

TOTAL SYSTEM SERVICES INC

Form 424B3

May 09, 2018

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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-210148

**The information in this Preliminary Prospectus Supplement is not complete and may be changed. This Preliminary Prospectus Supplement and the accompanying Prospectus do not constitute an offer to sell these securities, or a solicitation of an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.**

**Subject to completion, dated May 9, 2018**

**Prospectus Supplement**

**(to Prospectus dated March 14, 2016)**

**Total System Services, Inc.**

\$ % Senior Notes Due

\$ % Senior Notes Due

*Interest payable and*

We are offering \$ aggregate principal amount of % Senior Notes due (the notes ) and \$ aggregate principal amount of % Senior Notes due (the notes ), which we collectively refer to as the notes. The notes will mature on , and the notes will mature on , . We will pay interest on the notes on and of each year, beginning on , 2018. The notes of each series will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

We may redeem some or all of the notes of each series, at any time or from time to time, together with accrued and unpaid interest, at the applicable redemption prices described in Description of Notes Optional Redemption. Upon the occurrence of a Change of Control Repurchase Event (as defined herein), we will be required to make an offer to purchase the notes at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest to, but excluding, the date of purchase. See Description of Notes Change of Control for more information.

The notes will be our unsecured senior obligations and will rank equally in right of payment with all of our other unsecured senior indebtedness outstanding from time to time. The notes will not be listed on any national securities exchange. Currently there are no public markets for the notes.

**Investing in the notes involves risks. You should consider carefully the risks set forth in Risk Factors beginning on page S-4, as well as the risks set forth in our other filings with the Securities and Exchange Commission, which are incorporated by reference in this prospectus supplement and the accompanying prospectus, before investing in the notes.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

		<b>Price to public(1)</b>	<b>Underwriting discounts</b>	<b>Proceeds to us (before expenses)(1)</b>
Per	note	%	%	%
notes total		\$	\$	\$
Per	note	%	%	%
notes total		\$	\$	\$
Total		\$	\$	\$

(1) Plus accrued interest, if any, from , 2018, if settlement occurs after that date.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on or about , 2018.

*Joint Book-Running Managers*

**BofA Merrill Lynch**

, 2018

**J.P. Morgan**

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**About This Prospectus Supplement**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus together with the additional information described below under the heading **Where You Can Find More Information**.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to *TSYS*, *we*, *us*, *our* or similar references mean Total System Services, Inc. and its subsidiaries. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

Neither we nor the underwriters have authorized anyone to provide you with information other than the information contained in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference, or any free writing prospectus that we prepare and distribute. Neither we nor the underwriters take any responsibility for, or provide any assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying prospectus and any such free writing prospectus may be used only for the purposes for which they have been prepared.

Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus filed by us with the Securities and Exchange Commission (the SEC) or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase, any of the securities and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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**Where You Can Find More Information**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public from the SEC's web site at <http://www.sec.gov>. To receive copies of public records not posted to the SEC's web site at prescribed rates, you may complete an online form at <http://www.sec.gov>, send a fax to (202) 772-9337 or submit a written request to the SEC, Office of FOIA/PA Operations, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than, in each case, information deemed to have been furnished and not filed in accordance with SEC rules), prior to the termination of this offering:

our Annual Report on Form 10-K, as amended by Form 10-K/A, for the year ended December 31, 2017, including Exhibit 13.1 filed thereto ( "Exhibit 13.1" );

the portions of the Definitive Proxy Statement on Schedule 14A for our Annual Meeting of Shareholders held on April 26, 2018 incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 2017;

our Quarterly Report on Form 10-Q for the period ended March 31, 2018; and

our Current Reports on Form 8-K filed January 11, 2018, April 24, 2018 (pursuant to Items 1.01, 2.03 and 9.01 only) and April 27, 2018.

You may request a copy of these filings (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing), at no cost, by writing or calling us at the following address:

Senior Director of Investor Relations

Total System Services, Inc.

One TSYS Way

Columbus, Georgia 31901

Telephone: (706) 644-4918

We have also filed a registration statement with the SEC relating to the securities offered by this prospectus supplement and the accompanying prospectus. This prospectus supplement is part of the registration statement. You may obtain from the SEC a copy of the registration statement and exhibits that we filed with the SEC. The registration

statement may contain additional information that may be important to you.

Unless otherwise indicated, currency amounts in this prospectus supplement are stated in U.S. dollars.

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**Special Note Regarding Forward-Looking Statements**

The prospectus supplement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. We may also make forward-looking statements in reports filed with the SEC that we incorporate by reference in this prospectus supplement. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "plans," "estimates," "intends," "shall" or similar expressions, but these are not exclusive means of identifying these statements. Any forward-looking statements are based on beliefs and assumptions of our management, and on information currently available to our management.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results may differ materially from those in the forward-looking statements contained in this prospectus supplement or incorporated by reference in this document. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. These factors include, but are not limited to, the following:

the material breach of security of any of our systems and software;

our incurrence of expenses associated with the signing of a significant client;

organic growth rates for our existing clients being lower than anticipated whether as a result of unemployment rates, card delinquencies and charge off rates or otherwise or attrition rates of existing clients being higher than anticipated;

conversions and deconversions of client portfolios may not occur as scheduled;

risks associated with our foreign operations, including adverse developments with respect to foreign currency exchange rates, and in particular with respect to the current environment, adverse developments with respect to foreign currency exchange rates as a result of the United Kingdom's decision to leave the European Union (Brexit);

adverse developments with respect to entering into contracts with new clients and retaining current clients;

consolidation in the financial services and other industries, including the merger of our clients with entities that are not our processing clients, the sale of portfolios by our clients to entities that are not our processing clients and financial institutions which are our clients otherwise ceasing to exist;

the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act on us and our clients;

adverse developments with respect to the payment card industry in general, including a decline in the use of cards as a payment mechanism;

the impact of potential and completed acquisitions, particularly the completed TransFirst acquisition and recently completed acquisition of Cayan Holdings LLC and PCP MW Holding Corp. (the Cayan Acquisition ), including the costs associated therewith, their being more difficult to integrate than anticipated, and the inability to achieve the anticipated growth opportunities and other benefits of the acquisitions;

the costs and effects of litigation, investigations or similar matters or adverse facts and developments relating thereto;

the impact of the application of or changes in accounting principles;

our inability to timely, successfully and cost-effectively improve and implement processing systems to provide new products, increased functionality and increased efficiencies;

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our reliance on financial institution sponsors;

the potential for our systems and software to contain undetected errors, viruses, or defects;

changes that occur in laws, rules, regulations, credit card association rules, prepaid industry rules, or other industry standards affecting us and our clients that may result in costly new compliance burdens on us and our clients and lead to a decrease in the volume or number of transactions processed or limit the types and amounts of fees that can be charged to customers and in particular the Consumer Financial Protection Bureau's (CFPB's) new rule regarding prepaid financial products, including its effective date;

the success of Netspend's business expansion strategies to offset the loss of revenue from the CFPB's new rule regarding prepaid financial products which will depend on, among other things, the rate of adoption of Netspend's new products both by consumers and its distribution partners, the rate of utilization of the various product features by cardholders and market and regulatory dynamics, and, in addition, the costs of compliance associated with the new rule;

our ability to obtain and protect our own patents and intellectual property and also avoid liability for infringement of third-party rights;

one or more of the assumptions upon which our earnings guidance for 2018 is based being inaccurate;

the effect of current domestic and worldwide economic and geopolitical conditions;

the impact on our business, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts;

other risk factors described in the "Risk Factors" and other sections of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and other filings with the Securities and Exchange Commission; and

our ability to manage the foregoing and other risks.

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### **Summary**

*This summary highlights information contained or incorporated by reference in this prospectus supplement, but does not contain all of the information that you should consider in making your investment decision. You should read this summary together with the more detailed information appearing elsewhere in this prospectus supplement and the information in the documents incorporated by reference into this prospectus supplement. You should carefully consider, among other things, the matters discussed in the sections titled **Risk Factors** below and in our SEC reports that are incorporated by reference into this prospectus supplement.*

### **Total System Services, Inc.**

We are a global payment solutions provider that provides payment processing services, merchant services and related payment services to financial and nonfinancial institutions. In addition, we also provide general purpose reloadable ( GPR ) prepaid and payroll cards, demand deposit accounts and other financial service solutions to the under-banked and other consumers and businesses. We provide our services through three operating segments: Issuer Solutions, Merchant Solutions and Netspend.

Through our Issuer Solutions segment, we process information through cardholder systems to financial and nonfinancial institutions throughout the United States and internationally. Our Merchant Solutions segment provides merchant services to merchant acquirers and merchants primarily in the United States. Our Netspend segment provides financial service solutions to consumers and businesses in the United States.

For the year ended December 31, 2017, our revenues were \$4.93 billion and our net income attributable to TSYS common shareholders was \$586.2 million. For the quarter ended March 31, 2018, our revenues were \$987.2 million and our net income attributable to TSYS common shareholders was \$141.8 million.

Our principal executive offices are located at One TSYS Way, Columbus, Georgia, 31901. Our telephone number at that address is (706) 649-2310. We maintain a website at [www.tsys.com](http://www.tsys.com). None of the information on our website is part of this prospectus supplement.

### **New Revolving Loan Facility**

On April 23, 2018, we entered into a new \$1.75 billion revolving senior credit facility (the New Revolving Loan Facility ) with Bank of America, N.A., as Administrative Agent and L/C Issuer, JPMorgan Chase Bank, N.A., as Syndication Agent, MUFG Bank, Ltd., Capital One, N.A., Regions Bank, SunTrust Bank, TD Bank, N.A., U.S. Bank National Association and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the other lenders party thereto, with Bank of America, N.A. and JPMorgan Chase Bank, N.A., MUFG Bank, Ltd., Capital One, N.A., Regions Bank, SunTrust Robinson Humphrey, Inc., TD Securities (USA) LLC, U.S. Bank National Association and Wells Fargo Securities, LLC as joint lead arrangers and joint bookrunners. The New Revolving Loan Facility provides us with an up to \$1.75 billion five-year revolving credit facility, which will include a \$50 million sublimit for the issuance of standby letters of credit.

The New Revolving Loan Facility was used to repay (i) in full, borrowings under that certain Credit Agreement dated February 23, 2016, among the Company, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto, as amended (the 2016 Credit Facility ), and (ii) in part, borrowings under that certain Credit Agreement dated January 10, 2018, among the Company and Bank of America, N.A., as administrative agent and the lenders party thereto, as amended (the 2018 Bilateral Credit Facility ).

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**The Offering**

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes.

<b>Issuer</b>	Total System Services, Inc., a Georgia corporation.
<b>Notes Offered</b>	<p>\$ aggregate principal amount of % Senior Notes due .</p> <p>\$ aggregate principal amount of % Senior Notes due .</p>
<b>Maturity</b>	The notes will mature on , and the notes will mature on , .
<b>Interest</b>	The notes will bear interest at a rate of % per annum. The notes will bear interest at a rate of % per annum. All interest on the notes will accrue from , 2018.
<b>Interest Payment Dates</b>	Each and beginning on , 2018, and on the respective maturity dates.
<b>Ranking</b>	<p>Each series of the notes will be senior unsecured obligations of Total System Services, Inc. and will rank equally with each other and with all existing and future senior unsecured indebtedness of Total System Services, Inc. from time to time outstanding. As of March 31, 2018, we had on a consolidated basis approximately \$4.1 billion of unsubordinated debt outstanding, all of which was unsecured, including amounts outstanding under bank credit facilities. As of March 31, 2018, after giving pro forma effect to this offering and the New Revolving Loan Facility and the application of the proceeds therefrom, we would have had on a consolidated basis approximately \$4.1 billion of unsubordinated debt outstanding, all of which would have been unsecured.</p> <p>All existing and future liabilities of our subsidiaries will be effectively senior to the notes. As of March 31, 2018, our subsidiaries had outstanding approximately \$599.1 million of total liabilities (excluding</p>

intercompany liabilities).

**Optional Redemption**

We may redeem some or all of the notes of each series at any time or from time to time at the redemption prices equal to the amounts indicated in Description of Notes Optional Redemption.

**Change of Control**

Upon the occurrence of a Change of Control Repurchase Event, we will be required to make an offer to purchase each series of notes at a price equal to 101% of their respective principal amounts plus accrued and unpaid interest to the date of repurchase. See Description of Notes Change of Control.

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**Form and Denomination**

The notes of each series will be issued in the form of one or more fully registered global securities, without coupons, in denominations of \$2,000 in principal amount and integral multiples of \$1,000 in excess thereof. These global notes will be deposited with the trustee as custodian for, and registered in the name of, a nominee of The Depository Trust Company, or DTC. Except in the limited circumstances described in Description of Notes Book-Entry Settlement and Clearance, notes in certificated form will not be issued or exchanged for interests in global securities.

**Use of Proceeds**

The net proceeds from this offering will be approximately \$ million, after deducting the underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from this offering to repay (i) all of our outstanding 2.375% Senior Notes due June 1, 2018 (the 2018 Notes ) at maturity, (ii) all of our remaining outstanding indebtedness under the 2018 Bilateral Credit Facility and (iii) with any remaining amounts, a portion of the \$1.34 billion outstanding under our New Revolving Loan Facility. See Use of Proceeds.

**Further Issuances**

We may from time to time issue additional notes of any series of notes offered by this prospectus supplement, so that such additional notes will be consolidated and form a single series with such series of notes.

**Sinking Fund**

None.

**Trading**

Each series of the notes will constitute a new issue of securities for which there is no existing trading market. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in the notes of each series, but they are not obligated to do so and may discontinue making a market at any time without notice.

See Underwriting for more information about possible market-making activities by the underwriters.

**Trustee**

Regions Bank.

**Governing Law**

State of New York.

**Risk Factors**

You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and the documents incorporated herein by reference. In particular, you should evaluate the information set forth under **Special Note Regarding Forward-Looking Statements** and **Risk Factors** in this prospectus supplement and **Item 1A. Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference herein, before deciding whether to invest in the notes.

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**Risk Factors**

*Investing in the notes involves risks. In considering whether to purchase the notes, you should carefully consider all of the information set forth in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to this offering filed by us with the SEC and the documents incorporated by reference herein and therein. In particular, you should carefully consider the specific risks described below in addition to the risks described under the heading Item 1A. Risk Factors contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference herein. You could lose part or all of your investment.*

*The risks and uncertainties discussed in this prospectus supplement, and in the documents incorporated by reference herein, are those we currently believe may materially affect us. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may materially and adversely affect our business, financial condition and results of operations.*

**Risks relating to the notes**

***Your ability to transfer the notes may be limited since there are no public markets for the notes, and we do not know if active trading markets will ever develop, or, if markets do develop, whether they will be sustained.***

Each series of the notes will constitute a new issue of securities for which there is no existing trading market. We do not intend to apply for listing or quotation of the notes on any securities exchange or stock market. We cannot assure you as to the development or liquidity of any trading markets for the notes. The underwriters have advised us that they currently intend to make a market in the notes of each series, as permitted by applicable laws and regulations. However, the underwriters are not obligated to do so, and they may discontinue any market-making activities with respect to the notes at any time without notice. If no active trading markets develop, you may be unable to resell your notes at any price or at their fair market value.

The liquidity and trading prices of the notes in any market that may develop will depend on a number of factors, including:

our credit ratings with major credit rating agencies;

the prevailing interest rates being paid by other companies similar to us;

the market price of our common shares;

our financial condition, operating performance and future prospects;

the market for similar securities;

the overall condition of the financial markets; and



the interest of securities dealers in making a market for the notes.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the prices of the notes. Therefore, we cannot assure you that you will be able to sell your notes at a particular time or that the prices that you receive when you sell your notes will be favorable.

***Changes in our credit ratings may adversely affect the value of the notes.***

In connection with this offering, we expect to receive credit ratings for the notes from Moody's Investors Service, Inc. and Standard & Poor's Ratings Services. These ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of any such rating may be obtained from such rating

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agency. There can be no assurance that the original credit ratings for the notes will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Additionally, credit rating agencies evaluate the industries in which we operate as a whole and may change their credit rating for us based on their overall view of such industries. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the notes and increase our corporate borrowing costs.

### ***We may be unable to generate the cash flow to service our debt obligations, including the notes.***

We cannot assure you that our business will generate sufficient cash flow to enable us to service our indebtedness, including the notes, or to make anticipated capital expenditures. Our ability to pay our expenses and satisfy our debt obligations, refinance our debt obligations and fund planned capital expenditures will depend on our future performance, which will be affected by general economic, financial, competitive, legislative, regulatory and other factors beyond our control. Based upon current levels of operations, we believe cash flow from operations and available cash will be adequate for the foreseeable future to meet our anticipated requirements for working capital, capital expenditures and scheduled payments of principal and interest on our indebtedness, including the notes. However, if we are unable to generate sufficient cash flow from operations or to borrow sufficient funds in the future to service our debt, we may be required to sell assets, reduce capital expenditures, refinance all or a portion of our existing debt (including the notes) or obtain additional financing. We cannot assure you that we will be able to refinance our debt, sell assets or borrow more money on terms acceptable to us, if at all.

### ***We may still be able to incur substantially more debt.***

We may be able to incur substantial indebtedness in the future. The terms of the indenture governing the notes will not prohibit us from doing so. If we incur any additional indebtedness that ranks equally with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company.

### ***The provisions of the notes relating to change of control transactions will not necessarily protect you in the event of a highly leveraged transaction.***

The terms of the notes will not necessarily afford you protection in the event of a highly leveraged transaction that may adversely affect the value of the notes, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or otherwise adversely affect the holders of the notes. These transactions may not involve a change in voting power or beneficial ownership or, even if they do, may not involve a change of the magnitude required under the definition of Change of Control Repurchase Event in the indenture governing the notes to trigger the protections described in this prospectus supplement, notably that the transactions are accompanied or followed within 60 days by a downgrade in the rating of the notes, following which the notes are no longer rated investment grade. If any such transaction should occur, the value of your notes may decline.

### ***The terms of the notes do not provide protection against some types of important corporate events and may not protect your investment, and the negative covenants that are included in the indenture that will govern the notes may have limited effect.***

The indenture governing the notes will not, among other things:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, will not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

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restrict our ability to repurchase or prepay our securities or other indebtedness; or

restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

The indenture governing the notes will contain covenants limiting our ability to create certain liens on our properties, enter into certain sale and leaseback transactions with respect to our properties, and consolidate or merge with, or convey, transfer or lease all or substantially all our assets, taken as a whole, to, another person. However, the covenants limiting liens and sale and leaseback transactions contain exceptions that will allow us to incur liens with respect to material assets. For these reasons, you should not consider the covenants in the indenture governing the notes as a significant factor in evaluating whether to invest in the new notes. See Description of Notes Certain Covenants.

***The notes will be effectively subordinated in right of payment to any secured indebtedness to the extent of the assets securing such indebtedness.***

The notes are our senior unsecured general obligations and will be effectively subordinated in right of payment to any existing or future secured indebtedness to the extent of the assets securing such indebtedness. Although the indenture governing the notes will limit our ability to incur liens on our property, the notes will be effectively subordinated to any debt secured by any such property. In the event of our liquidation or insolvency or other events of default on any such secured debt or upon acceleration of the notes in accordance with their terms, we will be permitted to make payment on the notes only after any such secured debt has been paid up to the value of the assets securing such debt. After paying any such secured debt, we may not have sufficient assets remaining to pay any or all amounts due on the notes. In the event of our bankruptcy, liquidation or reorganization or upon acceleration of the notes, payment on the notes could be less, ratably, than on any such secured debt.

***The notes are the obligations of Total System Services, Inc. and not obligations of our subsidiaries and will be structurally subordinated to any indebtedness of our subsidiaries. Structural subordination increases the risk that we will be unable to meet our obligations on the notes.***

In addition to the notes offered hereby, the indenture governing the notes will permit us and our subsidiaries to incur additional indebtedness. The notes will be structurally subordinated to any indebtedness incurred by our subsidiaries. Our subsidiaries are separate and distinct legal entities, and none of our subsidiaries will guarantee the notes or otherwise have any obligations to make payments in respect of the notes. As a result, claims of holders of the notes will be effectively subordinated to the indebtedness and other liabilities of our subsidiaries.

Our cash flow and our ability to meet our obligations on the notes when they mature is partially dependent upon the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries will have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries earnings and other business considerations. Our right to receive any assets of any subsidiary upon its bankruptcy, liquidation, dissolution or similar proceeding, and, therefore, our right to participate in those assets, will be effectively subordinated to the claims of creditors of that subsidiary, including trade creditors, and following payment by that subsidiary of its liabilities, the subsidiary may not have sufficient assets remaining to make payments to us as a shareholder or otherwise. In addition, even if we were a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to the indebtedness held by us.

***We may not be able to purchase the notes upon a change of control repurchase event.***

We will be required to offer to purchase all outstanding notes upon the occurrence of a Change of Control Repurchase Event (as described in Description of Notes Change of Control ). Such repurchase at the option

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of holders would be at a price equal to 101% of the aggregate principal amount outstanding on the date of such Change of Control Repurchase Event, plus accrued and unpaid interest from the date of initial issuance to, but excluding, the repurchase date. If we do not have sufficient funds to pay the repurchase price for all of the notes to be repurchased, an event of default under the indenture governing the notes would occur. We would need to seek third-party financing to the extent we do not have available funds to meet our repurchase obligation. However, we cannot assure you that we would be able to obtain such financing. In addition, our ability to repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to make cash payments in respect of notes to be repurchased would cause a default under the indenture governing the notes, which could result in defaults under our other debt agreements and have material adverse consequences for us and the holders of the notes.

***You may not be able to determine when a Change of Control Repurchase Event has occurred and may not be able to require us to purchase the notes as a result of a change in the composition of the directors on our board.***

The definition of change of control, which is a condition precedent to a Change of Control Repurchase Event, includes a phrase relating to the sale, lease or transfer of all or substantially all of our assets. There is no precisely established definition of the phrase substantially all under applicable law. Accordingly, your ability to require us to repurchase your notes as a result of a sale, lease or transfer of less than all of our assets to another individual, group or entity may be uncertain.

In addition, the Delaware Chancery Court has held that incumbent directors are permitted to approve as a continuing director any person, including one nominated by a dissident stockholder and not recommended by the board of directors, as long as the approval is granted in good faith and in accordance with the board's fiduciary duties. Accordingly, you may not be able to require us to purchase your notes as a result of a change in the composition of our board of directors unless a court were to find that such approval was not granted in good faith or violated the board's fiduciary duties. The court also observed that certain provisions in indentures, such as continuing director provisions, could function to entrench an incumbent board of directors and could raise enforcement concerns if adopted in violation of a board's fiduciary duties. If such a provision were found unenforceable, you would not be able to require us to purchase your notes upon a change of control resulting from a change in the composition of our board. See Description of Notes Change of Control.

***Restrictive covenants in the indenture governing the notes and our bank credit facilities including the New Revolving Loan Facility may adversely affect our ability to operate our business.***

The indenture governing the notes will contain various covenants that limit our ability and the ability of our subsidiaries to, among other things:

incur liens;

enter into sale-leaseback transactions; and

consolidate or merge with or into, or sell substantially all of our assets to, another person.

The Change of Control Repurchase Event provisions described above may deter certain mergers, tender offers and other takeover attempts involving us by increasing the capital required to effectuate such transactions. In addition, our

bank credit facilities also contain other and more restrictive covenants. Our bank credit facilities require us to maintain specified financial ratios and satisfy other financial condition tests. As a result of these covenants and conditions, we will be limited in the manner in which we can conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Accordingly, these restrictions may limit our ability to successfully operate our business. A failure to comply with these restrictions could lead to an event of default, which could result in an acceleration of the notes. Our future operating results may not be sufficient to enable compliance with these covenants to remedy any such default. In addition, in the event of an acceleration, we may not have or be able to obtain sufficient funds to make any accelerated payments, including those under the notes. See Description of Notes Certain Covenants.

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*Redemption may adversely affect your return on the notes.*

We have the right to redeem some or all of the notes prior to maturity, as described in Description of Notes Optional Redemption. We may redeem the notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in comparable securities at effective interest rates as high as those of the notes.

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**Use of Proceeds**

The net proceeds from this offering will be approximately \$ , after deducting the underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from this offering to repay (i) all of our outstanding 2018 Notes at maturity, (ii) all of our remaining outstanding indebtedness under the 2018 Bilateral Credit Facility and (iii) with any remaining amounts, a portion of the \$1.34 billion outstanding under our New Revolving Loan Facility.

The 2018 Notes accrue interest at a rate of 2.375% per year and mature on June 1, 2018. The 2018 Bilateral Credit Facility accrues interest at a rate equal to LIBOR + 1.5% per annum and is due January 10, 2020. We are obligated to pay a facility fee equal to 0.2% per annum on the total principal amount of the New Revolving Loan Facility and interest on outstanding principal amounts accrues at a rate equal to LIBOR + 1.3% per annum, subject to adjustment based on our credit rating. The New Revolving Loan Facility is due April 23, 2023.

Amounts outstanding under the New Revolving Loan Facility were used to repay (i) in full, our outstanding loans under our 2016 Credit Facility and (ii) in part, our outstanding loans under our 2018 Bilateral Credit Facility, which were drawn, in part, to finance our recently completed Cayan Acquisition.

**Table of Contents****Ratio of Earnings to Fixed Charges**

The following table sets forth our historical consolidated ratio of earnings to fixed charges for each of the periods indicated. This ratio shows the extent to which our business generates enough earnings after payment of all expenses other than interest and income taxes to make interest payments on debt.

	<b>Year ended December 31,</b>					<b>Three months ended</b>
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>March 31, 2018</b>
Ratio of earnings to fixed charges(1)	10.5x	9.5x	11.5x	4.8x	6.0x	4.9x

- (1) For purposes of this ratio, earnings consists of income from before income taxes and fixed charges, and fixed charges consist of interest on indebtedness, amortization of debt issuance costs and debt discounts and expense and the amount of rental payments on operating leases which management believes is a reasonable approximation of the interest factor related to rental payments.

**Table of Contents****Selected Financial Data**

The following table summarizes our financial information. We prepared this information using our audited consolidated financial statements for each of the years in the five-year period ended December 31, 2017, and our unaudited consolidated financial statements as of and for the quarters ended March 31, 2017 and March 31, 2018. The unaudited consolidated financial statements as of and for the quarters ended March 31, 2017 and March 31, 2018 were prepared on a basis consistent with our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the financial information. The results for any interim period are not necessarily indicative of the results that may be expected for the full year. You should read this information in conjunction with Exhibit 13.1 and our audited consolidated financial statements and notes and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2017, and our unaudited consolidated financial statements and notes and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which are incorporated herein by reference. See [Where You Can Find More Information](#). This selected consolidated historical financial data does not necessarily indicate the results to be expected in the future.

in thousands, except per share data)	Year ended December 31,					Three Months ended	
	2013	2014	2015	2016	2017	March 31, 2017	March 31, 2018(1)
<b>Income Statement Data:</b>							
Total revenues	\$ 2,064,305	2,446,877	2,779,541	4,170,077	4,927,965	1,184,725	987,170
Operating income	\$ 382,500	431,640	534,107	573,382	734,044	167,183	188,271
Income from continuing operations, net of tax	\$ 254,542	280,751	367,630	325,972	592,216	107,107	143,102
Income from discontinued operations, net of tax	\$ 2,055	48,655	1,411				
Net income	\$ 256,597	329,406	369,041	325,972	592,216	107,107	143,102
Net income attributable to noncontrolling interests	\$ (11,847)	(6,534)	(4,997)	(6,334)	(6,031)	(1,239)	(1,261)
Net income attributable to TSYS common shareholders	\$ 244,750	322,872	364,044	319,638	586,185	105,868	141,841
<b>Basic earnings per share (EPS)* attributable to TSYS common shareholders:</b>							
Income from continuing operations	\$ 1.31	1.48	1.97	1.74	3.19	0.58	0.78
Gain (Loss) from discontinued operations	\$ (0.01)	0.26	0.01				
Net income	\$ 1.30	1.73	1.98	1.74	3.19	0.58	0.78

**Diluted EPS\* attributable to TSYS  
common shareholders:**

Income from continuing operations	\$	1.30	1.47	1.96	1.73	3.16	0.57	0.77
Gain (Loss) from discontinued operations	\$	(0.01)	0.25	0.01				
Net income	\$	1.29	1.72	1.97	1.73	3.16	0.57	0.77
Cash dividends declared per share	\$	0.40	0.40	0.40	0.40	0.46	0.10	0.13

**Balance Sheet Data:**

Cash and cash equivalents	\$	247,700	289,183	389,328	425,354	450,357	464,740	493,207
Total assets	\$	3,677,077	3,725,652	3,877,895	6,366,177	6,331,689	6,350,680	7,531,717
Obligations under long-term debt, capital leases and license agreements, excluding current portion	\$	1,426,260	1,397,483	1,377,541	3,313,276	2,628,002	3,229,137	3,326,536
Total shareholders' equity	\$	1,602,426	1,699,644	1,848,682	2,099,920	2,240,993	2,144,730	2,394,574

\* Note: Basic and diluted EPS amounts for continuing operations and net income do not total due to rounding.

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(1) On January 1, 2018, TSYS adopted Accounting Standards Codification (ASC) 606 ( ASC 606 ), using the modified retrospective transition method. Under this method, TSYS could elect to apply the cumulative effect method to either all contracts as of the date of initial application or only to contracts that are not complete as of that date. TSYS elected to apply the modified retrospective method to contracts that are not complete as of January 1, 2018. The cumulative impact of adopting the standard as of January 1, 2018 was a decrease in opening retained earnings of \$4.4 million. The most significant impact of adopting ASC 606 in 2018 is primarily the result of gross versus net presentation of interchange and payment network fees. In 2018, these fees collected on behalf of the payment networks and card issuers are presented net of the amounts paid to them, as opposed to the gross presentation for certain of these fees in 2017.

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**Table of Contents****Capitalization**

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2018 on:

an actual basis; and

a pro forma basis to give effect to this offering and the anticipated application of the proceeds therefrom to repay the 2018 Bilateral Credit Facility and a portion of the New Revolving Loan Facility, and the New Revolving Loan Facility and the application of the proceeds therefrom to repay the 2016 Credit Facility and a portion of the 2018 Bilateral Credit Facility.

You should read this table in conjunction with our consolidated financial statements, the related notes and the other financial information contained in our Quarterly Report on Form 10-Q for the period ended March 31, 2018, which is incorporated by reference into this prospectus supplement.

(in thousands)	At March 31, 2018	
	Actual	Pro forma
Cash and cash equivalents	\$ 493,207	\$
Long-term debt (including current portion)		
2016 Credit Facility	\$ 1,033,790(1)	\$
2018 Bilateral Credit Facility	450,000	
% Senior Notes due offered hereby		
% Senior Notes due offered hereby		
New Revolving Loan Facility(2)		
Other long-term debt	2,658,311	(3)
Total long-term debt	4,142,101	
Total shareholders' equity	2,394,574	
Redeemable noncontrolling interests	126,000	
Total equity	2,520,574	
Total capitalization	\$ 6,662,675	\$

- (1) Includes \$370 million outstanding under the term loan facility and \$665 million outstanding under the revolving term loan.
- (2) As of March 31, 2018, on a pro forma basis, we would have had commitments available to be borrowed under our New Revolving Loan Facility of approximately \$ million.
- (3) Includes repayment at maturity of \$550 million aggregate principal amount outstanding under the 2018 Notes.

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### **Description of Notes**

The description of notes in this prospectus supplement is only a summary and is intended to be a useful overview of the material provisions of the notes and the Indenture (as defined below), but is not intended to be comprehensive. Since this description of notes is only a summary of the specific terms of the notes offered hereby, you should refer to the Indenture and the global note relating to each series of the notes for a complete description of our obligations and your rights in respect of the notes.

The \_\_\_\_\_ notes and the \_\_\_\_\_ notes (together, the *notes*) are two separate series of debt securities as described in the accompanying prospectus. We will issue the notes under an indenture dated as of March 17, 2016 between the Company, as issuer, and Regions Bank, as trustee (the *Indenture*). The terms of the \_\_\_\_\_ notes and the \_\_\_\_\_ notes include those expressly set forth in the Indenture and the applicable global note with respect to each such series, and those made part of the Indenture by referencing the Trust Indenture Act of 1939.

We may at any time, without notice to or the consent of the holders of the notes, issue an unlimited principal amount of additional notes of either series having identical terms and conditions as the respective series of notes, other than the issue date, issue price and, in some cases, the first interest payment date. We will be permitted to issue such additional notes only if, at the time of such issuance, we are in compliance with the covenants contained in the Indenture. Any additional notes will be part of the same issue as the same series of notes offered hereby and will vote on all matters with the holders of such notes.

When we refer to *we*, *us*, *our* or *the Company* in this section, we refer only to TSYS and not our subsidiaries.

### **General**

The notes will be our senior unsecured and unsubordinated indebtedness and will rank equally with all of our existing and future senior unsecured and unsubordinated indebtedness. Because the notes will not be secured, they will be effectively subordinated to any future secured indebtedness we incur to the extent of the value of the collateral securing that indebtedness.

The \_\_\_\_\_ notes will be initially limited to the \$ \_\_\_\_\_ aggregate principal amount being offered in this offering and the \_\_\_\_\_ notes will be initially limited to the \$ \_\_\_\_\_ aggregate principal amount being offered in this offering. The notes will be issued in the form of one or more fully registered global securities, without coupons, in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The \_\_\_\_\_ notes will mature on \_\_\_\_\_, and the \_\_\_\_\_ notes will mature on \_\_\_\_\_, (in each case, the *maturity date*), in each case unless earlier redeemed or repurchased by us. Upon surrender on the applicable maturity date, each series of notes will be repaid at 100% of its principal amount.

The \_\_\_\_\_ notes will bear interest at the rate of \_\_\_\_\_ % per annum and the \_\_\_\_\_ notes will bear an interest rate of \_\_\_\_\_ % per annum, each from \_\_\_\_\_, 2018, or from the most recent interest payment date through which interest has been paid or provided for. Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the notes will be payable semi-annually on each \_\_\_\_\_ and \_\_\_\_\_ (each such date is referred to as an *interest payment date*), beginning on \_\_\_\_\_, 2018, until the principal amount has been paid or made available for payment, to holders of notes at the close of business on \_\_\_\_\_ or \_\_\_\_\_, as the case may be, immediately preceding the applicable interest payment date (each such date is referred to as an *interest record date*). If any interest payment date, maturity date or redemption date falls on a day that is not a Business Day, the payment will be made on the next Business Day, and no interest will accrue for the period from and after such interest payment date, maturity date or redemption date. A *Business Day* means any day that is not a Saturday, a Sunday or a



day on which banking institutions are authorized or required to be closed in the State of New York.

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### **Ranking**

The notes will be senior unsecured and unsubordinated indebtedness and will rank equally with all of our existing and future senior unsecured and unsubordinated indebtedness. However, the notes are structurally subordinated to the indebtedness of any of our subsidiaries and will be effectively subordinated to any future secured indebtedness to the extent of the value of the assets securing such indebtedness.

As of March 31, 2018, our subsidiaries had approximately \$599.1 million of outstanding liabilities to third parties, all of which would effectively rank senior to the notes.

### **Optional redemption**

The notes will be redeemable, at our option, in whole or in part, at any time or from time to time, upon not less than 30 nor more than 60 days' notice. Upon redemption of the notes, we will pay a redemption price equal to the greater of:

100% of the principal amount of the notes to be redeemed; and

the sum of the present values of the Remaining Scheduled Payments (as defined below) of the notes to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus \_\_\_\_\_ basis points in the case of the \_\_\_\_\_ notes or \_\_\_\_\_ basis points in the case of the \_\_\_\_\_ notes, provided that the principal amount of a note remaining outstanding after redemption in part will be \$2,000 or an integral multiple of \$1,000 in excess thereof;

in each case, plus accrued and unpaid interest thereon to, but excluding, the redemption date. If the redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person (as defined below) in whose name the note is registered at the close of business on such interest record date, and no additional interest is payable to holders whose notes will be subject to redemption by us.

On or after \_\_\_\_\_, \_\_\_\_\_ ( \_\_\_\_\_ months prior to the maturity date of the \_\_\_\_\_ notes), with respect to the \_\_\_\_\_ notes, or \_\_\_\_\_, \_\_\_\_\_ ( \_\_\_\_\_ months prior to the maturity date of the \_\_\_\_\_ notes), with respect to the \_\_\_\_\_ notes, the \_\_\_\_\_ notes and the \_\_\_\_\_ notes, as applicable, will be redeemable, at our option, in whole or in part, at any time or from time to time, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest thereon to, but excluding, the redemption date. Except as described above, we may not redeem the \_\_\_\_\_ notes prior to their maturity.

For purposes of this Optional Redemption section, the following terms have the following meanings:

*Comparable Treasury Issue* means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes to be redeemed.

*Comparable Treasury Price* means, with respect to any redemption date, the Reference Treasury Dealer Quotations for that redemption date.

*Independent Investment Banker* means the Reference Treasury Dealer appointed by us.

*Reference Treasury Dealer* means each of (i) each of Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, and their respective successors; *provided, however*, that if either of the

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foregoing shall cease to be a primary U.S. Government securities dealer in New York City, we shall substitute therefor another primary U.S. Government securities dealer in New York City and (ii) one or more other nationally recognized investment banking firms that are primary U.S. Government securities dealers specified from time to time by us so long as the entity is a primary U.S. Government securities dealer in New York City.

*Reference Treasury Dealer Quotations* means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date, after excluding the highest and lowest of such quotations, unless we obtain fewer than four such quotations, in which case the average of all of such quotations.

*Remaining Scheduled Payments* means, with respect to each note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related date of redemption thereof but for the redemption; *provided, however*, that, if that date of redemption is not an interest payment date with respect to such note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon from the preceding interest payment date to that redemption date.

*Treasury Rate* means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity, computed as of the third Business Day immediately preceding that redemption date, of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Notice of any redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed. If less than all the notes of a series are to be redeemed, the notes to be redeemed shall be selected on a pro rata basis by the trustee not more than 60 days before the redemption date by such method as complies with the procedures of the Depository Trust Company ( *DTC* ). Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

Except as described above, the notes will not be redeemable by us prior to maturity and will not be entitled to the benefit of any sinking fund.

We may acquire notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture or applicable law.

## **Change of control**

If a Change of Control Repurchase Event occurs, unless we have exercised our right to redeem all of the notes as described under *Optional Redemption*, each holder will have the right to require us to repurchase all or any part (equal to \$2,000 and integral multiples of \$1,000 in excess thereof) of such holder's notes at a purchase price in cash equal to 101% of the principal amount of the notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant interest record date to receive interest due on the relevant interest payment date) (the *Change of Control Payment* ); *provided* that after giving effect to the purchase, any notes that remain outstanding shall have a denomination of \$2,000 or integral multiples of \$1,000 in excess thereof.

Within 30 days following any Change of Control Repurchase Event, or, at our option, prior to any Change of Control but after any public announcement of the transaction that constitutes or may constitute the Change of Control, unless we have exercised our right to redeem all of the notes as described under     Optional

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Redemption, we will mail with a copy to the trustee or cause the trustee to mail a notice by first-class mail to each holder, stating:

that such Change of Control Repurchase Event has occurred and that such holder has the right to require us to repurchase such holder's notes at a purchase price in cash equal to 101% of the principal amount of the notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant interest record date to receive interest due on the relevant interest payment date) (the *Change of Control Payment*);

the date of repurchase (which shall be no earlier than 30 days nor later than 60 days from the date the Change of Control Offer is mailed, other than as may be required by law) (the *Change of Control Payment Date*);

the procedures determined by us, consistent with the Indenture, that a holder must follow in order to have its notes repurchased; and

The notice will, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, we will, to the extent lawful:

accept for payment all notes or portions of notes (equal to \$2,000 and integral multiples of \$1,000 in excess thereof) properly tendered and not properly withdrawn pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes so tendered; and

deliver or cause to be delivered to the trustee the notes so accepted together with an officer's certificate stating the aggregate principal amount of notes or portions of notes being repurchased by us.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a note is registered at the close of business on such interest record date, and no additional interest will be payable to holders who tender pursuant to the Change of Control Offer.

Except as described above with respect to a Change of Control Repurchase Event, the Indenture does not contain provisions that permit the holders to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

We will not be required to make the Change of Control Offer upon a Change of Control Repurchase Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the

requirements set forth in the Indenture applicable to a Change of Control Offer made by us and repurchases all notes validly tendered and not withdrawn under the Change of Control Offer.

We will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act in connection with the repurchase of notes pursuant to the Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations described in the Indenture by virtue of the conflict.

Our ability to repurchase notes pursuant to the Change of Control Offer may be limited by a number of factors. Certain events that may constitute a change of control under the indebtedness of us and our subsidiaries and cause a default under the agreements related to such indebtedness but may not constitute a Change of Control Repurchase Event under the Indenture. Future indebtedness of ours and our subsidiaries may also contain

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prohibitions of certain events that would constitute a Change of Control Repurchase Event or require such indebtedness to be repurchased upon a Change of Control Repurchase Event. Moreover, the exercise by the holders of their right to require us to repurchase the notes could cause a default under such indebtedness, even if a Change of Control Repurchase Event itself does not, due to the financial effect of such repurchase on us. Finally, our ability to pay cash to the holders upon a repurchase may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. See Risk Factors Risks Relating to the Notes We may not be able to purchase the notes upon a change of control repurchase event.

The definition of Change of Control below includes a disposition of all or substantially all of our property and assets and our subsidiaries taken as a whole to any Person. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of all or substantially all of the property or assets of a Person. As a result, it may be unclear as to whether or not a Change of Control, and thus a Change of Control Repurchase Event, has occurred and whether or not a holder of notes may require us to make an offer to repurchase the notes as described above.

The provisions under the Indenture relative to our obligation to make an offer to repurchase the notes as a result of a Change of Control Repurchase Event may be waived or modified with the written consent of the holders of a majority in principal amount of the outstanding notes.

For purposes of this Change of Control section, the following terms have the following meanings:

*Change of Control* means:

the consummation of any transaction (including any merger or consolidation) the result of which is that any Person or group of related Persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such Person or group shall be deemed to have beneficial ownership of all shares that any such Person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of our Voting Stock (for the purposes of this clause, such Person or group shall be deemed to beneficially own any of our Voting Stock held by a parent entity if such Person or group is the beneficial owner, directly or indirectly, of a majority of the voting power of the Voting Stock of such parent entity);

we consolidate with, or merge with or into, any Person, or any Person consolidates with, or merge with or into us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or the outstanding Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction;

the first day on which a majority of the members of our board of directors cease to be Continuing Directors;



the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries taken as a whole to any Person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than to us or one of our subsidiaries; or

the adoption by our stockholders of a plan or proposal for our liquidation or dissolution.

Notwithstanding the foregoing, a transaction will not be considered to be a Change of Control if (a) we become a direct or indirect wholly-owned subsidiary of a holding company and (b) immediately following that

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transaction, (1) the direct or indirect holders of the Voting Stock of the holding company are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (2) no Person or group is the beneficial owner, directly or indirectly, of more than a majority of the Voting Stock of the holding company.

*Change of Control Repurchase Event* means the occurrence of both a Change of Control and a Rating Event. No Change of Control Repurchase Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

*Continuing Directors* means, as of any date of determination, any member of our board of directors who (a) was a member of our board of directors on the closing date of this offering or (b) was nominated for election or elected to our board of directors with the approval of a majority of the Continuing Directors who were members of our board of directors at the time of such nomination or election (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

*Investment Grade* means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's); and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P).

*Moody's* means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

*Rating Agency* means each of S&P and Moody's or, to the extent S&P or Moody's do not make a rating on the notes publicly available, a nationally recognized statistical rating organization (as such term is defined in Section 3(a)(62) of the Exchange Act) or organizations, as the case may be, selected by us (as certified by a resolution of our board of directors), which shall be substituted for S&P or Moody's, as the case may be.

*Rating Event* means with respect to a series of notes the occurrence of the events described in (a), (b) or (c) below during the period commencing on the date of our first public announcement of any Change of Control (or pending Change of Control) (the rating date) and ending 60 days following consummation of such Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by either Rating Agency): (a) in the event the notes are rated by both Rating Agencies on the rating date as investment grade, the rating of such notes shall be reduced so that such notes are rated below investment grade by both rating agencies, (b) in the event the notes (1) are rated Investment Grade by one Rating Agency and below Investment Grade by the other Rating Agency on the rating date, the rating of such notes by such Rating Agency rating such notes as Investment Grade shall be decreased by one or more gradations (including gradations within rating categories, as well as between rating categories) so that such notes are then rated below Investment Grade by both Rating Agencies or (2) are rated below Investment Grade by both Rating Agencies on the rating date, the rating of such notes by either Rating Agency shall be decreased by one or more gradations (including gradations within rating categories, as well as between rating categories) or (c) fewer than two Rating Agencies provide a rating for the notes.

*S&P* means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

*Voting Stock* of any specified Person as of any date means the capital stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such Person.

## **Certain covenants**

The Indenture will contain the following covenants in respect of each series of notes offered hereby.

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### ***Limitations on liens***

We will not (nor will we permit any of our subsidiaries to) create or incur any Lien (as defined below) on any of our or our subsidiaries' Properties (as defined below), whether now owned or hereafter acquired, or upon any income or profits therefrom, in order to secure any of our Indebtedness (as defined below) or that of any of our subsidiaries, without effectively providing that the notes shall be equally and ratably secured until such time as such Indebtedness is no longer secured by such Lien, except:

- (1) Liens existing as of the issue date of the notes or that we or any of our subsidiaries have agreed to pursuant to the terms of agreements existing on the issue date;
- (2) Liens granted after the issue date, created in favor of the holders of the notes;
- (3) Liens securing our Indebtedness or the Indebtedness of any of our subsidiaries which are incurred to extend, renew or refinance Indebtedness which is secured by Liens permitted to be incurred (or were permitted to be incurred at the time of such incurrence) under the Indenture so long as such Liens are limited to all or part of substantially the same Property which secured the Liens extended, renewed or replaced and the amount of Indebtedness secured is not increased (other than by the amount equal to any costs and expenses (including any premiums, fees or penalties) incurred in connection with any extension, renewal or refinancing); and
- (4) Permitted Liens (as defined below).

Notwithstanding the foregoing, we and any of our subsidiaries may create, assume, incur or guarantee Indebtedness secured by a Lien without equally and ratably securing the notes; *provided* that at the time of such creation, assumption, incurrence or guarantee, after giving effect thereto and to the retirement of any Indebtedness that is being retired substantially concurrent with any such creation, assumption, incurrence or guarantee, the sum of (a) the aggregate amount of all outstanding Indebtedness secured by Liens other than Liens described in clauses (1) through (4) above and (b) the Attributable Debt (as defined below) of all of our and our subsidiaries' Sale/Leaseback Transactions (as defined below) permitted by the last paragraph under Limitation on Sale/Leaseback Transactions, does not at such time exceed 10% of Consolidated Total Assets (as defined below).

### ***Limitation on sale/leaseback transactions***

We will not, and will not permit any of our subsidiaries to, enter into any Sale/Leaseback Transaction (as defined below) with respect to any real or personal property, whether now owned or hereafter acquired by us or any of our subsidiaries, unless:

- (1) we or such subsidiary would, at the time of entering into such arrangement, be able to incur Indebtedness secured by a Lien on the Property involved in the transaction at least equal in amount to the Attributable Debt with respect to such Sale/Leaseback Transaction, without equally and ratably securing the notes under the covenant described in Limitation on Liens; or

- (2) the net proceeds of the sale of the Property to be leased are at least equal to such Property's fair market value, as determined by our board of directors, and the proceeds are applied within 365 days of the effective date of the Sale/Leaseback Transaction to the purchase, construction, development or acquisition of assets or to the repayment of any of our Indebtedness that ranks equally with the notes or any Indebtedness of our subsidiaries; *provided* that the amount required to be applied to the repayment of any such Indebtedness pursuant to this clause (2) shall be reduced by the principal amount of any notes delivered within 365 days after such sale to the trustee for retirement and cancellation.

This restriction does not apply to Sale/Leaseback Transactions:

entered into prior to the date of issuance of the notes;

between us and any wholly-owned subsidiary, or between wholly-owned subsidiaries;

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involving leases for a period of no longer than three years (or which may be terminated without penalty by us or such subsidiary within a period of not more than three years); or

in which the lease for the Property or asset is entered into within 180 days after the date of acquisition, completion of construction or commencement of full operations of such Property or asset, whichever is latest.

A *Sale/Leaseback Transaction* means an arrangement relating to Property now owned or hereafter acquired whereby either we transfer, or any of our subsidiaries transfers, such Property to a Person and either we or any of our subsidiaries leases it back from such Person.

Notwithstanding the restrictions outlined in the preceding paragraphs, we and our subsidiaries will be permitted to enter into Sale/Leaseback Transactions that would otherwise be subject to such restrictions, without complying with the requirements of clauses (1) and (2) above, if, after giving effect thereto, the aggregate amount of all Attributable Debt with respect to Sale/Leaseback Transactions existing at such time that could not have been entered into except for the provisions described in this paragraph, together with the aggregate amount of all outstanding Indebtedness secured by Liens permitted under the last paragraph under Limitation on Liens, does not exceed 10% of Consolidated Total Assets.

### ***Consolidation, merger or sale of assets***

We will not consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of our Property and assets (in one transaction or a series of related transactions), unless:

- (1) (i) we shall be the continuing Person or (ii) the Person (if other than us) formed by such consolidation or into which we are merged, or to which our Properties and assets shall be sold, conveyed, transferred or leased, shall be a Person organized and validly existing under the laws of the United States of America or any jurisdiction thereof and shall expressly assume, by a supplemental indenture, executed and delivered to the trustee, all of our obligations on the notes of each series and under the Indenture;
- (2) immediately after giving effect to the transaction referred to in clause (1), no Event of Default or any event that is, or after notice or passage of time or both would be, an Event of Default, shall have occurred and be continuing; and
- (3) we shall have delivered to the trustee (A) an opinion of counsel stating that such consolidation, merger or sale, conveyance, transfer or lease and such supplemental indenture (if any) complies with the relevant provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and that such supplemental indenture (if any) constitutes the legal, valid and binding obligation of the Company and any such successor enforceable against such entity in accordance with its terms, subject to customary exceptions and (B) an officer's certificate to the effect that immediately after giving effect to such transaction, no default shall have occurred and be continuing.

Upon any consolidation or merger, or any sale, conveyance, transfer, lease or other disposition of all or substantially all of our Property and assets in accordance with the foregoing, the successor Person formed by such consolidation or into which we are merged or to which such sale, conveyance, transfer, lease or other disposition is made shall succeed

to, and be substituted for, and may exercise every right and power of, us under the Indenture with the same effect as if such successor Person had been named in our place in the Indenture and thereafter the predecessor Person, except in the case of a lease, shall be relieved of all obligations and covenants under the Indenture and the notes.

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### **Definitions**

For purposes of this Description of Notes section, the following terms have the following meanings:

*Attributable Debt* means, when used in connection with a Sale/Leaseback Transaction, at the time of determination, the lesser of:

- (1) the fair value of such Property (as determined in good faith by our board of directors); and
- (2) the present value of the total net amount of rent (for the avoidance of doubt, net amount of rent excludes amounts required to be paid on account of maintenance and repairs, reconstruction insurance, taxes, assessments, water rates and similar charges and contingent rates, such as those based on net sales) required to be paid under the lease related to such Property during the remaining term thereof (including any renewal term or period for which such lease has been extended). In the case of any lease which is terminable by the lessee upon the payment of a penalty, such present value shall be the lesser of (i) the present value determined assuming termination upon the first date such lease may be terminated (in which case the present value shall also include the amount of the penalty, but shall not include any rent that would be required to be paid under such lease subsequent to the first date upon which it may be terminated) or (ii) the present value assuming no such termination, discounted at the rate of interest set forth or implicit in the terms of such lease, compounded semiannually as determined by our principal accounting or financial officer.

*Capital Lease* means any Indebtedness represented by a lease obligation of a person incurred with respect to real property or equipment acquired or leased by such person and used in its business that is required to be recorded as a capital lease in accordance with GAAP.

*Consolidated Total Assets* means, as of any date on which we effect a transaction requiring such Consolidated Total Assets to be measured hereunder, the total assets of us and our subsidiaries, on a consolidated basis, as reflected on our most recent consolidated balance sheet and computed in accordance with GAAP applied on a consistent basis.

*GAAP* means with respect to any computations required or permitted under the Indenture, generally accepted accounting principles in effect in the United States as in effect from time to time; *provided* that, if the Company is required by the SEC to adopt (or is permitted to adopt and so adopts) a different accounting framework, including but not limited to the International Financial Reporting Standards, GAAP shall mean such new accounting framework as in effect from time to time, including, without limitation, in each case, those accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

*Hedging Obligations* means:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;



- (2) other agreements or arrangements designed to manage interest rates or interest rate risk;
  - (3) other agreements or arrangements designed to protect against fluctuations in currency exchange rates or commodity prices; and
  - (4) other agreements or arrangements designed to protect against fluctuations in equity securities prices.
- Indebtedness* of any specified person means, without duplication, any indebtedness, whether or not contingent, in respect of borrowed money or that is evidenced by bonds, notes, debentures or similar instruments

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or letters of credit (or reimbursement agreements with respect thereto) or representing the balance deferred and unpaid of the purchase price of any Property (including pursuant to Capital Leases), except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness would appear as a liability upon an unconsolidated balance sheet of such person (but does not include contingent liabilities which appear only in a footnote to a balance sheet). In addition, the term *Indebtedness* includes all of the following items, whether or not any such items would appear as a liability on a balance sheet of the specified person in accordance with GAAP:

- (1) all Indebtedness of others secured by a Lien on any asset of the specified person (whether or not such Indebtedness is assumed by the specified person); and
- (2) to the extent not otherwise included, any guarantee by the specified person of Indebtedness of any other person. *Lien* means a mortgage, security interest, pledge, lien, charge or other encumbrance.

*Permitted Liens* means:

- (1) Liens securing Indebtedness in respect of Capital Leases and purchase money obligations for fixed or capital assets; provided that (x) such Liens are created at the time of, or within 365 days after, the acquisition of such Property; (y) such Liens do not at any time encumber any Property other than the Property financed by such Indebtedness (and the proceeds thereof); and (z) the Indebtedness secured thereby does not on the date of acquisition exceed the cost or fair market value, whichever is lower, of the Property being acquired;
- (2) any Lien on any improvement or refurbishment to a Property securing Indebtedness incurred for the purposes of financing all or any part of the cost of improving or refurbishing such asset; provided that (x) such Liens are created at the time of, or within 365 days after, the improvement or refurbishment of such Property; (y) such Liens do not at any time encumber any Property other than the Property financed by such Indebtedness (and the proceeds thereof); and (z) the Indebtedness secured thereby does not on the date of improvement or refurbishment exceed the cost or fair market value, whichever is lower, of the Property being improved or refurbished;
- (3) Liens in favor of us or any subsidiary;
- (4) any Lien (x) existing on property of a Person at the time of its consolidation with or merger into us or a subsidiary of ours or (y) existing on any Property acquired by us or any subsidiary of ours at the time such Property is so acquired (whether or not the Indebtedness secured thereby shall have been assumed); provided that in each such case, (A) such Lien was not created or assumed in contemplation of such consolidation or merger or such Person's becoming a subsidiary of ours or such acquisition of Property and (B) such Lien shall extend solely to the Property so acquired or in the case of an acquisition of a subsidiary, the assets of the subsidiary, and in each case, proceeds thereof;

- (5) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- (6) carriers , warehousemen s, mechanics , materialmen s, repairmen s or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- (7) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;
- (8) pledges or deposits in the ordinary course of business in connection with workers compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

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- (9) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business, but expressly excluding any Liens in favor of the Pension Benefit Guaranty Corporation or otherwise under ERISA;
- (10) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;
- (11) Liens securing judgments or orders for the payment of money;
- (12) leases or subleases granted to others not interfering in any material respect with our business or the business of our subsidiaries;
- (13) Liens on the assets of any subsidiary securing Indebtedness or other obligations owing to us;
- (14) Liens in the nature of any interest or title of a lessor or sublessor under any lease;
- (15) purported Liens evidenced by the filing of precautionary UCC financing statements;
- (16) Liens arising in connection with out-bound licenses of patents, copyrights, trademarks and other intellectual property rights we or our subsidiaries grant in the ordinary course of business and not interfering in any material respect with the ordinary conduct of our business or the business of our subsidiaries; and
- (17) Liens to secure Hedging Obligations that are incurred in the ordinary course of business and not for speculative purposes.

*Property* means any property or asset, whether real, personal or mixed, or tangible or intangible, including shares of capital stock. *subsidiary* means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of capital stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (a) such Person, (b) such Person and one or more subsidiaries of such Person or (c) one or more subsidiaries of such Person.

## **Events of Default**

The following are *Events of Default* with respect to the notes:

- (1)

the failure to pay interest on the notes when the same becomes due and payable, and the default continues for a period of 30 days;

- (2) the failure to pay the principal (or premium, if any) of the notes, when such principal (or premium, if any) becomes due and payable, at maturity, upon acceleration, upon redemption or otherwise;
- (3) a default in the observance or performance of any other covenant or agreement contained in the Indenture, and the default continues for a period of 60 days after written notice thereof to us by the trustee or the holders of least 25% in the aggregate principal amount of outstanding notes of the affected series, specifying the default (and demanding that such default be remedied);
- (4) the failure to repurchase notes tendered for repurchase following the occurrence of a Change of Control Repurchase Event in conformity with the covenant set forth under      Change of Control;
- (5) (a) a failure to make any payment at maturity, including any applicable grace period, on any of our Indebtedness at any one time in an amount in excess of \$75 million and continuance of this failure to pay or (b) a default on any of our Indebtedness, which default results in the acceleration of Indebtedness in an amount in excess of \$75 million without such Indebtedness having been discharged or the acceleration

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having been cured, waived, rescinded or annulled, for a period of, in the case of clause (a) or (b) above, 60 days or more after written notice thereof to us by the trustee or to us and the trustee by the holders of at least 25% in aggregate principal amount of outstanding notes of the affected series; *provided, however*, that if the failure, default or acceleration referred to in clause (a) or (b) above shall cease or be cured, waived, rescinded or annulled, then the Event of Default shall be deemed cured; and

(6) certain events of bankruptcy or insolvency with respect to us.

If an Event of Default (other than an Event of Default specified in clause (6) above), shall occur and be continuing, the trustee or the holders of at least 25% of the principal amount of the affected notes may declare the principal of and accrued interest on the affected notes to be due and payable by notice in writing to us and the trustee (if given by the holders) specifying the respective Event of Default and that it is a notice of acceleration, and the same shall become immediately due and payable.

Notwithstanding the foregoing, if an Event of Default specified in clause (6) above occurs and is continuing, then all unpaid principal of and premium, if any, and accrued and unpaid interest on the notes shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

At any time after a declaration of acceleration with respect to a series of notes as described above, the holders of a majority in principal amount of the affected notes, by written notice to us and the trustee, may rescind and cancel such declaration and its consequences if:

- (1) the rescission would not conflict with any judgment or decree;
- (2) all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration; and
- (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereto. Holders of a majority in principal amount of the affected notes may waive any existing default or Event of Default and its consequences, except a default in the payment of the principal of or interest on such notes.

Holders may not enforce the Indenture except as provided in the Indenture and under the Trust Indenture Act. Subject to the provisions of the Indenture relating to the duties of the trustee in case an Event of Default shall occur and be continuing, the trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or discretion of any of the holders, unless the holders shall have offered to the trustee security or indemnity satisfactory to the trustee. During the existence of an Event of Default, the trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of its own affairs. Subject to such provisions for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding notes of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the notes of that series in accordance with the terms of the Indenture. Nothing herein shall impair the right of a holder to institute suit for the

enforcement of any payment on or with respect to the notes.

We will be required to furnish to the trustee annually a statement by certain of our officers as to whether or not we, to our knowledge, are in default in the performance or observance of any of the terms, provisions and covenants of the notes and the Indenture.

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**Modification of the indenture**

From time to time, we and the trustee, without the consent of the holders of the notes, may amend the Indenture and the terms of the notes for certain specified purposes, including:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;
- (4) to evidence and provide for the acceptance of appointment by a successor trustee;
- (5) to conform the terms of the Indenture or the notes to any provision or other description of the notes, as the case may be, contained in this prospectus;
- (6) to provide for the assumption by a successor corporation, partnership, trust or limited liability company of our obligations under the Indenture and the notes, in each case in compliance with the provisions thereof;
- (7) to provide for the issuance of any additional notes under the Indenture;
- (8) to comply with the rules of any applicable securities depository;
- (9) to make any change that would provide any additional rights or benefits to the holders of the notes (including to secure the notes, add guarantees with respect thereto, transfer any property to or with the trustee, add to the Company's covenants for the benefit of the holders, add any additional events of default for the notes, or surrender any right or power conferred upon the Company) or that does not adversely affect the legal rights hereunder of any holder in any material respect;
- (10) to change or eliminate any restrictions on the payment of principal or premium, if any, on notes in registered form; provided that any such action shall not adversely affect the interests of the holders in any material respect;
- (11) supplement any provision of the Indenture as shall be necessary to permit or facilitate the defeasance and discharge of the notes in accordance with the Indenture; provided that such action shall not adversely affect the interests of any of the holders in any material respect;



(12) change or eliminate any of the provisions of the Indenture so long as such change or elimination does not affect any notes which are outstanding under the Indenture prior to the effectiveness of such change or elimination; or

(13) make any change that does not adversely affect the interests of any holder of the notes.

In formulating its opinion on such matters, the trustee will be entitled to rely on such evidence as it deems appropriate, including, without limitation, solely on an opinion of counsel and an officer's certificate. Other than as expressly set forth herein, other modifications and amendments of the Indenture or the notes may be made with the consent of the holders of a majority in principal amount of the then outstanding notes affected by the amendment or modification. In addition, the holders of a majority in aggregate principal amount of the outstanding notes of a series may, on behalf of the holders of all notes of that series, waive compliance by us with certain covenants of the Indenture or the notes. However, without the consent of each holder, no amendment or waiver may:

- (1) reduce the principal amount of outstanding notes whose holders must consent to an amendment or waiver;
- (2) reduce the rate of, change or have the effect of changing the time for payment of interest, including defaulted interest, on the notes;
- (3) reduce the principal of, change or have the effect of changing the fixed maturity of the notes, or change the date on which the notes may be subject to redemption or repurchase or reduce the redemption price or repurchase price therefor;

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- (4) make the notes payable in currency other than that stated in the notes or change the place of payment of the notes from that stated in the notes or in the Indenture;
- (5) make any change in provisions of the Indenture protecting the right of each holder to receive payment of principal of and interest on the notes on or after the due date thereof or to bring suit to enforce such payment, or permitting holders holding a majority in principal amount of the notes to waive defaults or Events of Default;
- (6) make any change to or modify the ranking of the notes that would adversely affect the holders thereof; or
- (7) make any change in these amendment and waiver provisions.

## **Satisfaction and discharge; defeasance**

### ***Satisfaction and discharge***

We may, at our option, discharge our obligations to holders of a series of notes that have not already been delivered to the trustee for cancellation and that have either become due and payable, are by their terms to become due and payable within one year, or are to be called for redemption within one year. We may effect a discharge by irrevocably depositing with the trustee cash or U.S. government obligations, as trust funds, in an amount sufficient to pay, when due, whether at maturity, upon redemption or otherwise, the principal of, premium, if any, and interest on the affected notes. We must also pay all other amounts we are obligated to pay with respect to such notes, as and when the same shall become due payable under the Indenture and deliver to the trustee an opinion of counsel to the effect that all conditions to discharge of the notes have been satisfied.

### ***Full defeasance***

We can legally release ourselves from any payment or other obligations on the notes of a series (called *full defeasance* ) if the following conditions are met:

we deposit in trust for the benefit of holders of the series of notes cash or U.S. government or U.S. government agency notes or bonds, or a combination thereof, that will, in the opinion of an independent accounting firm (which shall be delivered to the trustee), generate enough cash to make interest, principal, any premium and any other payments on the notes of that series on their due date; and

either there is a change in current U.S. federal tax law or the Internal Revenue Service has published a ruling or we have received a ruling from the Internal Revenue Service, and based on that change or ruling, beneficial owners of the series of notes will not recognize gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amount, in the same manner and at the same times as if no defeasance had occurred.

If we accomplish a full defeasance, as described above, holders of the affected series of notes would have to rely solely on the trust deposit for repayment of the notes. Holders could not look to us for repayment in the event of any shortfall. However, even if we make the deposit in trust and deliver an opinion as discussed above, we will remain subject to obligations to exchange or register the transfer of notes, to replace stolen, lost or mutilated notes, to

maintain paying agencies, to hold moneys for payment in trust and, if applicable, to effect conversion of notes.

***Covenant defeasance***

Under current U.S. federal tax law, we can make the same type of deposit described above and be released from some of the covenants on the notes of any series. This is called *covenant defeasance*. In that event, holders of such notes would lose the protection of those covenants but would gain the protection of having

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money and securities set aside in trust to repay the notes. In order to achieve covenant defeasance, we must do the following:

deposit in trust for the benefit of holders of the series of notes cash or U.S. government or U.S. government agency notes or bonds, or a combination thereof, that will, in the opinion of an independent accounting firm (which shall be delivered to the trustee), generate enough cash to make interest, principal, any premium and any other payments on the notes of that series on their due date; and

deliver to the trustee a legal opinion of our counsel confirming that under current U.S. federal income tax law we may make the above deposit without causing beneficial owners of the series of notes to be taxed on the notes any differently than if we did not make the deposit and instead repaid the notes ourselves when due.

If we accomplish covenant defeasance, you can still look to us for repayment of the notes if there were a shortfall in the trust deposit. In fact, if one of the Events of Default occurred (such as our bankruptcy) and the notes become immediately due and payable, there may be such a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

### **Same-day settlement and payment**

The notes will trade in the same-day funds settlement system of DTC until maturity or until we issue the notes in certificated form. DTC will therefore require secondary market trading activity in the notes to settle in immediately available funds. We can give no assurance as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

### **The trustee**

Regions Bank will act as trustee for the notes. We have other customary banking relationships with Regions Bank and its affiliates in the ordinary course of business.

The Indenture and the provisions of the Trust Indenture Act contain certain limitations on the rights of the trustee, should it become a creditor of us, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. Subject to the Trust Indenture Act, the trustee will be permitted to engage in other transactions; provided that if the trustee acquires any conflicting interest as described in the Trust Indenture Act, it must eliminate such conflict or resign.

The trustee may resign at any time by giving written notice thereof to us. The trustee may also be removed by act of the holders of a majority in principal amount of the then outstanding notes. No resignation or removal of the trustee and no appointment of a successor trustee will become effective until the acceptance of appointment by a successor trustee in accordance with the requirements of the Indenture.

### **No personal liability of directors, officers, employees, incorporator and stockholders**

No director, officer, employee, incorporator, agent, stockholder or affiliate of the Company or any of its subsidiaries, as such, shall have any liability for any obligations of the Company or any of its subsidiaries under the notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of

the notes, by accepting a note waives and releases all such liability. This waiver and release are part of the consideration for issuance of the notes.

**Unclaimed funds**

All funds deposited with the trustee or any paying agent for the payment of principal, interest, premium or additional amounts in respect of the notes that remain unclaimed for two years after the maturity date of such

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notes will be repaid to the Company upon its request. Thereafter, any right of any holder of notes to such funds shall be enforceable only against the Company, and the trustee and paying agents will have no liability therefore.

### **Governing law**

The notes and the Indenture will be governed by and construed in accordance with the laws of the State of New York.

### **Book-entry settlement and clearance**

#### ***Book-entry settlement***

The notes of each series will be issued in the form of one or more fully registered global securities in a minimum denomination of \$2,000 or integral multiples of \$1,000 in excess thereof that will be deposited with DTC in New York, New York or its nominee. This means that the Company will not issue certificates to each holder. Each global security will be issued in the name of Cede & Co., DTC's nominee, which will keep a computerized record of its participants (for example, your broker) whose clients have purchased notes. The participant will then keep a record of its clients who purchased the notes. Unless it is exchanged in whole or in part for a certificate, a global security may not be transferred, except that DTC, its nominees, and their successors may transfer a global security as a whole to one another.

Beneficial interests in global securities will be shown on, and transfers of global securities will be made only through, records maintained by DTC and its participants. If you are not a participant in DTC, you may beneficially own notes held by DTC only through a participant.

The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer beneficial interests in a global security.

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it and facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly, or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

DTC holds securities that its direct participants deposit with DTC. DTC also facilitates the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in direct participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

Purchases of notes represented by one or more global securities under the DTC system must be made by or through direct participants, which will receive a credit for the notes on DTC's records. The ownership interest of each beneficial owner of each note is in turn to be recorded on the direct and indirect participants' records. Beneficial

owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of

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their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in notes, except in the event that use of the book-entry system for the notes is discontinued.

To facilitate subsequent transfers, all notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Delivery of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices, if any, will be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the notes. Under its usual procedures, DTC mails an omnibus proxy to the Company as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds and distributions on the notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Company or the paying agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of each participant and not of DTC, the paying agent, or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Company or the paying agent, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner must give notice to elect to have its notes purchased or tendered, through its participant, to the paying agent, and will effect delivery of the notes by causing the direct participant to transfer the participant's interest in the notes, on DTC's records, to the paying agent. The requirement for physical delivery of the notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the notes are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered securities to the paying agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to us or the paying agent. Under such circumstances, in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered. The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.



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The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but the Company takes no responsibility for its accuracy.

The trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any interest in any notes other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Neither the trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the DTC.

### ***Euroclear and Clearstream, Luxembourg***

If the depositary for a global security is DTC, you may hold interests in the global notes through Euroclear Bank S.A./N.V., as operator of the Euroclear System ( Euroclear ) or Clearstream Banking, société anonyme ( Clearstream, Luxembourg ), in each case, as a participant in DTC.

Euroclear and Clearstream, Luxembourg will hold interests, in each case, on behalf of their participants through customers' securities accounts in the names of Euroclear and Clearstream, Luxembourg on the books of their respective depositaries, which in turn will hold such interests in customers' securities in the depositaries' names on DTC's books.

Payments, deliveries, transfers, exchanges, notices and other matters relating to the notes made through Euroclear or Clearstream, Luxembourg must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. The Company has no control over those systems or their participants, and the Company takes no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, Luxembourg, on the one hand, and other participants in DTC, on the other hand, would also be subject to DTC's rules and procedures.

Investors will be able to make and receive through Euroclear and Clearstream, Luxembourg payments, deliveries, transfers, exchanges, notices and other transactions involving any securities held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, U.S. investors who hold their interests in the notes through these systems and wish, on a particular day, to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream, Luxembourg may need to make special arrangements to finance any purchase or sales of their interests between the U.S. and European clearing systems, and those transactions may settle later than transactions within one clearing system.

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**Certain United States Federal Income Tax Consequences**

**General**

In this section, we summarize certain of the material United States federal income tax consequences of purchasing, holding and selling the notes. Except where we state otherwise, this summary deals only with notes held as capital assets (as defined in the Internal Revenue Code of 1986, as amended, or the Code) by a holder who purchases the notes at their original issuance for their initial offering price.

This summary is based on the Code, Treasury regulations (proposed and final) issued thereunder, and administrative and judicial interpretations thereof, all as they currently exist as of the date of this prospectus supplement. Those authorities may be changed (possibly with retroactive effect), or subject to differing interpretations, which could result in United States federal income tax consequences different from those described below.

We do not address all of the tax consequences that may be relevant to a holder of notes. We also do not address, except as stated below, any of the tax consequences to holders that may be subject to special tax treatment, including financial institutions, real estate investment trusts, regulated investment companies, personal holding companies, insurance companies, United States expatriates, and brokers, traders and dealers in securities or currencies. Further, we do not address:

the United States federal income tax consequences to stockholders in, or partners or beneficiaries of, an entity that is a holder of the notes;

the United States federal income tax consequences to a tax-exempt organization that is a holder of the notes;

the United States federal estate and gift or alternative minimum tax consequences of the purchase, ownership or sale of the notes;

the United States federal income tax consequences to persons who hold the notes in a straddle or as part of a hedging, conversion or constructive sale transaction or to U.S. Holders (as defined below) whose functional currency is not the United States dollar; or

any state, local or foreign tax consequences of the purchase, ownership and sale of the notes.

A U.S. Holder is a beneficial owner of a note who or that is:

an individual who is a citizen or resident of the United States;

a corporation or other entity taxable as a corporation for United States federal income tax purposes created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate if its income is subject to United States federal income taxation regardless of its source; or

a trust if (1) a United States court can exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (2) it has a valid election in place under applicable United States Treasury regulations to be treated as a domestic trust.

A Non-U.S. Holder is a beneficial owner of a note who or that is not a U.S. Holder and not a partnership for United States federal income tax purposes.

If a partnership purchases the notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partner in a partnership holding the notes should consult its own tax advisor with regard to the United States federal income tax treatment of an investment in the notes.

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THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. ALL PROSPECTIVE HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

### **Certain consequences to U.S. Holders**

#### ***Certain contingent payments***

Although the matter is not free from doubt, we believe and intend to take the position that the notes should not be characterized as contingent payment debt instruments under United States federal income tax law even though the notes provide for certain contingent payments (see Description of Notes Optional Redemption and Change of Control ). If the Internal Revenue Service, or the IRS, takes a contrary position, a U.S. Holder may be required (i) to accrue interest income at a rate higher than the stated interest rate on the notes, and (ii) to treat as ordinary income, rather than capital gain, any gain on the sale or other disposition of the notes. You should consult your tax advisor about the risk of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes are not contingent payment debt instruments.

#### ***Interest income***

It is anticipated, and this discussion assumes, that the notes will be issued with no more than a *de minimis* amount of original issue discount ( OID ) for United States federal income tax purposes. As a result, stated interest on the notes will be taxable to a U.S. Holder as ordinary income as the interest accrues or is paid, in accordance with the U.S. Holder's method of tax accounting.

Legislation enacted in 2017 modified the rules regarding the timing of income to be recognized by certain accrual method taxpayers. Under the new rules, if you are an accrual method taxpayer, notwithstanding any discussion herein, you may be required to include stated interest, OID (if any), and other income on a note no later than the taxable year in which the relevant item of income is taken into account as revenue in an applicable financial statement (as defined in Section 451(b) of the Code). You should consult your tax advisor concerning the application of these rules in your particular situation.

#### ***Sale, exchange, redemption or retirement of the notes***

If you are a U.S. Holder, upon the sale, exchange, redemption or retirement of the notes, you will generally recognize gain or loss in an amount equal to the difference between (i) the amount realized on the sale, exchange, redemption or retirement less any amount received in respect of accrued interest, which will be taxable as interest income as discussed above, and (ii) your adjusted tax basis in the notes. Your adjusted tax basis in the notes generally will equal your cost of the notes. Gain or loss on the sale, exchange, redemption or retirement of the notes generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or retirement you have held the notes for more than one year. Long-term capital gains of non-corporate U.S. Holders are currently eligible for preferential rates of taxation. The deductibility of capital losses is subject to significant limitations under the Code.

If you are a U.S. Holder that has held the notes for one year or less at the time of the sale, exchange, redemption or retirement, any gain or loss recognized generally will be taxable as short-term capital gain or loss. Any short-term

capital gain is taxable at the same rates as ordinary income.

***Additional tax on net investment income***

A U.S. Holder that is an individual, estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (i) such holder's net investment income (or

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undistributed net investment income in the case of an estate or trust) as defined in Section 1411(c)(1) of the Code for the relevant taxable year and (ii) the excess of such holder's modified adjusted gross income for such taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its interest income and its net gains from the disposition of the notes, unless such interest payments or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

***Backup withholding and information reporting***

In general, information reporting requirements will apply to payments of principal and interest on the notes and to the proceeds of the sale of notes other than payments to certain exempt recipients, such as corporations. If you fail to supply your correct taxpayer identification number, under-report your tax liability or otherwise fail to comply with applicable United States information reporting or certification requirements, you may also be subject to backup withholding (currently at a rate of 24%) with respect to such payments. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. Holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

**Certain consequences to Non-U.S. Holders**

***Interest income***

Under the portfolio interest exemption, no withholding of United States federal income tax will apply to a payment of interest on a note to a Non-U.S. Holder, provided that:

such interest payment is not effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States;

the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;

the Non-U.S. Holder is not a controlled foreign corporation that is related directly or constructively to us through stock ownership;

the Non-U.S. Holder is not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code; and

the Non-U.S. Holder satisfies the certification requirement by providing to the withholding agent, in accordance with specified procedures and under penalties of perjury, a statement to the effect that the holder is not a United States person (generally through the provision of a properly executed Form W-8BEN or W-8BEN-E or, if the notes are held by a securities clearing organization, certain financial institutions that are not qualified intermediaries, foreign partnerships, foreign simple trusts or foreign grantor trusts, a Form

W-8IMY along with copies of Forms W-8BEN or W-8BEN-E from the Non-U.S. Holder).

If a Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exemption described above, payments of interest on a note made to such Non-U.S. Holder generally will be subject to a 30% United States federal withholding tax, unless that holder provides the withholding agent with (i) a properly executed Form W-8BEN or W-8BEN-E, signed under penalties of perjury, claiming an exemption from or reduction of withholding under an applicable United States income tax treaty or (ii) a properly executed Form W-8ECI, signed under penalties of perjury, stating that the payments on the note are not subject to withholding tax because they are effectively connected with that holder's conduct of a trade or business in the United States.

If a Non-U.S. Holder is engaged in a trade or business in the United States and the interest on the note is effectively connected with the conduct of that trade or business (and, if required by an applicable income tax

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treaty, is attributable to a permanent establishment within the United States), that Non-U.S. Holder generally will be subject to United States federal income tax on the interest on a net income basis. If such a Non-U.S. Holder provides the withholding agent with a properly executed Form W-8ECI, it will be exempt from the 30% United States federal withholding tax on payments of interest on its notes (as described above). In addition, a Non-U.S. Holder that is a foreign corporation that is engaged in a trade or business in the United States may be subject to a 30% (or such lower rate as may apply under a tax treaty) branch profits tax on its earnings and profits that are effectively connected with the conduct of that trade or business, subject to certain adjustments.

### ***Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the Code (commonly referred to as FATCA ) generally will impose a 30% withholding tax (i) on interest paid on a note and (ii) on gross proceeds from the sale or other disposition of a note that occurs after December 31, 2018, in each case if the note is held by or through:

certain foreign financial institutions (including investment funds), unless the institution otherwise qualifies for an exemption or enters into an agreement with the U.S. Treasury (i) to collect and report, on an annual basis, information with respect to accounts in the institution held by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons, and (ii) to withhold on certain payments; or

a non-financial non-U.S. entity, unless the entity (i) either certifies to the applicable withholding agent that the entity does not have any substantial United States owners or provides certain information regarding the entity's substantial United States owners or (ii) otherwise establishes an exemption from such withholding tax.

The rules described above may be modified by an intergovernmental agreement entered into between the United States and an applicable foreign country, or by future Treasury regulations or other guidance. We will not pay any additional amounts if any withholding tax is imposed under FATCA in respect of your notes. Non-U.S. Holders are encouraged to consult their tax advisors regarding the possible implications of these rules on their investment in the notes.

### ***Sale, exchange, redemption or retirement of the notes***

A Non-U.S. Holder will generally not be subject to United States federal withholding or income tax on any gain realized upon the sale, exchange, redemption or retirement of the notes. If, however, a Non-U.S. Holder holds the notes in connection with a trade or business conducted in the United States (and the gain is effectively connected with the conduct of that trade or business) or, in the case of an individual, is present in the United States for 183 days or more during the taxable year of disposition and certain other conditions are met, it may be subject to income tax on any gains recognized. Any effectively connected gains generally will be subject to United States federal income tax (and possibly branch profits tax) in the same manner as effectively connected interest income as described above.

### ***Backup withholding and information reporting***

Where required, information will be reported to each Non-U.S. Holder as well as the IRS regarding any interest that is paid and the amount of tax, if any, withheld. Copies of these information returns may also be made available to the tax authorities of the country in which the Non-U.S. Holder is treated as a resident under the provisions of a specific

treaty or agreement. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a United States person, information returns may be filed with the IRS in connection with the proceeds from a sale or other disposition of the notes and the Non-U.S. Holder may be subject to United States backup withholding tax on payments on the notes or on the proceeds from a sale or other disposition of the notes. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid such information reporting and backup

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withholding as well. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be allowed as a credit against such holder's United States federal income tax liability and may entitle such holder to a refund, provided that all required information is timely furnished to the IRS. Non-U.S. Holders should consult their own tax advisors regarding the filing of a United States tax return and the claiming of a credit or refund of such backup withholding.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

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### **Certain Considerations for ERISA and Other U.S. Employee Benefit Plans**

The following is a summary of certain considerations associated with the acquisition and holding of the notes by (or using the assets of) (i) employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ( **ERISA** ), (ii) plans, individual retirement accounts ( **IRAs** ) and each, an **IRA** ) and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the **Code** ), (iii) employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to Title I of ERISA or Section 4975 of the Code but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are substantially similar to such provisions of ERISA or the Code (collectively, **Similar Laws** ), and (iv) entities whose underlying assets are deemed to include plan assets under ERISA of any such plan, account or arrangement (each entity described in clauses (i) through (iv), a **Plan** ).

This summary is based on the provisions of ERISA and the Code (and related regulations and administrative and judicial interpretations) as of the date of this Offering Memorandum. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, regulations, rulings or pronouncements will not significantly modify the requirements summarized below. Any of these changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release. This discussion is general in nature and is not intended to be all inclusive, nor should it be construed as investment or legal advice.

#### **General fiduciary matters**

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code, including any entity whose assets are deemed to include plan assets under ERISA (an **ERISA Plan** ) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes with a portion of the assets of any Plan, a fiduciary should consider the Plan's particular circumstances and all of the facts and circumstances of the investment and determine whether the acquisition and holding of a note is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code, or any Similar Laws relating to the fiduciary's duties to the Plan, including, without limitation:

whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;

whether, in making the investment, the Plan will satisfy applicable diversification requirements under ERISA and any other applicable Similar Laws;

whether the investment is permitted under the terms of the applicable documents governing the Plan;

whether in the future there may be no market in which to sell or otherwise dispose of the notes; and

whether the acquisition or holding of notes will constitute a prohibited transaction under Section 406 of ERISA, Section 4975 of the Code, or any other applicable Similar Laws (the section titled Prohibited Transaction Issues below contains additional information).

In addition, each Plan should consider the fact that neither we nor the underwriters nor any of our or their affiliates or representatives (collectively, the Transaction Parties ) is acting, or will act, as a fiduciary to such

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Plan with respect to the decision to purchase or hold notes, and are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to such decision. All communications, correspondence and materials from the Transaction Parties with respect to the notes are intended to be general in nature and are not directed at any specific purchaser of the notes, and do not constitute advice regarding the advisability of investment in the notes for any specific purchaser. The decision to purchase and hold the notes must be made solely by each prospective Plan purchaser on an arm's length basis.

In addition, to the extent the Fiduciary Rule (as defined below) remains in effect, each ERISA Plan purchasing the notes must generally be represented by a fiduciary independent of the Transaction Parties (which may not be an owner of an IRA or a relative of such owner, in the case of an investor that is an IRA) that (i) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the notes, (ii) has exercised independent judgment in evaluating whether to invest the assets of such ERISA Plan in the notes and (iii) is a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least \$50 million of assets under management or control.

### **Prohibited transaction issues**

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of the notes by an ERISA Plan with respect to which any Transaction Party is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may provide exemptive relief for direct or indirect prohibited transactions resulting from the sale, acquisition or holding of the notes. These class exemptions include, without limitation, PTCE 75-1, respecting certain transactions involving employee benefit plans and broker-dealers, reporting dealers and banks; PTCE 84-14, as amended, respecting certain transactions determined by independent qualified professional asset managers; PTCE 90-1, respecting certain investments by insurance company pooled separate accounts; PTCE 91-38, respecting certain investments by bank collective investment funds; PTCE 95-60, respecting certain life insurance company general accounts; and PTCE 96-23, respecting certain transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code each provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, *provided* that (i) neither the issuer of the notes nor any of their affiliates (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any ERISA Plan involved in the transaction and (ii) the ERISA Plan pays no more than adequate consideration in connection with the transaction. Each of these statutory exemptions and PTCEs contains conditions and limitations on its application and does not provide relief from the self-dealing prohibitions under ERISA and the Code. It should also be noted that even if the conditions specified in one or more of these exemptions were met, the scope of relief provided by these exemptions may not necessarily cover all acts that might be construed as prohibited transactions. Accordingly, the fiduciary of a Plan that is considering acquiring and/or holding the notes in reliance on any of these (or any other) exemptions should carefully review the exemption and consult with its counsel to confirm that it is applicable. There can be no, and we do not provide any, assurance that any of these exemptions or any other exemption will be available with respect to the acquisition or holding of the notes, or that all

of the conditions of any such exemptions will be satisfied.

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Because of the foregoing, the notes should not be acquired or held by any person investing plan assets of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws.

Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering acquiring and/or holding the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the acquisition and holding of the notes. Purchasers of the notes have the exclusive responsibility for ensuring that their acquisition and holding of the notes complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. The sale of the notes to a Plan is in no respect a representation by any of the Transaction Parties that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

## **Representation**

Accordingly, by its acquisition and acceptance of a note (or any interest therein), each purchaser and subsequent transferee of a note will be deemed to have represented and warranted by its acquisition and holding thereof that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the notes (or any interest therein) constitutes assets of any Plan or (ii) the acquisition, holding, and subsequent disposition of the notes (or any interest therein) by such purchaser or subsequent transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

Additionally, if any purchaser or subsequent transferee of the notes is using assets of any ERISA Plan to acquire and hold the notes, such purchaser or subsequent transferee will be deemed to represent, to the extent the Fiduciary Rule (as defined below) remains in effect, that (i) none of the Transaction Parties has acted as the ERISA Plan's fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to the purchaser's or transferee's decision to acquire and hold the notes, and none of the Transaction Parties shall at any time be relied upon as the ERISA Plan's fiduciary with respect to any decision to acquire, continue to hold or transfer the notes, and (ii) the decision to invest in the notes has been made on an arm's length basis at the recommendation or direction of an independent fiduciary as described in U.S. Code of Federal Regulations located at 29 C.F.R. Section 2510.3-21(c)(1) (Independent Fiduciary), as amended from time to time (the Fiduciary Rule), who (a) is independent of the Transaction Parties; (b) is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the investment by the ERISA Plan in the notes; (c) is a fiduciary (under ERISA and/or Section 4975 of the Code) with respect to the purchaser or transferee's investment in the notes and is responsible for exercising independent judgment in evaluating the investment in the notes; (d) is either (A) a bank as defined in Section 202 of the Investment Advisers Act of 1940, as amended (the Advisers Act), or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency of the United States; (B) an insurance carrier which is qualified under the laws of more than one state of the United States to perform the services of managing, acquiring or disposing of assets of an employee benefit plan as described in Section 3(3) of ERISA or plan as described in Section 4975 of the Code; (C) an investment adviser registered under the Advisers Act or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state (referred to in such paragraph (1)) in which it maintains its principal office and place of business; (D) a broker dealer registered under the Exchange Act; and/or (E) an Independent Fiduciary that holds or has under management or control total assets of at least \$50 million, and will at all times that such purchaser or transferee holds the notes hold or have under management or control, total assets of at least \$50 million (provided that this clause (E) shall not be satisfied if the



Independent Fiduciary is an individual directing his or her own individual retirement account or plan account or relative of such individual, or a participant or beneficiary of the ERISA

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Plan purchasing the notes or a relative of such participant beneficiary); (e) is aware of and acknowledges that (I) none of the Transaction Parties is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the purchaser's or transferee's investment in the notes, and (II) the Transaction Parties have a financial interest in the purchaser's or transferee's investment in the notes on account of the fees and other remuneration they expect to receive in connection with transactions contemplated hereunder; and (f) is not paying any Transaction Party any fee or other compensation directly for the provision of investment advice (as opposed to other services) in connection with the Plan's acquisition of the notes.

Purchasers of the notes have the exclusive responsibility for ensuring that their purchase and holding of the notes comply with the fiduciary responsibility rules of ERISA and do not violate the prohibited transaction rules of ERISA, the Code or any applicable Similar Laws.

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**Table of Contents****Underwriting**

Subject to the terms and conditions contained in an underwriting agreement dated as of the date of this prospectus supplement between us and the underwriters named below, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC are acting as representatives, we have agreed to sell to each underwriter, and each underwriter has severally agreed to purchase from us, the principal amount of notes that appears opposite its name in the table below:

<b>Underwriters</b>	<b>Principal amount of notes</b>	<b>Principal amount of notes</b>
Merrill Lynch, Pierce, Fenner & Smith Incorporated		
J.P. Morgan Securities LLC	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$</b>

The underwriters are offering the notes subject to their acceptance of the notes from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the notes offered by this prospectus supplement are subject to certain conditions. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supplement if any such notes are taken.

**Commissions and discounts**

The underwriters initially propose to offer the notes to the public at the public offering price that appears on the cover page of this prospectus supplement. In addition, the underwriters initially propose to offer the notes to certain dealers at prices that represent a concession not in excess of % of the principal amount of the notes and % of the principal amount of the notes. Any underwriter may allow, and any such dealer may re-allow, a concession not in excess of % of the principal amount of the notes and % of the principal amount of the notes to certain other dealers. After the initial offering of the notes, the underwriters may, from time to time, vary the offering prices and other selling terms. The underwriters may offer and sell notes through certain of their affiliates. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The following table shows the underwriting discounts and commissions that we will pay to the underwriters in connection with the offering of the notes:

	<b>Paid by us</b>
Per note	%
note total	\$
Per note	%
note total	\$
<b>Total</b>	<b>\$</b>

Expenses associated with this offering to be paid by us, other than underwriting discounts and commissions are estimated to be approximately \$ .

We have also agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in respect of any such liabilities.

#### **New issues of notes**

Each series of the notes offered hereby is a new issue of securities for which there is currently no established trading market. We do not intend to apply for the notes to be listed on any securities exchange or to

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arrange for the notes to be quoted on any quotation system. The underwriters have advised us that they intend to make a market in the notes of each series, but they are not obligated to do so. The underwriters may discontinue making a market in the notes at any time at their sole discretion. Accordingly, we cannot assure you that liquid trading markets will develop for the notes, that you will be able to sell your notes at a particular time or that the prices you receive when you sell will be favorable.

## **No sales of similar securities**

We have agreed that we will not, through and including the business day following the closing of this offering, without first obtaining the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by us and having a tenor of more than one year, except for the notes sold to the underwriters pursuant to the underwriting agreement.

## **Short positions**

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the prices of the notes. Specifically, the underwriters may over-allot in connection with the offering of the notes, creating syndicate short positions. In addition, the underwriters may bid for and purchase notes in the open market to cover syndicate short positions or to stabilize the prices of the notes. The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discounts received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributing the notes in the offering of the notes, if the syndicate repurchases previously distributed notes in syndicate covering transactions, stabilization transactions or otherwise.

Any of these activities, as well as other purchases by the underwriters for their own accounts, may stabilize or maintain the market prices of the notes above independent market levels. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the notes. The underwriters are not required to engage in any of these activities, and may end any of them at any time. These transactions may be effected in the over-the-counter market or otherwise.

## **Notice to Prospective Investors in Canada**

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement, the accompanying prospectus and the information incorporated by reference (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities

legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

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Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **Notice to Prospective Investors in the European Economic Area**

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ( EEA ). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II ); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive ), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the Prospectus Directive ). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation ) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This prospectus supplement has been prepared on the basis that any offer of the notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the notes. This prospectus supplement is not a prospectus for the purposes of the Prospectus Directive.

### **Notice to Prospective Investors in the United Kingdom**

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order ) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons ). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

### **Other relationships**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. From time to time in the ordinary course of their respective businesses, certain of the underwriters and their affiliates have engaged in and may in the future engage in commercial banking, derivatives and/or financial advisory, investment banking and other commercial transactions and services with us and our affiliates for which they have received or will receive customary fees and commissions. Merrill Lynch, Pierce, Fenner & Smith Incorporated ( MLPF&S ) and J.P. Morgan Securities LLC ( JPMorgan ), among other persons, are joint lead arranger and joint bookrunning managers. Bank of America, N.A. ( BofA ), an affiliate of MLPF&S, is Administrative Agent and L/C Issuer under the New Revolving Loan Facility, Syndication Agent under the 2016 Credit Facility and Administrative Agent under the 2018 Bilateral Credit Facility. JPMorgan Chase Bank, N.A. ( JPM Chase ), an affiliate of JPMorgan, is a Co-documentation Agent under the New Revolving Loan Facility and was Administrative Agent under the 2016 Credit Facility. In addition, we provide merchant services to BofA and JPM Chase and certain of their affiliates.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative

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securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investment and securities activities may involve our or our affiliates' securities and instruments. Certain of those underwriters or their affiliates that have a lending relationship with us routinely hedge, and certain other of those underwriters may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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**Legal Matters**

The validity of the notes offered hereby will be passed upon for us by King & Spalding LLP, Atlanta, Georgia. Certain legal matters will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

**Experts**

The consolidated financial statements of Total System Services, Inc. as of December 31, 2017 and 2016, and for each of the years in the three-year period ended December 31, 2017, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2017, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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**PROSPECTUS**

**TOTAL SYSTEM SERVICES, INC.**

**Debt Securities**

**Common Stock**

The securities listed above may be offered and sold by us or may be offered and sold, from time to time, by one or more selling securityholders to be identified in the future. We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest in the securities described in the applicable prospectus supplement.

This prospectus may not be used to sell securities unless accompanied by the applicable prospectus supplement.

**These securities will be our equity securities or unsecured obligations, will not be savings accounts, deposits or other obligations of any bank or savings association, and will not be insured by the Federal Deposit Insurance Corporation, the bank insurance fund or any other governmental agency or instrumentality.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is March 14, 2016**

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Unless the context requires otherwise, references to TSYS, we, us, our or similar terms are to Total System Service Inc. and its subsidiaries.	

**ABOUT THIS PROSPECTUS**

This prospectus is a part of a registration statement that we filed with the Securities and Exchange Commission (the SEC ) using a shelf registration process. Under this shelf registration statement, we may sell, either separately or together, debt securities and common stock in one or more offerings.

Each time we sell securities, we will provide a prospectus supplement or other type of offering document or supplement (together referred to herein as a prospectus supplement ) that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement together with the additional information described under the heading Where You Can Find More Information.

The registration statement that contains this prospectus, including the exhibits to the registration statement, contains additional information about us and the securities offered under this prospectus. That registration statement can be read at the SEC web site or at the SEC offices mentioned under the heading Where You Can Find More Information.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public from the SEC website at <http://www.sec.gov>. To receive copies of public records not posted to the SEC website at prescribed rates, you may complete an online form at <http://www.sec.gov>, send a fax to (202) 772-9337 or submit a written request to the SEC, Office of FOIA/PA Operations, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ) (other than, in each case, information deemed to have been furnished and not filed in accordance with SEC rules), until we sell all the securities offered by this prospectus:

our Annual Report on Form 10-K for the year ended December 31, 2015;

the portions of the Definitive Proxy Statement on Schedule 14A for our Annual Meeting of Shareholders held on April 28, 2015 incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 2014;

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our Current Reports on Form 8-K filed on March 26, 2015, April 28, 2015 (Item 5.02 only), April 29, 2015, January 27, 2016, February 23, 2016 and March 9, 2016 (two filings); and

the description of TSYS common stock contained in our Registration Statement on Form 8-A (Registration No. 001-10254) filed on May 17, 1989, as amended by our Current Report on Form 8-K filed on May 8, 2013.

You may request a copy of these filings (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing), at no cost, by writing or calling us at the following address:

Senior Director of Investor Relations

Total System Services, Inc.

One TSYS Way

Columbus, Georgia 31901

Telephone: (706) 644-4918

**We have not authorized anyone else to provide you with any information other than that contained in this prospectus and any applicable prospectus supplement. We do not take any responsibility for, or provide any assurance as to the reliability of, any other information that others may give you. We may only use this prospectus to sell securities if it is accompanied by a prospectus supplement. We are only offering these securities in jurisdictions where the offer is permitted. You should not assume that the information in this prospectus or the applicable prospectus supplement or any document incorporated by reference is accurate as of any date other than the dates of the applicable documents.**

**USE OF PROCEEDS**

We intend to use the net proceeds from the sales of the securities as set forth in the applicable prospectus supplement.

**LEGAL MATTERS**

Unless otherwise indicated in the applicable prospectus supplement, the validity of any securities to be offered will be passed upon for us by our counsel, King & Spalding LLP. Any underwriters will be represented by their own legal counsel.

**EXPERTS**

The consolidated financial statements of Total System Services, Inc., appearing in TSYS Annual Report on Form 10-K for the year ended December 31, 2015 (including the schedule appearing therein) as of December 31, 2015 and 2014, and for each of the years in the three-year period ended December 31, 2015, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2015 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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The consolidated financial statements of TransFirst Holdings Corp. and Subsidiaries as of December 31, 2015 and 2014 and for the year ended December 31, 2015 and for the period from November 12, 2014 to December 31, 2014, the consolidated financial statements of TransFirst Inc. and Subsidiaries for the period from January 1, 2014 to November 11, 2014, and the adjustments described in Note 14 to the consolidated financial

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statements that were applied to correct the 2013 consolidated financial statements for the omission of certain disclosures related to 2013 income available to common shareholders and earnings per share information of TransFirst Inc. and Subsidiaries, incorporated by reference in this prospectus by reference to Total System Services, Inc.'s Current Report on Form 8-K dated March 9, 2016, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference (which report expresses an unqualified opinion and includes an explanatory paragraph for the omission of certain disclosures in the 2013 consolidated financial statements related to income available to common shareholders and earnings per share information). Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated statements of operations (excluding net income (loss) available to common shareholders, earnings per share amounts, and related disclosures in Note 14) and comprehensive income, stockholders' equity (deficit), and cash flows of TransFirst Inc. and Subsidiaries for the year ended December 31, 2013, incorporated by reference in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing in Total System Services, Inc.'s Current Report on Form 8-K dated March 9, 2016, and have been incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.



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