposals in company sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary  
Total System Services, Inc.  
One TSYS Way  
Columbus, Georgia 31901

For a shareholder proposal that is not intended to be included in TSYS Proxy Statement for the 2016 Annual Meeting of Shareholders, or if you want to nominate a person for election as a director, you must provide written notice to the Corporate Secretary at the address above. The Secretary must receive this notice not earlier than December 30, 2015 and not later than January 29, 2016. The notice of a proposed item of business must provide information as required in the bylaws of TSYS which, in general, require that the notice include for each matter a brief description of the matter to be brought before the meeting; the reason for bringing the matter before the meeting; your name, address, and number of shares you own beneficially or of record; any material interest you have in the proposal; and a representation that you are a shareholder of record entitled to vote at the meeting and that you intend to appear in person or by proxy at the meeting to bring the matter before the meeting.

The notice of a proposed director nomination must provide information as required in the bylaws of TSYS which, in general, require that the notice of a director nomination include your name, address and the number of shares you own beneficially or of record; a representation that you are a shareholder of record entitled to vote at the meeting and that you intend to appear in person or by proxy at the meeting to nominate the person or persons named in the notice; any arrangements between you and each proposed nominee and any other person pursuant to which the nomination is being made; the name, age, business address, residence address and principal occupation of the nominee; and the number of shares owned beneficially or of record by the nominee. It must also include the information that would be required to be disclosed in the solicitation of proxies for the election of a director under federal securities laws. You must submit the nominee's consent to be elected and to serve. A copy of the bylaw requirements will be provided upon request to the Corporate Secretary at the address above.

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### Financial Information

Detailed financial information for TSYS and its subsidiaries for its 2014 fiscal year is included in TSYS' 2014 Annual Report that is being provided to TSYS' shareholders together with this Proxy Statement. The Annual Report and this Proxy Statement are also posted to our website at <http://annualreport.tsys.com>.

### Solicitation of Proxies

TSYS will pay the cost of soliciting proxies. Proxies may be solicited on behalf of TSYS by directors, officers or employees by mail, in person or by telephone, facsimile or other electronic means. TSYS will reimburse brokerage firms, nominees, custodians and fiduciaries for their out-of-pocket expenses for forwarding proxy materials to beneficial owners. In addition, TSYS has retained D.F. King & Co., Inc. to assist in the solicitation of proxies for a fee of \$12,500, plus reimbursement of reasonable out-of-pocket expenses.

### Householding

The SEC's proxy rules permit companies and intermediaries, such as brokers and banks, to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement to those shareholders. This method of delivery, often referred to as householding, should reduce the amount of duplicate information that shareholders receive and lower printing and mailing costs for companies. TSYS and certain intermediaries are householding proxy materials for shareholders of record in connection with the Annual Meeting. This means that:

Only one Notice of Internet Availability of Proxy Materials or Proxy Statement and Annual Report will be delivered to multiple shareholders sharing an address unless you notify us or your broker or bank to the contrary;

You can contact TSYS by calling (706) 644-4918 or by writing Senior Director of Investor Relations, Total System Services, Inc., P.O. Box 2567, Columbus, Georgia 31902 to request a separate copy of the Notice of Internet Availability of Proxy Materials or Annual Report and Proxy Statement for the Annual Meeting and for future meetings or, if you are currently receiving multiple copies, to receive only a single copy in the future or you can contact your bank or broker to make a similar request; and

You can request delivery of a single copy of the Notice of Internet Availability of Proxy Materials, Annual Report or Proxy Statements from your bank or broker if you share the same address as another TSYS shareholder and your bank or broker has determined to household proxy materials.

The above Notice of Annual Meeting and Proxy Statement are sent by Order of the TSYS Board of Directors.

M. Troy Woods

President and

Chief Executive Officer

March 16, 2015

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*TOTAL SYSTEM SERVICES, INC.*

*P.O. BOX 2506*

*COLUMBUS, GA 31902-2506*

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com) or scan the QR Barcode above**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by TSYS in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to TSYS, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.****TOTAL SYSTEM  
SERVICES, INC.****THE BOARD OF  
DIRECTORS  
RECOMMENDS A  
VOTE FOR ALL  
NOMINEES IN  
PROPOSAL 1 AND FOR  
PROPOSALS 2 AND 3.**

<b>1. Election of 14 Nominees as Directors:</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>		<b>For</b>	<b>Against</b>	<b>Abstain</b>
1a. James H. Blanchard	..	..	..				
1b. Kriss Cloninger III	..	..	..				
1c. Walter W. Driver, Jr.	..	..	..	1j. Philip W. Tomlinson	..	..	..
1d. Gardiner W. Garrard, Jr.	..	..	..	1k. John T. Turner	..	..	..
1e. Sidney E. Harris	..	..	..	1l. Richard W. Ussery	..	..	..
1f. William M. Isaac	..	..	..	1m. M. Troy Woods	..	..	..
1g. Mason H. Lampton	..	..	..	1n. James D. Yancey	..	..	..
1h. Connie D. McDaniel	..	..	..	<b>2. Ratification of the appointment of KPMG LLP as TSYS independent auditor for the year 2015.</b>	..	..	..
1i. H. Lynn Page	..	..	..	<b>3. Approval of the advisory resolution to</b>	..	..	..

**approve executive  
compensation.**

For address changes and/or comments,  
please check this box and write them on the  
back where indicated.

.. **The undersigned hereby  
acknowledges receipt of  
NOTICE of the ANNUAL  
MEETING and the  
PROXY STATEMENT  
and hereby revokes all  
Proxies previously given by  
the undersigned for the  
ANNUAL MEETING.**

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature [PLEASE    Date  
SIGN WITHIN  
BOX]

Signature (Joint    Date  
Owners)

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**Important notice regarding the Internet availability of proxy materials for the**

**Annual Meeting of Shareholders:**

The Notice and Proxy Statement and the 2014 Annual Report to Shareholders are available at:

<http://annualreport.tsys.com>

M81906-P59579-Z64906

**TOTAL SYSTEM SERVICES, INC.**

**POST OFFICE BOX 2506, COLUMBUS, GEORGIA 31902-2506**

**ANNUAL MEETING OF SHAREHOLDERS OF TSYS TO BE HELD April 28, 2015**

**SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF TSYS**

By signing on the reverse side, I hereby appoint Dorenda K. Weaver and Joseph J. Bialoncik as Proxies, each of them singly and each with power of substitution, to vote all shares of Common Stock of TSYS of the undersigned or with respect to which the undersigned is entitled to vote on February 18, 2015 at the ANNUAL MEETING OF THE SHAREHOLDERS OF TSYS to be held on the 28th day of April, 2015, and at any adjournments or postponements thereof.

The Board of Directors is not aware of any matters likely to be presented for action at the Annual Meeting of Shareholders of TSYS, other than the matters listed herein. However, if any other matters are properly brought before the Annual Meeting, the persons named in this Proxy or their substitutes will vote upon such other matters in accordance with their best judgment. This Proxy is revocable at any time prior to its use.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED. IN THE ABSENCE OF SPECIFIC INSTRUCTIONS, THIS PROXY WILL BE**

**VOTED FOR ALL DIRECTOR NOMINEES IN PROPOSAL 1 AND FOR PROPOSALS 2 AND 3, AND ACCORDING TO THE DISCRETION OF THE PROXY HOLDERS ON ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.**

**IF YOU DO NOT VOTE BY PHONE OR OVER THE INTERNET, PLEASE VOTE, DATE AND SIGN ON THE REVERSE SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.**

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**(Continued and to be signed on the reverse side.)**



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**\*\*\* Exercise Your *Right* to Vote \*\*\***  
**Important Notice Regarding the Availability of Proxy Materials for the**  
**Shareholder Meeting to Be Held on April 28, 2015.**

**TOTAL SYSTEM SERVICES, INC.**

**Meeting Information**

**Meeting Type:** Annual Meeting

**For holders as of:** February 18, 2015

*TOTAL SYSTEM SERVICES, INC.*

*P.O. BOX 2506*

*COLUMBUS, GA 31902-2506*

**Date:** April 28, 2015      **Time:** 10:00 AM EDT

**Location:** TSYS Riverfront Campus Auditorium

One TSYS Way

Columbus, Georgia 31901

You are receiving this communication because you hold shares in the company named above.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at [www.proxyvote.com](http://www.proxyvote.com), scan the QR Barcode on the reverse side, or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

**See the reverse side of this notice to obtain proxy materials and voting instructions.**

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**Before You Vote**

*How to Access the Proxy Materials*

**Proxy Materials Available to VIEW or RECEIVE:**

NOTICE AND PROXY STATEMENT

2014 ANNUAL REPORT

**How to View Online:**

Have the information that is printed in the box marked by the arrow (located on the following page) and visit: [www.proxyvote.com](http://www.proxyvote.com), or scan the QR Barcode below.

**How to Request and Receive a PAPER or E-MAIL Copy:**

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy.

Please choose one of the following methods to make your request:

- 1) *BY INTERNET*: [www.proxyvote.com](http://www.proxyvote.com)
- 2) *BY TELEPHONE*: 1-800-579-1639
- 3) *BY E-MAIL\**: [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com)

\* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor.

Please make the request as instructed above on or before April 14, 2015 to facilitate timely delivery.

## **How To Vote**

*Please Choose One of the Following Voting Methods*

**Vote In Person:** Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

**Vote By Internet:** Go to [www.proxyvote.com](http://www.proxyvote.com) or from a smart phone, scan the QR Barcode above. Have the information that is printed in the box marked by the arrow (located on the following page) available and follow the instructions.

**Vote By Mail:** You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

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**Voting Items**

**THE BOARD OF DIRECTORS RECOMMENDS A  
VOTE FOR ALL NOMINEES IN PROPOSAL 1  
AND FOR PROPOSALS 2 AND 3.**

**1. Election of 14 Nominees as Directors:**

- 1a. James H. Blanchard
- 1b. Kriss Cloninger III
- 1c. Walter W. Driver, Jr.
- 1d. Gardiner W. Garrard, Jr.
- 1e. Sidney E. Harris
- 1f. William M. Isaac
- 1g. Mason H. Lampton
- 1h. Connie D. McDaniel
- 1i. H. Lynn Page
- 1j. Philip W. Tomlinson
- 1k. John T. Turner
- 1l. Richard W. Ussery
- 1m. M. Troy Woods

**2. Ratification of the appointment of  
KPMG LLP as TSYS independent auditor  
for the year 2015.**

**3. Approval of the advisory resolution to  
approve executive compensation.**

**NOTE:** Such other business as may properly  
come before the meeting or any adjournment  
thereof.

1n. James D. Yancey

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