

In September 2006, the FASB issued authoritative guidance under ASC 715, "Compensation — Retirement Benefits." ASC 715 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in the funded status in the year in which the changes occur through comprehensive income.

Comprehensive income (loss) for TSYS consists of net income, cumulative foreign currency translation adjustments and the recognition of an overfunded or underfunded status of a defined benefit postretirement plan recorded as a component of shareholders' equity. The income tax effects allocated to and the cumulative balance of each component of accumulated other comprehensive income (loss) are as follows:

<i>(in thousands)</i>	<b>Beginning Balance</b>	<b>Pretax amount</b>	<b>Tax effect</b>	<b>Net-of-Tax Amount</b>	<b>Ending Balance</b>
December 31, 2007 . . . . .	\$20,641	9,532	1,851	7,681	\$28,322
Foreign currency translation adjustments . . . . .	\$29,202	(43,315)	(8,255)	(35,060)	\$ (5,858)
Change in accumulated OCI related to postretirement healthcare plans . . . .	(880)	194	83	111	(769)
December 31, 2008 . . . . .	\$28,322	(43,121)	(8,172)	(34,949)	\$ (6,627)
Foreign currency translation adjustments . . . . .	\$ (5,858)	14,140	1,995	12,145	\$ 6,287
Change in accumulated OCI related to postretirement healthcare plans . . . .	(769)	235	80	155	(614)
December 31, 2009 . . . . .	\$ (6,627)	14,375	2,075	12,300	\$ 5,673
<b>Foreign currency translation adjustments . . . . .</b>	<b>\$ 6,287</b>	<b>(8,609)</b>	<b>(1,080)</b>	<b>(7,529)</b>	<b>\$(1,242)</b>
<b>Change in accumulated OCI related to postretirement healthcare plans . . . . .</b>	<b>(614)</b>	<b>(1,138)</b>	<b>(409)</b>	<b>(729)</b>	<b>(1,343)</b>
<b>December 31, 2010 . . . . .</b>	<b>\$ 5,673</b>	<b>(9,747)</b>	<b>(1,489)</b>	<b>(8,258)</b>	<b>\$(2,585)</b>

Consistent with its overall strategy of pursuing international investment opportunities, TSYS adopted the permanent reinvestment exception under ASC 740, "Income Taxes," with respect to future earnings of certain foreign subsidiaries. Its decision to permanently reinvest foreign earnings offshore means TSYS will no longer allocate taxes to foreign currency translation adjustments associated with these foreign subsidiaries accumulated in other comprehensive income.

## NOTE 19 Commitments and Contingencies

**LEASE COMMITMENTS:** TSYS is obligated under noncancelable operating leases for computer equipment and facilities.

The future minimum lease payments under noncancelable operating leases with remaining terms greater than one year for the next five years and thereafter and in the aggregate as of December 31, 2010, are as follows:

<i>(in thousands)</i>	
2011 . . . . .	\$ 85,987
2012 . . . . .	83,765
2013 . . . . .	73,969
2014 . . . . .	40,259
2015 . . . . .	26,983
Thereafter . . . . .	10,796
Total future minimum lease payments . . . . .	<u>\$321,759</u>

The majority of computer equipment lease commitments come with a renewal option or an option to terminate the lease. These lease commitments may be replaced with new leases which allow

the Company to continually update its computer equipment. Total rental expense under all operating leases in 2010, 2009 and 2008 was \$102.1 million, \$105.4 million and \$101.4 million, respectively. Total rental expense under sublease arrangements in 2010, 2009 and 2008 was \$675,000, \$720,000 and \$702,000, respectively. The rental income under sublease arrangements in 2010, 2009 and 2008 was \$809,000, \$863,000 and \$842,000, respectively.

**CONTRACTUAL COMMITMENTS:** In the normal course of its business, the Company maintains long-term processing contracts with its clients. These processing contracts contain commitments, including, but not limited to, minimum standards and time frames against which the Company's performance is measured. In the event the Company does not meet its contractual commitments with its clients, the Company may incur penalties and certain clients may have the right to terminate their contracts with the Company. The Company does not believe that it will fail to meet its contractual commitments to an extent that will result in a