



Richard W. Ussery  
Chairman of the Board

March 8, 2002

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders at 10:00 a.m. on Thursday, April 18, 2002, at the TSYS Riverfront Campus Auditorium, 1600 First Avenue, Columbus, Georgia. Enclosed with this Proxy Statement are your proxy card and the 2001 Annual Report.

We hope that you will be able to be with us and let us give you a review of 2001. Whether you own a few or many shares of stock and whether or not you plan to attend in person, it is important that your shares be voted on matters that come before the meeting. To make sure your shares are represented, we urge you to vote promptly.

Thank you for helping us make 2001 a good year. We look forward to your continued support in 2002 and another good year.

Sincerely yours,

A handwritten signature in black ink that reads "Richard W. Ussery". The signature is written in a cursive, flowing style.

RICHARD W. USSERY

# TOTAL SYSTEM SERVICES, INC.®

## NOTICE OF THE 2002 ANNUAL MEETING OF SHAREHOLDERS

- TIME . . . . . 10:00 a.m. E.T.  
Thursday, April 18, 2002
- PLACE . . . . . TSYS Riverfront Campus Auditorium  
1600 First Avenue  
Columbus, Georgia 31901
- ITEMS OF BUSINESS . . . . . (1) To elect five directors to serve until the Annual Meeting of Shareholders in 2005.  
(2) To approve the Total System Services, Inc. 2002 Long-Term Incentive Plan.  
(3) To approve the Synovus Financial Corp. 2002 Long-Term Incentive Plan (TSYS is an 81.1% owned subsidiary of Synovus).  
(4) To transact such other business as may properly come before the meeting and any adjournment thereof.
- WHO MAY VOTE . . . . . You can vote if you were a shareholder of record on February 15, 2002.
- ANNUAL REPORT . . . . . A copy of the Annual Report is enclosed.
- PROXY VOTING . . . . . Your vote is important. Please vote in one of these ways:  
(1) Use the toll-free telephone number shown on the proxy card;  
(2) Visit the web site listed on your proxy card;  
(3) Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope provided; or  
(4) Submit a ballot at the Annual Meeting.



G. SANDERS GRIFFITH, III  
Secretary

Columbus, Georgia  
March 8, 2002

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

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# PROXY STATEMENT

## VOTING INFORMATION

### ***Purpose***

This Proxy Statement and the accompanying proxy card are being mailed to TSYS shareholders beginning March 8, 2002. The TSYS Board of Directors is soliciting proxies to be used at the 2002 Annual Meeting of TSYS Shareholders which will be held on April 18, 2002, at 10:00 a.m., at the TSYS Riverfront Campus Auditorium, 1600 First Avenue, Columbus, Georgia. Proxies are solicited to give all shareholders of record an opportunity to vote on matters to be presented at the Annual Meeting. In the following pages of this Proxy Statement, you will find information on matters to be voted upon at the Annual Meeting of Shareholders or any adjournment of that meeting.

### ***Who Can Vote***

You are entitled to vote if you were a shareholder of record of TSYS stock as of the close of business on February 15, 2002. Your shares can be voted at the meeting only if you are present or represented by a valid proxy.

### ***Shares Outstanding***

A majority of the outstanding shares of TSYS stock must be present, either in person or represented by proxy, in order to conduct the Annual Meeting of TSYS Shareholders. On February 15, 2002, 196,965,670 shares of TSYS stock were outstanding.

### ***Columbus Bank and Trust Company***

Columbus Bank and Trust Company® (“CB&T”) owned individually 159,630,980 shares, or 81.1%, of the outstanding shares of TSYS stock on February 15, 2002. CB&T® is a wholly owned banking subsidiary of Synovus Financial Corp.®, a multifinancial services company.

### ***Proxy Card***

The Board has designated two individuals to serve as proxies to vote the shares represented by proxies at the Annual Meeting of Shareholders.

If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the designated proxies in favor of the election of all of the director nominees and in accordance with the directors’ recommendations on the other proposals listed on the proxy card. The designated proxies will vote in their discretion on any other matter that may properly come before the meeting. At the date the Proxy Statement went to press, we did not anticipate that any other matters would be raised at the Annual Meeting.

### ***Voting of Shares***

Each share of TSYS stock represented at the Annual Meeting is entitled to one vote on each matter properly brought before the meeting. All shares entitled to vote and represented in person or by properly executed proxies received before the polls are closed at the Annual Meeting, and not revoked or superseded, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies.

TSYS Dividend Reinvestment and Direct Stock Purchase Plan: If you participate in this Plan, your proxy card represents shares held in the Plan, as well as shares you hold in certificate form registered in the same name.

### ***Required Votes - Election of Director Nominees***

Directors are elected by a plurality of the votes, which means the five nominees who receive the largest number of properly executed votes will be elected as directors. Each share of TSYS

stock is entitled to one vote for each of five director nominees. Cumulative voting is not permitted. Shares that are represented by proxies which are marked “withhold authority” for the election of one or more director nominees will not be counted in determining the number of votes cast for those persons.

### ***Required Votes - Other Matters***

The affirmative vote of a majority of the shares present (in person or by proxy and entitled to vote at the Annual Meeting) is needed to approve the TSYS 2002 Long-Term Incentive Plan and the Synovus 2002 Long-Term Incentive Plan.

### ***Tabulation of Votes***

Under certain circumstances, brokers are prohibited from exercising discretionary authority for beneficial owners who have not returned proxies to the brokers (so-called “broker non-votes”). In such cases, and in cases where the shareholder abstains from voting on a matter, those shares will be counted for the purpose of determining if a quorum is present, but will not be included in the vote totals with respect to those matters and, therefore, will have no effect on the vote. In addition, if a broker indicates on the proxy card that it does not have discretionary authority on other matters considered at the meeting, those shares will not be counted in determining the number of votes cast with respect to those matters.

### ***How You Can Vote***

You may vote by proxy or in person at the meeting. To vote by proxy, you may select one of the following options:

#### *Vote By Telephone:*

You can vote your shares by telephone by calling the toll-free telephone number (at no cost to you) shown on your proxy card. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the shareholder by using individual control numbers. If you vote by telephone, you do NOT need to return your proxy card.

#### *Vote By Internet:*

You can also choose to vote on the Internet. The web site for Internet voting is shown on your proxy card. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been properly recorded, and you can consent to view future proxy statements and annual reports on the Internet instead of receiving them in the mail. If you vote on the Internet, you do NOT need to return your proxy card.

#### *Vote By Mail:*

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

### ***Revocation of Proxy***

If you vote by proxy, you may revoke that proxy at any time before it is voted at the meeting. You may do this by (a) signing another proxy card with a later date and returning it to us prior to the meeting, (b) voting again by telephone or on the Internet prior to the meeting, or (c) attending the meeting in person and casting a ballot.

## ELECTION OF DIRECTORS

### THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” ALL NOMINEES.

#### *Number*

The Board of Directors of TSYS consists of 16 members. As 18 board seats have been authorized by TSYS’ shareholders, TSYS has two directorships which remain vacant. These vacant directorships could be filled in the future at the discretion of TSYS’ Board of Directors. This discretionary power gives TSYS’ Board of Directors the flexibility of appointing new directors in the periods between TSYS’ Annual Meetings should suitable candidates come to its attention. The Board is divided into three classes whose terms are staggered so that the term of one class expires at each Annual Meeting of Shareholders. The terms of office of the Class I directors expire at the 2002 Annual Meeting, the terms of office of the Class II directors expire at the 2003 Annual Meeting and the terms of office of the Class III directors expire at the 2004 Annual Meeting. Proxies cannot be voted at the 2002 Annual Meeting for a greater number of persons than the number of nominees named.

#### *Nominees*

The following nominees have been selected by the Corporate Governance Committee and approved by the Board for submission to the shareholders: G. Wayne Clough, Samuel A. Nunn, H. Lynn Page, Philip W. Tomlinson and Richard W. Ussery, each to serve a three year term expiring at the Annual Meeting in the year 2005.

The Board believes that each director nominee will be able to stand for election. If any nominee becomes unable to stand for election, proxies in favor of that nominee will be voted in favor of the remaining nominees and in favor of any substitute nominee named by the Board upon the recommendation of the Corporate Governance Committee. If you do not wish your shares voted for one or more of the nominees, you may so indicate on the proxy.

#### *Members of the Board of Directors*

Following is the principal occupation, age and certain other information for each director nominee and other directors serving unexpired terms.

<u>Name</u>	<u>Age</u>	<u>TSYS Director Classifi- cation</u>	<u>Year First Elected Director</u>	<u>Principal Occupation and Other Information</u>
James H. Blanchard(1)	60	II	1982	Chairman of the Board and Chief Executive Officer, Synovus Financial Corp.; Chairman of the Executive Committee, Total System Services, Inc.; Director, BellSouth Corporation
Richard Y. Bradley	63	II	1991	Partner, Bradley & Hatcher (Law Firm); Director, Synovus Financial Corp.
G. Wayne Clough	60	I	2000	President, Georgia Institute of Technology
Gardiner W. Garrard, Jr.	61	II	1982	President, The Jordan Company (Real Estate Development); Director, Synovus Financial Corp.
Sidney E. Harris(2)	52	III	1999	Dean, J. Mack Robinson College of Business, Georgia State University; Director, The ServiceMaster Company, AirGate PCS, Inc. and Transamerica Investors, Inc.

Name	Age	TSYS Director Classification	Year First Elected Director	Principal Occupation and Other Information
John P. Illges, III	67	II	1982	Senior Vice President and Financial Consultant, Retired, The Robinson-Humphrey Company, Inc. (Stockbroker); Director, Synovus Financial Corp.
Alfred W. Jones III	44	III	2001	Chairman of the Board and Chief Executive Officer, Sea Island Company (Real Estate Development and Management); Director, Synovus Financial Corp.
Mason H. Lampton	54	III	1986	Chairman of the Board and President, The Hardaway Company and Chairman of the Board, Standard Concrete Products (Construction Companies); Director, Synovus Financial Corp.
W. Walter Miller, Jr.(3)	53	II	1993	Group Executive, Retired, Total System Services, Inc.
Samuel A. Nunn	63	I	1997	Senior Partner, King & Spalding (Law Firm) and Co-chairman and Chief Executive Officer, Nuclear Threat Initiative; Director, The Coca-Cola Company, Dell Computer Corporation, General Electric Company, Scientific-Atlanta, Inc., Internet Security Systems, Inc. and ChevronTexaco Corporation
H. Lynn Page	61	I	1982	Director, Synovus Financial Corp., Columbus Bank and Trust Company and Total System Services, Inc.
Philip W. Tomlinson(4)	55	I	1982	President, Total System Services, Inc.
William B. Turner(3)	79	III	1982	Chairman of the Executive Committee, Columbus Bank and Trust Company and Synovus Financial Corp.; Advisory Director, W.C. Bradley Co. (Metal Manufacturer and Real Estate)
Richard W. Ussery(5)	54	I	1982	Chairman of the Board and Chief Executive Officer, Total System Services, Inc.
James D. Yancey	60	III	1982	President and Chief Operating Officer, Synovus Financial Corp.; Chairman of the Board, Columbus Bank and Trust Company; Director, Shoney's, Inc.
Rebecca K. Yarbrough	64	III	1999	Private Investor

- (1) James H. Blanchard was elected Chairman of the Executive Committee of TSYS in February 1992. From 1982 until 1992, Mr. Blanchard served as Chairman of the Board of TSYS.
- (2) Sidney E. Harris was named dean of the J. Mack Robinson College of Business at Georgia State University in July 1997. From 1991 until 1997, Mr. Harris served as dean and/or professor of the Drucker School of Management at the Claremont Graduate University.
- (3) W. Walter Miller, Jr.'s spouse is the niece of William B. Turner.
- (4) Philip W. Tomlinson was elected President of TSYS in February 1992. From 1982 until 1992, Mr. Tomlinson served as Executive Vice President of TSYS.
- (5) Richard W. Ussery was elected Chairman of the Board of TSYS in February 1992. From 1982 until 1992, Mr. Ussery served as President of TSYS.

# BOARD OF DIRECTORS

## ***Corporate Governance Philosophy***

The business affairs of TSYS are managed under the direction of the Board of Directors in accordance with the Georgia Business Corporation Code, as implemented by TSYS' Articles of Incorporation and bylaws.

The role of the Board of Directors is to effectively govern the affairs of TSYS for the benefit of its shareholders and other constituencies. The Board strives to ensure the success and continuity of business through the election of qualified management. It is also responsible for ensuring that TSYS' activities are conducted in a responsible and ethical manner. The Corporate Governance Committee conducts an annual review of corporate governance procedures. A majority of TSYS' directors are independent, nonemployee directors.

## ***Submission of Director Candidates***

Shareholders who wish to suggest qualified candidates for consideration as directors of TSYS by the Corporate Governance Committee should write to: Corporate Secretary, Total System Services, Inc., 901 Front Avenue, Suite 301, Columbus, Georgia 31901, stating in detail the qualifications of such persons.

## ***Board and Committee Meetings***

The Board of Directors held four meetings in 2001. All directors attended at least 75% of Board and committee meetings held during their tenure during 2001. The average attendance by directors at the aggregate number of Board and committee meetings they were scheduled to attend was 93%.

## ***Committees of the Board***

TSYS' Board of Directors has four principal standing committees - an Executive Committee, an Audit Committee, a Corporate Governance Committee and a Compensation Committee. The following table shows the membership of the various committees.

Executive	Audit	Corporate Governance	Compensation
James H. Blanchard, Chair	John P. Illges, III, Chair	Richard Y. Bradley, Chair	Gardiner W. Garrard, Jr., Chair
Richard Y. Bradley	Sidney E. Harris	Samuel A. Nunn	G. Wayne Clough
Gardiner W. Garrard, Jr.	H. Lynn Page	Rebecca K. Yarbrough	Mason H. Lampton
John P. Illges, III			
Philip W. Tomlinson			
William B. Turner			
Richard W. Ussey			
James D. Yancey			

**Executive Committee.** TSYS' Executive Committee held four meetings in 2001. During the intervals between meetings of TSYS' Board of Directors, TSYS' Executive Committee possesses and may exercise any and all of the powers of TSYS' Board of Directors in the management and direction of the business and affairs of TSYS with respect to which specific direction has not been previously given by TSYS' Board of Directors.

**Audit Committee.** TSYS' Audit Committee held five meetings in 2001. Its Report begins on page 6. The primary functions to be engaged in by TSYS' Audit Committee include:

- Monitoring the quality and integrity of TSYS' financial reporting process and systems of internal controls regarding finance, accounting, regulatory and legal compliance;
- Monitoring the independence and performance of TSYS' independent auditors and internal auditing activities; and
- Providing an avenue of communication among the independent auditors, management, internal audit and the Board of Directors.

**Corporate Governance Committee.** TSYS' Corporate Governance Committee held two meetings in 2001. The primary functions to be engaged in by TSYS' Corporate Governance Committee include:

- Making recommendations to the Board regarding the governance of TSYS as reflected in TSYS' Articles of Incorporation and bylaws;
- Making recommendations to the Board regarding Board administration, including developing criteria for selecting and retaining Board members, seeking qualified candidates for the Board and recommending assignment of Board members to appropriate Board committees;
- Making recommendations to the Board regarding a policy and program regarding director compensation and annual assessment of Board performance;
- Establishing procedures for the Chief Executive Officer's annual performance review; and
- Establishing procedures for annual reviews of succession planning and management development.

**Compensation Committee.** TSYS' Compensation Committee held five meetings in 2001. Its Report on Executive Compensation begins on page 22. The primary functions to be engaged in by TSYS' Compensation Committee include:

- The design and oversight of TSYS' executive compensation program;
- The design and oversight of all compensation and benefit programs in which employees, officers and directors of TSYS are eligible to participate; and
- Performing an annual evaluation of the Chief Executive Officer.

## AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of three directors who the Board and Audit Committee believe are independent as defined in the New York Stock Exchange's listing standards.

In accordance with its written charter adopted by the Board of Directors, the Audit Committee assists the Board with fulfilling its oversight responsibility regarding the quality and integrity of TSYS' financial reporting process. In discharging its oversight responsibilities regarding the audit process, the Audit Committee:

- Reviewed and discussed with management TSYS' audited financial statements as of and for the year ended December 31, 2001;
- Discussed with KPMG LLP, TSYS' independent auditors, the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees); and
- Received from KPMG LLP the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with KPMG LLP their independence.

Based upon the review and discussions referred to in the preceding paragraph, the Audit Committee recommended to the Board of Directors that the audited financial statements referred to above be included in TSYS' Annual Report on Form 10-K for the year ended December 31, 2001, to be filed with the Securities and Exchange Commission.

This Audit Committee Report shall not be deemed incorporated by reference in any document previously or subsequently filed with the Securities and Exchange Commission that incorporates by reference all or any portion of this Proxy Statement, except to the extent TSYS specifically requests that the Report be specifically incorporated by reference.

The Audit Committee

John P. Illges, III

Sidney E. Harris

H. Lynn Page

### ***Fees Paid To KPMG LLP***

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of TSYS' annual financial statements for 2001, and fees billed for other services rendered by KPMG LLP.

Audit fees, including out-of-pocket expenses	\$ 248,000
Financial information systems design and implementation	<u>\$ 0</u>
All other fees, including out-of-pocket expenses:	
Audit related fees (1)	463,000
Other non-audit services (2)	<u>645,000</u>
Total all other fees	<u>\$1,108,000</u>

- (1) Audit related fees consisted principally of customer and synthetic lease compliance reports, due diligence assistance on potential acquisition transactions, reports on data center reviews, assistance to internal audit in certain computer control technical audits and audits of TSYS' stock purchase plans.
- (2) Other non-audit fees consisted of financial reporting associated with changes in tax reporting structure, tax compliance and tax planning associated with international operations, tax services in connection with employees residing in foreign countries and assistance with certain network security matters.

The Audit Committee has considered whether the provision of the non-audit services to TSYS described above is compatible with maintaining KPMG's independence.

## **DIRECTORS' COMPENSATION**

### ***Compensation***

During 2001, directors received the following compensation:

Annual retainer . . . . .	\$20,000
Attendance fee for each Board meeting . . . . .	\$ 1,800
Attendance fee for each Executive Committee meeting, including the chairman . . .	\$ 1,800
Attendance fee for each committee meeting chaired, other than executive . . . . .	\$ 1,200
Attendance fee for committee meetings, other than executive . . . . .	\$ 750

Directors may elect to defer all or a portion of their cash compensation. Deferred amounts are deposited into one or more investment funds chosen by the director. All deferred fees are payable only in cash.

### ***Director Stock Purchase Plan***

TSYS' Director Stock Purchase Plan is a nontax-qualified, contributory stock purchase plan pursuant to which qualifying TSYS directors can purchase, with the assistance of contributions from TSYS, presently issued and outstanding shares of TSYS stock. Under the terms of the Director Stock Purchase Plan, qualifying directors can elect to contribute up to \$5,000 per calendar quarter to make purchases of TSYS stock, and TSYS contributes an additional amount equal to 50% of the directors' cash contributions. Participants in the Director Stock Purchase Plan are fully vested in, and may request the issuance to them of, all shares of TSYS stock purchased for their benefit under the Plan.

## **EXECUTIVE OFFICERS**

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

<u>Name</u>	<u>Age</u>	<u>Position with TSYS</u>
James H. Blanchard	60	Chairman of the Executive Committee

<b>Name</b>	<b>Age</b>	<b>Position with TSYS</b>
Richard W. Ussery	54	Chairman of the Board and Chief Executive Officer
Philip W. Tomlinson	55	President
William A. Pruett	48	Executive Vice President
James B. Lipham	53	Executive Vice President and Chief Financial Officer
M. Troy Woods	50	Executive Vice President
Kenneth L. Tye	49	Executive Vice President and Chief Information Officer
G. Sanders Griffith, III	48	General Counsel and Secretary

Messrs. Blanchard, Ussery and Tomlinson are directors of TSYS. William A. Pruett was elected as Executive Vice President of TSYS in February 1993. From 1976 until 1993, Mr. Pruett served in various capacities with CB&T and/or TSYS, including Senior Vice President. James B. Lipham was elected as Executive Vice President and Chief Financial Officer of TSYS in July 1995. From 1984 until 1995, Mr. Lipham served in various financial capacities with Synovus and/or TSYS, including Senior Vice President and Treasurer. M. Troy Woods was elected as Executive Vice President of TSYS in July 1995. From 1987 until 1995, Mr. Woods served in various capacities with TSYS, including Senior Vice President. Kenneth L. Tye was elected as Executive Vice President and Chief Information Officer of TSYS in August 1999. From 1971 until 1999, Mr. Tye served in various capacities with CB&T and/or TSYS, including Senior Vice President. G. Sanders Griffith, III has served as General Counsel of TSYS since 1988 and was elected as Secretary of TSYS in June 1995. Mr. Griffith currently serves as Senior Executive Vice President, General Counsel and Secretary of Synovus and has held various positions with Synovus since 1988.

## **STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth ownership of shares of TSYS stock by each director, by each executive officer named in the Summary Compensation Table on page 19 and by all directors and executive officers as a group as of December 31, 2001.

<b>Name</b>	<b>Shares of TSYS Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/01</b>	<b>Shares of TSYS Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/01</b>	<b>Total Shares of TSYS Stock Beneficially Owned as of 12/31/01 (1)</b>	<b>Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/01</b>
James H. Blanchard	785,999	360,480	1,146,479	*
Richard Y. Bradley	24,216	5,000	29,216	*
G. Wayne Clough	1,090	—	1,090	*
Gardiner W. Garrard, Jr.	16,424	—	16,424	*
Sidney E. Harris	2,555	—	2,555	*
John P. Illges, III	106,358	81,750	188,108	*
Alfred W. Jones III	562	—	562	*
Mason H. Lampton	42,199	47,426(2)	89,625	*
James B. Lipham	47,431	600	139,231	*
W. Walter Miller, Jr.	89,360	12,921	102,281	*
Samuel A. Nunn	3,183	—	40,683	*
H. Lynn Page	442,462	137,526	579,988	*

<b>Name</b>	<b>Shares of TSYS Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/01</b>	<b>Shares of TSYS Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/01</b>	<b>Total Shares of TSYS Stock Beneficially Owned as of 12/31/01 (1)</b>	<b>Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/01</b>
William A. Pruett	130,424	—	214,424	*
Philip W. Tomlinson	577,398	39,864	785,262	*
William B. Turner	166,093	576,000	742,093	*
Richard W. Ussery	559,443	66,000	793,443	*
M. Troy Woods	43,874	2,809	139,683	*
James D. Yancey	771,612	24,000	795,612	*
Rebecca K. Yarbrough	268,109	508,128(3)	776,237	*

Directors and Executive  
Officers as a Group

(21 persons) 4,203,720 1,862,504 6,591,996 3.3

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

- (1) The totals shown for the following directors and executive officers of TSYS include the number of shares of TSYS stock that each individual has the right to acquire within 60 days through the exercise of stock options:

<u>Person</u>	<u>Number of Shares</u>
James B. Lipham	91,200
Samuel A. Nunn	37,500
William A. Pruett	84,000
Philip W. Tomlinson	168,000
Richard W. Ussery	168,000
M. Troy Woods	93,000

In addition, the other executive officers of TSYS have rights to acquire an aggregate of 9,000 shares of TSYS stock within 60 days through the exercise of stock options.

- (2) Includes 28,800 shares of TSYS stock held in a trust for which Mr. Lampton is not the trustee. Mr. Lampton disclaims beneficial ownership of such shares.
- (3) Includes 72,000 shares of TSYS stock held in a trust for which Mrs. Yarbrough is not the trustee. Mrs. Yarbrough disclaims beneficial ownership of such shares.

For a detailed discussion of the beneficial ownership of Synovus stock by TSYS' named executive officers and directors and by all directors and executive officers of TSYS as a group, see "Synovus Stock Ownership of Directors and Management" on page 26.

## **DIRECTORS' PROPOSAL TO APPROVE THE TOTAL SYSTEM SERVICES, INC. 2002 LONG-TERM INCENTIVE PLAN**

### **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THIS PROPOSAL.**

TSYS' compensation program includes long-term performance awards under the Total System Services, Inc. 2002 Long-Term Incentive Plan (the "TSYS 2002 Plan"). The purpose of the TSYS 2002 Plan is to attract, retain, motivate and reward employees and non-employee directors who make a significant contribution to TSYS' long-term success and to enable such

employees and non-employee directors to acquire and maintain an equity interest in TSYS. Subject to approval by TSYS' shareholders, compensation paid to TSYS' employees pursuant to the TSYS 2002 Plan is intended, to the extent reasonable, to qualify for tax deductibility under Section 162(m) of the Internal Revenue Code of 1986, as amended.

**Eligibility and Participation.** Any employee of TSYS or its subsidiaries and any non-employee director of TSYS, which is approximately 5,079 persons, is eligible to be selected to participate in the TSYS 2002 Plan. The Committee, as described below, has discretion to select participants from year to year.

**Shares Subject to the Plan.** The aggregate number of shares of TSYS stock which may be granted to participants pursuant to awards granted under the TSYS 2002 Plan may not exceed nine million, three hundred fifty-five thousand, two hundred ninety-nine (9,355,299).

**Awards Under the TSYS 2002 Plan.** Pursuant to the TSYS 2002 Plan, TSYS may grant long-term performance awards to participants in the form of stock options, stock appreciation rights ("SARs"), restricted stock or performance awards.

**Stock Options.** The Committee may grant options under the TSYS 2002 Plan in the form of qualified incentive stock options, nonqualified stock options or a combination thereof. Non-employee directors, however, are not eligible to receive qualified incentive stock options. Options may be granted either alone or in tandem with other awards granted under the TSYS 2002 Plan. Subject to the limits described herein, the Committee shall have discretion in determining the number of shares subject to options granted to each participant.

The option price of nonqualified stock options may be equal to, or more or less than, one hundred percent (100%) of the fair market value of a share of TSYS stock on the date the option is granted. The option price of qualified incentive stock options shall be at least equal to one hundred percent (100%) of the fair market value of a share of TSYS stock on the date the option is granted. Options shall expire at such times as the Committee determines at the time of grant; provided, however, that no option shall be exercisable later than the tenth anniversary of its grant.

Options granted under the TSYS 2002 Plan shall be exercisable at such times and subject to such restrictions and conditions as the Committee shall approve; provided that no option may be exercisable prior to six months following its grant. The option exercise price shall be payable in cash, by check, or by such other instrument as deemed acceptable by the Committee. Payment of the exercise price and any withholding tax due at exercise may also be made through any program approved by the Committee (including a broker-dealer cashless exercise program).

Options may only be transferred under the laws of descent and distribution and shall be exercisable only by the participant during his lifetime unless otherwise specified by the Committee at or after grant. The participant's rights in the event of termination of employment shall be specified by the Committee at or after grant.

**Stock Appreciation Rights.** SARs granted under the TSYS 2002 Plan may be granted alone or in conjunction with all or part of any option granted under the TSYS 2002 Plan. Subject to the terms of the TSYS 2002 Plan, the Committee shall have discretion to determine the terms and conditions of any SAR granted under the TSYS 2002 Plan. With respect to an SAR granted in conjunction with an option, the grant price shall be equal to the option price of the related option, and such SAR shall terminate upon the termination or exercise of the related option. No SAR granted under the TSYS 2002 Plan may be exercisable prior to six months following its grant, except in the case of death (other than by suicide) or disability of the participant. The term of any SAR shall be determined by the Committee, provided that such term may not exceed ten years.

SARs granted alone may be exercised upon the terms and conditions as are imposed by the Committee. An SAR granted in conjunction with an option may be exercised only with respect to the shares of stock of TSYS for which the related option is exercisable. SARs granted in connection with an incentive stock option shall expire no later than the expiration of such

incentive stock option, the value of the payout for such SARs may be no more than one hundred percent (100%) of the difference between the incentive stock option option price and the fair market value of the shares subject to such incentive stock option at exercise and may be exercised only when the fair market value of the shares subject to the incentive stock option exceeds the incentive stock option price.

Upon exercise, a participant will receive the difference between the fair market value of a share of stock on the date of exercise and the grant price multiplied by the number of shares with respect to which the SAR is exercised. Payment due upon exercise may be in cash, in shares having a fair market value of the SAR being exercised or in a combination of cash and shares, as determined by the Committee. The Committee may impose such restrictions on the exercise of SARs as may be required to satisfy the requirements of Section 16 of the Securities Exchange Act. SARs may only be transferred under the laws of descent and distribution and shall be exercisable only by the participant during his lifetime.

**Restricted Stock.** Restricted stock may be granted in such amounts and subject to such terms and conditions as determined by the Committee. The Committee shall impose such conditions and/or restrictions on any shares of restricted stock as it deems advisable, including, but not limited to, a graduated vesting schedule and/or conditioning the grant of restricted stock on the attainment of performance goals. Each participant who is awarded restricted stock shall be issued a stock certificate in respect of such restricted stock, which shall be held in escrow by an escrow agent designated by the Committee, as provided under the TSYS 2002 Plan.

During the six month period following the date of grant of restricted stock, or such longer period as may be determined by the Committee, restricted stock may not be sold, transferred, pledged or assigned. The minimum period for the lapse of all restrictions on restricted stock is three years. Except as limited by the TSYS 2002 Plan, the Committee may provide for the lapse of such restrictions or may accelerate or waive such restrictions based on performance or in the event of extraordinary, nonrecurring situations, such as retirement, disability or death.

Participants holding restricted stock shall have all of the rights of stockholders of TSYS, including the right to dividends, unless the Committee determines otherwise at the time of grant. Dividends or distributions credited during the restriction period and paid in shares shall be subject to the same restrictions as the shares of restricted stock with respect to which they were paid. All rights with respect to restricted stock shall be available only during a participant's lifetime, and each restricted stock award agreement shall specify whether the participant has a right to receive unvested restricted shares in the event of termination of employment.

**Performance Awards.** Shares of stock and/or a payment in cash may be awarded under the TSYS 2002 Plan in the amounts and subject to the terms and conditions as determined by the Committee. The Committee may set performance objectives which, depending on the extent to which they are met, will determine the value of performance awards that will be paid out to participants. Participants shall receive payment of performance awards earned, in cash and/or shares of stock, if the specified performance objectives have been obtained during a designated performance period (the minimum performance period is one year). The Committee may also establish a minimum level of performance below which no performance award may be payable.

In the event a participant's employment is terminated by reason of death (other than by suicide), disability or retirement during a performance period, the participant shall receive a prorated payout of the performance award at the time and in the amount determined by the Committee. In the event employment is terminated for any other reason, the participant's rights to any performance award shall be forfeited. Performance awards may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. A participant's rights under the TSYS 2002 Plan shall be exercisable only by the participant during his lifetime.

**Objective Performance Measures.** Performance objectives applicable to awards granted under the TSYS 2002 Plan, as determined by the Committee, shall be chosen from among the following alternatives, unless and until the Committee proposes a change in such measures for shareholder vote or applicable tax and/or securities laws change to permit Committee discretion

to alter such performance measures without obtaining shareholder approval: (i) total shareholder return; (ii) return on equity; (iii) earnings per share growth; and (iv) return on assets.

**Maximum Amount Payable to Any Participant.** The maximum number of shares which may be awarded in any calendar year to any one participant is two million (2,000,000). The maximum cash amount which may be awarded in any calendar year to any participant is \$1 million.

**Adjustments in Connection With Certain Events.** The TSYS 2002 Plan provides that the Committee shall make a substitution or adjustment in the number of shares reserved for issuance under the TSYS 2002 Plan in the number and option price of shares subject to outstanding options and in the number of shares subject to SARs, restricted stock, or performance awards, as it deems appropriate and equitable in connection with a change in corporate structure affecting TSYS' stock.

**Duration of the TSYS 2002 Plan.** The TSYS 2002 Plan shall remain in effect from the date it is adopted by TSYS' Board until the date terminated by the Committee or TSYS' Board of Directors; provided, however, that no award shall be granted on or after the tenth anniversary of the TSYS 2002 Plan's effective date; provided further, however, that no future awards will be granted to TSYS' "covered employees," as defined below, unless shareholder approval of the TSYS 2002 Plan is obtained.

**Administration.** The TSYS 2002 Plan will be administered by a committee of the Board of Directors of TSYS (the "Committee") which will be comprised of no fewer than two members who must be "outside directors" within the meaning of Section 162(m). Initially, the administering committee shall be the Compensation Committee of TSYS' Board.

The Committee shall have authority to: (i) determine individuals to whom awards will be granted; (ii) determine the terms and conditions upon which awards shall be granted, including any restriction based on performance or other factors; (iii) determine whether and to what extent awards shall be deferred; and (iv) make all other determinations, perform all other acts, exercise all other powers, and establish any other procedures it deems necessary, appropriate or advisable in administering the TSYS 2002 Plan and maintaining compliance with applicable law.

**Amendment of the TSYS 2002 Plan.** TSYS' Board of Directors may amend, alter or discontinue the TSYS 2002 Plan at any time except that no such amendment, suspension or discontinuation of the TSYS 2002 Plan may affect an existing award under the TSYS 2002 Plan without the affected participant's consent. In addition, no amendment, alteration or discontinuation shall be made, without the approval of shareholders, which would: (i) increase the total number of shares reserved under the TSYS 2002 Plan; (ii) decrease the option price of any option to less than one hundred percent (100%) of the fair market value of a share on the date of grant; (iii) change the participants or class of participants eligible to participate in the TSYS 2002 Plan; or (iv) materially increase the benefits accruing to participants. Furthermore, no amendment may reprice previously granted stock options by lowering the exercise price or cancelling outstanding stock options with subsequent grants of replacement stock options with lower exercise prices.

**Change in Control.** Unless otherwise determined by the Committee at grant, in the event of a change in control of TSYS, as defined in the TSYS 2002 Plan, the vesting of any outstanding awards granted under the TSYS 2002 Plan shall be accelerated and all such awards shall be fully exercisable.

**Federal Income Tax Consequences of the TSYS 2002 Plan.** The income tax consequences under current federal tax law to participants and to TSYS and its subsidiaries of incentive compensation awarded under the TSYS 2002 Plan is generally as described below. Local and state tax authorities, however, may also tax incentive compensation awarded under the TSYS 2002 Plan.

**Consequences to Participants.** Generally, for federal income tax purposes, a participant will realize ordinary income and will incur tax liability upon receipt of the payment of an award

under the TSYS 2002 Plan in an amount equal to such payment, if in cash, or the fair market value of any unrestricted shares of stock received. The tax consequences to participants of the individual types of awards which may be granted under the TSYS 2002 Plan are described below.

*Qualified Incentive Stock Options.* With respect to options which qualify as incentive stock options, a participant will not recognize ordinary income for federal income tax purposes at the time options are granted or exercised. If the participant disposes of shares acquired by exercise of an incentive stock option before the expiration of two years from the date the options are granted, or within one year after the issuance of shares upon exercise of the incentive stock option, the participant will recognize in the year of disposition: (a) ordinary income, to the extent that the lesser of either (1) the fair market value of the shares on the date of option exercise or (2) the amount realized on disposition exceeds the option price; and (b) capital gain (or loss), to the extent that the amount realized on disposition differs from the fair market value of the shares on the date of option exercise. Any compensation included in an employee's gross income will be subject to federal employment taxes. If the shares are sold after expiration of these holding periods, the participant will realize capital gain or loss (assuming the shares are held as capital assets) equal to the difference between the amount realized on disposition and the option price.

*Nonqualified Stock Options.* With respect to options which do not qualify as incentive stock options, the participant will recognize no income upon grant of the option and, upon exercise, will recognize ordinary income to the extent of the difference between the amount paid by the participant for the shares and the fair market value of the shares on the date of option exercise. Any compensation included in an employee's gross income will be subject to federal employment taxes. Upon a subsequent disposition of the shares received under the option, the participant will recognize capital gain or loss, as the case may be, to the extent of the difference between the fair market value of the shares at the time of exercise and the amount realized on the disposition (assuming the shares are held as capital assets).

*Stock Appreciation Rights.* Ordinary income will be recognized by a participant upon the exercise of an SAR, in an amount equal to the cash received or the fair market value of the shares received on the exercise date. Any compensation included in an employee's gross income will be subject to federal employment taxes.

*Restricted Stock.* Participants holding restricted stock will recognize ordinary income in the year in which the restrictions lapse, in the amount of the fair market value of the shares as of the date of lapse of the restrictions, unless the participant elects to include the fair market value of the shares as of the date of grant in ordinary income at that time. Any compensation included in an employee's gross income will be subject to federal employment taxes.

*Performance Awards.* Ordinary income will be recognized by a participant in the year in which it is received in an amount equal to the amount of the performance award on the date of receipt. Any compensation included in an employee's gross income will be subject to federal employment taxes.

**Consequences to TSYS and Its Subsidiaries.** In general, TSYS and its subsidiaries will receive an income tax deduction at the same time and in the same amount as the amount which is taxable to the employee as compensation, except as provided below. To the extent a participant realizes capital gains, as described above, TSYS and its subsidiaries will not be entitled to any deduction for federal income tax purposes.

Under Section 162(m), compensation paid by a public company in excess of \$1 million for any taxable year to "covered employees" generally is not deductible by the company or its affiliates for federal income tax purposes unless it is related to the performance of the company, is paid pursuant to a plan approved by shareholders of the company and meets certain other requirements.

Generally, "covered employees" is defined under Section 162(m) as any individual who is the chief executive officer or is among the four other highest paid executive officers named in the summary compensation table in the company's proxy statement, other than the chief

executive officer, as of the last day of the taxable year. It is anticipated that awards will qualify as performance based for purposes of Section 162(m), except for restricted stock not subject to preestablished performance goals. TSYS does not presently anticipate making any such awards. However, TSYS reserves the ability to make awards which do not qualify for full deductibility under Section 162(m) if the Committee determines that the benefits of so doing outweigh full deductibility.

## **DIRECTORS' PROPOSAL TO APPROVE THE SYNOVUS FINANCIAL CORP. 2002 LONG-TERM INCENTIVE PLAN**

### **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THIS PROPOSAL.**

TSYS' compensation program includes long-term performance awards under the Synovus Financial Corp. 2002 Long-Term Incentive Plan (the "Synovus 2002 Plan"). The purpose of the Synovus 2002 Plan is to attract, retain, motivate and reward employees and non-employee directors who make a significant contribution to Synovus and its subsidiaries' (including TSYS) long-term success, and to enable such employees and non-employee directors to acquire and maintain an equity interest in Synovus. Subject to approval by TSYS' shareholders, compensation paid to TSYS' employees pursuant to the Synovus 2002 Plan is intended, to the extent reasonable, to qualify for tax deductibility under Section 162(m) of the Internal Revenue Code.

**Eligibility and Participation.** Any employee of Synovus or its subsidiaries (including TSYS) and any non-employee director of Synovus or TSYS, which is approximately 11,121 persons, is eligible to be selected to participate in the Synovus 2002 Plan. The Committee, as described below, has discretion to select participants from year to year.

**Shares Subject to the Plan.** The aggregate number of shares of Synovus stock which may be granted to participants pursuant to awards granted under the Synovus 2002 Plan may not exceed fourteen million (14,000,000).

**Awards Under the Synovus 2002 Plan.** Pursuant to the Synovus 2002 Plan, Synovus may grant long-term performance awards to participants in the form of stock options, stock appreciation rights ("SARs"), restricted stock or performance awards.

**Stock Options.** The Committee may grant options under the Synovus 2002 Plan in the form of qualified incentive stock options, nonqualified stock options or a combination thereof. Non-employee directors, however, are not eligible to receive qualified incentive stock options. Options may be granted either alone or in tandem with other awards granted under the Synovus 2002 Plan. Subject to the limits described herein, the Committee shall have discretion in determining the number of shares subject to options granted to each participant.

The option price of nonqualified stock options may be equal to, or more or less than, one hundred percent (100%) of the fair market value of a share of Synovus stock on the date the option is granted. The option price of qualified incentive stock options shall be at least equal to one hundred percent (100%) of the fair market value of a share of Synovus stock on the date the option is granted. Options shall expire at such times as the Committee determines at the time of grant; provided, however, that no option shall be exercisable later than the tenth anniversary of its grant.

Options granted under the Synovus 2002 Plan shall be exercisable at such times and subject to such restrictions and conditions as the Committee shall approve; provided that no option may be exercisable prior to six months following its grant. The option exercise price shall be payable in cash, by check or by such other instrument as deemed acceptable by the Committee. Payment of the exercise price and any withholding tax due at exercise may also be made through any program approved by the Committee (including a broker-dealer cashless exercise program).

Options may only be transferred under the laws of descent and distribution and shall be exercisable only by the participant during his lifetime unless otherwise specified by the

Committee at or after grant. The participant's rights in the event of termination of employment shall be specified by the Committee at or after grant.

**Stock Appreciation Rights.** SARs granted under the Synovus 2002 Plan may be granted alone or in conjunction with all or part of any option granted under the Synovus 2002 Plan. Subject to the terms of the Synovus 2002 Plan, the Committee shall have discretion to determine the terms and conditions of any SAR granted under the Synovus 2002 Plan. With respect to an SAR granted in conjunction with an option, the grant price shall be equal to the option price of the related option, and such SAR shall terminate upon the termination or exercise of the related option. No SAR granted under the Synovus 2002 Plan may be exercisable prior to six months following its grant, except in the case of death (other than by suicide) or disability of the participant. The term of any SAR shall be determined by the Committee, provided that such term may not exceed ten years.

SARs granted alone may be exercised upon the terms and conditions as are imposed by the Committee. An SAR granted in conjunction with an option may be exercised only with respect to the shares of stock of Synovus for which the related option is exercisable. SARs granted in connection with an incentive stock option shall expire no later than the expiration of such incentive stock option; the value of the payout for such SARs may be no more than one hundred percent (100%) of the difference between the incentive stock option option price and the fair market value of the shares subject to such incentive stock option at exercise and may be exercised only when the fair market value of the shares subject to the incentive stock option exceeds the incentive stock option option price.

Upon exercise, a participant will receive the difference between the fair market value of a share of stock on the date of exercise and the grant price multiplied by the number of shares with respect to which the SAR is exercised. Payment due upon exercise may be in cash, in shares having a fair market value of the SAR being exercised, or in a combination of cash and shares, as determined by the Committee. The Committee may impose such restrictions on the exercise of SARs as may be required to satisfy the requirements of Section 16 of the Securities Exchange Act. SARs may only be transferred under the laws of descent and distribution and shall be exercisable only by the participant during his lifetime.

**Restricted Stock.** Restricted stock may be granted in such amounts and subject to such terms and conditions as determined by the Committee. The Committee shall impose such conditions and/or restrictions on any shares of restricted stock as it deems advisable, including, but not limited to, a graduated vesting schedule and/or conditioning the grant of restricted stock on the attainment of performance goals. Each participant who is awarded restricted stock shall be issued a stock certificate in respect of such restricted stock, which shall be held in escrow by an escrow agent designated by the Committee, as provided under the Synovus 2002 Plan.

During the six month period following the date of grant of restricted stock, or such longer period as may be determined by the Committee, restricted stock may not be sold, transferred, pledged or assigned. The minimum period for the lapse of all restrictions on restricted stock is three years. Except as limited by the Synovus 2002 Plan, the Committee may provide for the lapse of such restrictions or may accelerate or waive such restrictions based on performance or in the event of extraordinary nonrecurring situations, such as retirement, disability or death.

Participants holding restricted stock shall have all of the rights of stockholders of Synovus, including the right to dividends, unless the Committee determines otherwise at the time of grant. Dividends or distributions credited during the restriction period and paid in shares shall be subject to the same restrictions as the shares of restricted stock with respect to which they were paid. All rights with respect to restricted stock shall be available only during a participant's lifetime, and each restricted stock award agreement shall specify whether the participant has a right to receive unvested restricted shares in the event of termination of employment.

**Performance Awards.** Shares of stock and/or a payment in cash may be awarded under the Synovus 2002 Plan in the amounts and subject to the terms and conditions as determined by the Committee. The Committee may set performance objectives which, depending on the extent to which they are met, will determine the value of performance awards that will be paid out to

participants. Participants shall receive payment of performance awards earned, in cash and/or shares of stock, if the specified performance objectives have been obtained during a designated performance period (the minimum performance period is one year). The Committee may also establish a minimum level of performance below which no performance award may be payable.

In the event a participant's employment is terminated by reason of death (other than by suicide), disability or retirement during a performance period, the participant shall receive a prorated payout of the performance award at the time and in the amount determined by the Committee. In the event employment is terminated for any other reason, the participant's rights to any performance award shall be forfeited. Performance awards may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. A participant's rights under the Synovus 2002 Plan shall be exercisable only by the participant during his lifetime.

**Objective Performance Measures.** Performance objectives applicable to awards granted under the Synovus 2002 Plan, as determined by the Committee, shall be chosen from among the following alternatives, unless and until the Committee proposes a change in such measures for shareholder vote or applicable tax and/or securities laws change to permit Committee discretion to alter such performance measures without obtaining shareholder approval: (i) total shareholder return; (ii) return on equity; (iii) earnings per share growth; and (iv) return on assets.

**Maximum Amount Payable to Any Participant.** The maximum number of shares which may be awarded in any calendar year to any one participant is two million (2,000,000). The maximum cash amount which may be awarded in any calendar year to any participant is \$1 million.

**Adjustments in Connection With Certain Events.** The Synovus 2002 Plan provides that the Committee shall make a substitution or adjustment in the number of shares reserved for issuance under the Synovus 2002 Plan, in the number and option price of shares subject to outstanding options and in the number of shares subject to SARs, restricted stock or performance awards, as it deems appropriate and equitable in connection with a change in corporate structure affecting Synovus' stock.

**Duration of the Synovus 2002 Plan.** The Synovus 2002 Plan shall remain in effect from the date it is adopted by Synovus' Board until the date terminated by the Committee or Synovus' Board of Directors; provided, however, that no award shall be granted on or after the tenth anniversary of the Synovus 2002 Plan's effective date; provided further, however, that no future awards will be granted to TSYS' "covered employees," as defined below, unless shareholder approval of the Synovus 2002 Plan is obtained.

**Administration.** The Synovus 2002 Plan will be administered by a committee of the Board of Directors of Synovus (the "Committee") which will be comprised of no fewer than two members who must be "outside directors" within the meaning of Section 162(m). At least two of the Committee's members must be directors of both Synovus and TSYS. Initially, the administering committee shall be the Compensation Committee of Synovus' Board.

The Committee shall have authority to: (i) determine individuals to whom awards will be granted; (ii) determine the terms and conditions upon which awards shall be granted, including any restriction based on performance or other factors; (iii) determine whether and to what extent awards shall be deferred; and (iv) make all other determinations, perform all other acts, exercise all other powers, and establish any other procedures it deems necessary, appropriate or advisable in administering the Synovus 2002 Plan and maintaining compliance with applicable law. In accordance with its responsibility to evaluate the remuneration of TSYS' senior management, TSYS' Compensation Committee reviews and approves all awards made to TSYS' employees.

**Amendment of the Synovus 2002 Plan.** Synovus' Board of Directors may amend, alter or discontinue the Synovus 2002 Plan at any time except that no such amendment, suspension or discontinuation of the Synovus 2002 Plan may affect an existing award under the Synovus 2002 Plan without the affected participant's consent. In addition, no amendment, alteration or discontinuation shall be made, without the approval of shareholders, which would: (i) increase the total number of shares reserved under the Synovus 2002 Plan; (ii) decrease the option price

of any option to less than one hundred percent (100%) of the fair market value of a share on the date of grant; (iii) change the participants or class of participants eligible to participate in the Synovus 2002 Plan; or (iv) materially increase the benefits accruing to participants. Furthermore, no amendment may reprice previously granted stock options by lowering the exercise price or cancelling outstanding stock options with subsequent grants of replacement stock options with lower exercise prices.

**Change in Control.** Unless otherwise determined by the Committee at grant, in the event of a change in control of Synovus, as defined in the Synovus 2002 Plan, the vesting of any outstanding awards granted under the Synovus 2002 Plan shall be accelerated and all such awards shall be fully exercisable.

**Federal Income Tax Consequences of the Synovus 2002 Plan.** The income tax consequences under current federal tax law to participants and to Synovus and its subsidiaries of incentive compensation awarded under the Synovus 2002 Plan is generally as described below. Local and state tax authorities, however, may also tax incentive compensation awarded under the Synovus 2002 Plan.

**Consequences to Participants.** Generally, for federal income tax purposes, a participant will realize ordinary income and will incur tax liability upon receipt of the payment of an award under the Synovus 2002 Plan in an amount equal to such payment, if in cash, or the fair market value of any unrestricted shares of stock received. The tax consequences to participants of the individual types of awards which may be granted under the Synovus 2002 Plan are described below.

*Qualified Incentive Stock Options.* With respect to options which qualify as incentive stock options, a participant will not recognize ordinary income for federal income tax purposes at the time options are granted or exercised. If the participant disposes of shares acquired by exercise of an incentive stock option before the expiration of two years from the date the options are granted, or within one year after the issuance of shares upon exercise of the incentive stock option, the participant will recognize in the year of disposition: (a) ordinary income, to the extent that the lesser of either (1) the fair market value of the shares on the date of option exercise or (2) the amount realized on disposition exceeds the option price; and (b) capital gain (or loss), to the extent that the amount realized on disposition differs from the fair market value of the shares on the date of option exercise. Any compensation included in an employee's gross income will be subject to federal employment taxes. If the shares are sold after expiration of these holding periods, the participant will realize capital gain or loss (assuming the shares are held as capital assets) equal to the difference between the amount realized on disposition and the option price.

*Nonqualified Stock Options.* With respect to options which do not qualify as incentive stock options, the participant will recognize no income upon grant of the option and, upon exercise, will recognize ordinary income to the extent of the difference between the amount paid by the participant for the shares and the fair market value of the shares on the date of option exercise. Any compensation included in an employee's gross income will be subject to federal employment taxes. Upon a subsequent disposition of the shares received under the option, the participant will recognize capital gain or loss, as the case may be, to the extent of the difference between the fair market value of the shares at the time of exercise and the amount realized on the disposition (assuming the shares are held as capital assets).

*Stock Appreciation Rights.* Ordinary income will be recognized by a participant upon the exercise of an SAR, in an amount equal to the cash received or the fair market value of the shares received on the exercise date. Any compensation included in an employee's gross income will be subject to federal employment taxes.

*Restricted Stock.* Participants holding restricted stock will recognize ordinary income in the year in which the restrictions lapse, in the amount of the fair market value of the shares as of the date of lapse of the restrictions, unless the participant elects to include the fair market value of the shares as of the date of grant in ordinary income at that time. Any compensation included in an employee's gross income will be subject to federal employment taxes.

*Performance Awards.* Ordinary income will be recognized by a participant in the year in which it is received in an amount equal to the amount of the performance award on the date of receipt. Any compensation included in an employee's gross income will be subject to federal employment taxes.

**Consequences to Synovus and Its Subsidiaries.** In general, Synovus and its subsidiaries will receive an income tax deduction at the same time and in the same amount as the amount which is taxable to the employee as compensation, except as provided below. To the extent a participant realizes capital gains, as described above, Synovus and its subsidiaries will not be entitled to any deduction for federal income tax purposes.

Under Section 162(m), compensation paid by a public company in excess of \$1 million for any taxable year to "covered employees" generally is not deductible by the company or its affiliates for federal income tax purposes unless it is related to the performance of the company, is paid pursuant to a plan approved by shareholders of the company and meets certain other requirements.

Generally, "covered employees" is defined under Section 162(m) as any individual who is the chief executive officer or is among the four other highest paid executive officers named in the summary compensation table in the company's proxy statement, other than the chief executive officer, as of the last day of the taxable year. It is anticipated that future awards will qualify as performance based for purposes of Section 162(m), except for restricted stock not subject to preestablished performance goals. Synovus does not presently anticipate making any such awards. However, Synovus and TSYS reserve the ability to make awards which do not qualify for full deductibility under Section 162(m) if the Committee determines that the benefits of so doing outweigh full deductibility.

***New Plan Benefits***

The following table shows proposed grants of options of Synovus stock to certain of TSYS' executive officers under the Synovus 2002 Plan for fiscal year 2001. Amounts that may be received under the TSYS 2002 Plan are not determinable.

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**NUMBER OF SHARES SUBJECT TO OPTIONS GRANTED**

Name and Position	Synovus 2002 Plan (1)
Richard W. Ussery Chairman of the Board and Chief Executive Officer	45,000
Philip W. Tomlinson President	40,500
William A. Pruett Executive Vice President	16,200
M. Troy Woods Executive Vice President	16,200
James B. Lipham Executive Vice President and Chief Financial Officer	14,100
Executive Group	145,800
Non-Executive Director Group	(2)
Non-Executive Officer Employee Group	(2)

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- (1) Amounts represent proposed grants to executives based upon Synovus' performance during the 1999-2001 performance period.  
(2) Amounts are not determinable.

## EXECUTIVE COMPENSATION

### *Summary Compensation Table*

The following table summarizes the cash and noncash compensation for each of the last three fiscal years for the chief executive officer of TSYS and for the other four most highly compensated executive officers of TSYS.

Name and Principal Position (1)	Year	Annual Compensation			Long-Term Compensation Awards		
		Salary (2)	Bonus (3)	Other Annual Compensation (4)	Restricted Stock Award(s) (5)	Securities Underlying Options/ SARs (6)	All Other Compensation (7)
Richard W. Ussery Chairman of the Board and Chief Executive Officer	2001	\$534,400	\$425,000	\$10,000	\$ -0-	539,829	\$148,868
	2000	513,200	436,800	7,500	325,000	49,050	145,084
	1999	464,000	292,500	-0-	-0-	90,170	138,894
Philip W. Tomlinson President	2001	484,400	382,500	-0-	-0-	529,872	114,736
	2000	458,200	357,000	-0-	650,000	35,543	121,101
	1999	404,000	234,000	-0-	-0-	64,937	116,561
William A. Pruett Executive Vice President	2001	270,000	161,650	-0-	-0-	417,923	78,029
	2000	258,000	217,720	-0-	325,000	13,115	73,551
	1999	240,500	145,300	-0-	-0-	24,189	72,110
M. Troy Woods Executive Vice President	2001	270,000	161,650	-0-	-0-	417,923	73,439
	2000	258,000	217,720	-0-	325,000	13,115	73,606
	1999	240,500	145,300	-0-	-0-	24,189	67,381
James B. Lipham Executive Vice President and Chief Financial Officer	2001	235,000	140,825	-0-	-0-	415,600	62,358
	2000	222,500	187,900	-0-	650,000	11,196	62,713
	1999	202,500	122,500	-0-	-0-	20,098	56,504

- (1) Mr. Blanchard received no cash compensation from TSYS during 2001, other than director compensation.
- (2) Amount consists of base salary and director fees for Messrs. Ussery and Tomlinson.
- (3) Bonus amount for 2001 includes a special recognition award of \$1,000 for Messrs. Pruett, Woods and Lipham.
- (4) Amount represents matching contributions under the Director Stock Purchase Plan. Perquisites and other personal benefits are excluded because the aggregate amount does not exceed the lesser of \$50,000 or 10% of annual salary and bonus for the named executives.
- (5) Grants for 2000 pertain to shares of Vital Processing Services, LLC, a 50% owned subsidiary of TSYS. Dividends are not paid on the restricted shares. As of December 31, 2001, Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham held 100,000, 200,000, 100,000, 100,000 and 200,000 Vital restricted shares, respectively, with a value of \$378,000, \$756,000, \$378,000, \$378,000 and \$756,000, respectively.
- (6) Grants previously disclosed for 2000 included options to purchase 100,000, 100,000, 50,000, 100,000 and 50,000 shares of DotsConnect, Inc., formerly a subsidiary of TSYS, for each of Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively, all of which options were subsequently surrendered by the named executives for no additional consideration.
- (7) The 2001 amount consists of contributions or other allocations to defined contribution plans of \$23,800 for each executive; allocations pursuant to defined contribution excess benefit agreements of \$107,352, \$90,268, \$44,341, \$44,341 and \$35,266 for each of Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively; premiums paid for group term life insurance coverage of \$450, \$450, \$486, \$450 and \$423 for each of Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively; the economic benefit of life insurance coverage related to split-dollar life insurance policies of \$1,747, \$218, \$2,098, \$369 and \$270 for each of Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively; and the dollar value of the benefit of premiums paid for split dollar life insurance policies (unrelated to term life insurance coverage) projected on an actuarial

basis of \$15,519, \$7,304, \$4,479 and \$2,599 for each of Messrs. Ussery, Pruett, Woods and Lipham, respectively.

### **Stock Option Exercises and Grants**

The following tables provide certain information regarding stock options granted and exercised in the last fiscal year and the number and value of unexercised options at the end of the fiscal year.

<b>OPTION/SAR GRANTS IN LAST FISCAL YEAR</b>						
<b>Individual Grants</b>						
<b>Name</b>	<b>Options/ SARS Granted (#)</b>	<b>% of Total Options/ SARS Granted to Employees in Fiscal Year</b>	<b>Exercise or Base Price (\$/Share)</b>	<b>Expiration Date</b>	<b>Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (1)</b>	
					<b>5% (\$)</b>	<b>10% (\$)</b>
Richard W. Ussery	39,829(2)	1.30%	\$26.44	01/16/11	\$502,642	\$1,204,429
	500,000(3)	16.35	28.99	05/09/11	6,920,000	16,575,000
Philip W. Tomlinson	29,872(2)	0.98	26.44	01/16/11	376,985	903,329
	500,000(3)	16.35	28.99	05/09/11	6,920,000	16,575,000
William A. Pruett	17,923(2)	0.59	26.44	01/16/11	226,188	541,992
	400,000(3)	13.08	28.99	05/09/11	5,536,000	13,260,000
M. Troy Woods	17,923(2)	0.59	26.44	01/16/11	226,188	541,992
	400,000(3)	13.08	28.99	05/09/11	5,536,000	13,260,000
James B. Lipham	15,600(2)	0.51	26.44	01/16/11	196,872	471,744
	400,000(3)	13.08	28.99	05/09/11	5,536,000	13,260,000

- (1) The dollar gains under these columns result from calculations using the identified growth rates and are not intended to forecast future price appreciation of Synovus stock.
- (2) Options to purchase Synovus stock granted on January 17, 2001 at fair market value. Options become exercisable on January 17, 2003 and are transferable to family members.
- (3) Options to purchase Synovus stock granted on May 10, 2001 at fair market value. Options become exercisable in equal installments when the per share fair market value of Synovus stock meets or exceeds \$40, \$45 and \$50, and in any event on May 10, 2008. Options are transferable to family members.

### **AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES**

<b>Name</b>	<b>Shares Acquired on Exercise (#)</b>	<b>Value Realized (\$ (1))</b>	<b>Number of Securities Underlying Unexercised Options/SARs at FY-End (#)</b>	<b>Value of Unexercised In-the-Money Options/SARs at FY-End (\$) (1)</b>
			<b>Exercisable/Unexercisable</b>	<b>Exercisable/Unexercisable</b>
Richard W. Ussery	33,668	\$ 805,675	552,375 / 539,979(2)	\$4,920,622 / \$ 879
	-0-	-0-	168,000 / 252,000(3)	1,338,960 / 2,008,440
Philip W. Tomlinson	62,087	1,294,971	331,631 / 530,022(2)	2,358,755 / 879
	-0-	-0-	168,000 / 252,000(3)	1,338,960 / 2,008,440
William A. Pruett	8,255	173,529	145,114 / 418,073(2)	1,283,740 / 879
	-0-	-0-	84,000 / 126,000(3)	669,480 / 1,004,220
M. Troy Woods	-0-	-0-	117,650 / 418,013(2)	822,661 / 879
	-0-	-0-	93,000 / 126,000(3)	841,740 / 1,004,220
James B. Lipham	-0-	-0-	110,409 / 415,750(2)	912,191 / 879
	-0-	-0-	91,200 / 126,000(3)	1,142,028 / 1,004,220

- (1) Market value of underlying securities at exercise or year-end, minus the exercise or base price.
- (2) Options pertain to shares of Synovus stock.
- (3) Options pertain to shares of TSYS stock.

### ***Change in Control Arrangements***

**Long-Term Incentive Plans.** Under the terms of the TSYS 2000 and 2002 Long-Term Incentive Plans and Synovus' 1992, 1994, 2000 and 2002 Long-Term Incentive Plans, all awards become automatically vested in the event of a Change of Control, as defined below, unless otherwise determined by the Committee at grant. Awards under the Plans may include stock options, restricted stock, stock appreciation and performance awards. Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham each have, or will have with respect to the proposed 2002 Long-Term Incentive Plans, restricted stock and stock options under the Synovus/TSYS Long-Term Incentive Plans.

**Change of Control Agreements.** TSYS has entered into Change of Control Agreements with Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, and certain other officers. In the event of a Change of Control, an executive would receive the following:

- For Messrs. Ussery and Tomlinson, three times their current base salary and bonus (bonus is defined as the average bonus over the past three years measured as a percentage multiplied by the executive's current base salary). Messrs. Pruett, Woods and Lipham would receive two times their current base salary and bonus, as defined above.
- Three years of medical, life, disability and other welfare benefits (two years for Messrs. Pruett, Woods and Lipham).
- A pro rata bonus through the date of termination for the separation year.
- A cash amount in lieu of a long-term incentive award for the year of separation equal to 1.5 times the normal market grant, if the executive received a long-term incentive award in the year of separation, or 2.5 times the market grant if not.

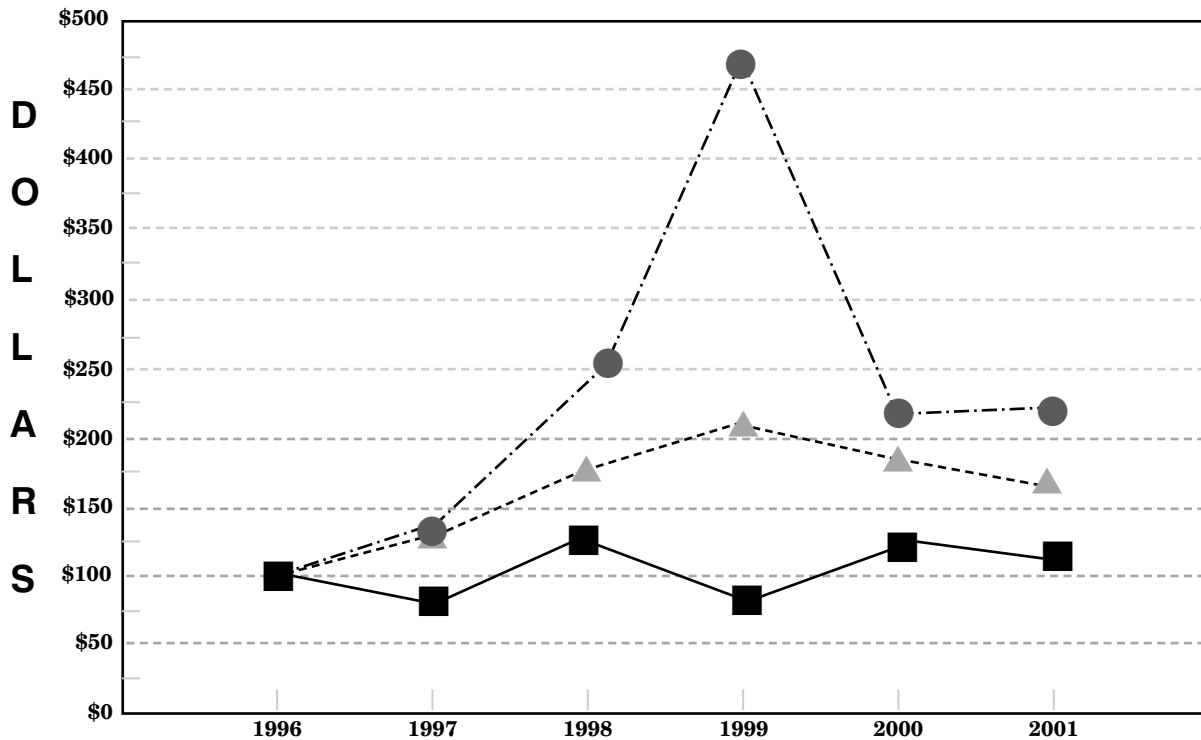
In order to receive these benefits, an executive must be actually or constructively terminated within one year following a Change of Control, or the executive may voluntarily or involuntarily terminate employment during the thirteenth month following a Change of Control.

With respect to Synovus, a Change of Control under these agreements is defined as: (i) the acquisition of 20% or more of the "beneficial ownership" of Synovus' outstanding voting stock, with certain exceptions for Turner family members; (ii) the persons serving as directors of Synovus as of January 1, 1996, and their replacements or additions, ceasing to comprise at least two-thirds of the Board members; (iii) a merger, consolidation, reorganization or sale of Synovus' assets unless the prior owners of Synovus own more than two-thirds of the new company, no person owns more than 20% of the new company, and two-thirds of the new company's Board members are prior Board members of Synovus; or (iv) a triggering event occurs as defined in the Synovus Rights Agreement. With respect to TSYS, a Change of Control is generally defined the same as a Change of Control of Synovus, except that (a) a spin-off of TSYS stock to Synovus shareholders, and (b) any transaction in which Synovus continues to own more than 50% of the outstanding stock of TSYS are specifically excluded from the Change of Control definition. In the event an executive is impacted by the Internal Revenue Service excise tax that applies to certain Change of Control arrangements, the executive would receive additional payments so that he or she would be in the same position as if the excise tax did not apply. The Change of Control Agreements do not provide for any retirement benefits or perquisites.

## **STOCK PERFORMANCE GRAPH**

The following graph compares the yearly percentage change in cumulative shareholder return on TSYS stock with the cumulative total return of the Standard & Poor's 500 Index and the Standard & Poor's Computer Software & Services Index for the last five fiscal years (assuming a \$100 investment on December 31, 1996 and reinvestment of all dividends).

**COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN  
AMONG TSYS, S&P 500 AND  
S&P COMPUTER SOFTWARE & SERVICES INDEX**



	1996	1997	1998	1999	2000	2001
TSYS	\$100	\$92	\$132	\$92	\$126	\$120
S&P 500	\$100	\$134	\$171	\$208	\$189	\$166
S&P CS&S	\$100	\$139	\$252	\$467	\$221	\$222

## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee (“Committee”) of TSYS is responsible for the design and oversight of the TSYS executive compensation program, as well as the compensation and other benefit plans in which officers, employees and directors of TSYS and its subsidiaries participate. The Committee has designed its compensation program to attract and retain highly motivated and well-trained executives in order to create superior shareholder value for TSYS shareholders.

**Elements of Executive Compensation.** The four elements of executive compensation at TSYS are:

- Base Salary
- Annual Bonus
- Long-Term Incentives
- Other Benefits

The Committee believes that a substantial portion (though not a majority) of an executive’s compensation should be at risk based upon performance, both in the short-term (through the annual bonus and the Synovus/TSYS Profit Sharing Plan and the Synovus/TSYS 401(k) Savings Plan) and long-term (through long-term incentives such as stock options and restricted stock awards). The remainder of each executive’s compensation is primarily based upon the competitive practices of computer systems/data processing companies (“similar companies”), with certain adjustments as described below. The companies used for comparison under this approach are not

the same companies included in the peer group index appearing in the Stock Performance Graph on page 22. Each element of executive compensation is discussed in detail below.

**Base Salary.** Base salary is an executive's annual rate of pay without regard to any other elements of compensation. The primary consideration used by the Committee is a market comparison of comparable positions within similar companies based upon the executive's level of responsibility and experience. The Committee has had difficulty, however, in obtaining appropriate market data for certain of TSYS' executives. Market data for most positions is based upon the 50th percentile of the computer systems/data processing market, adjusted to reflect the size of TSYS. If market data could not be obtained for a particular position, the Committee targeted the median level of general industry data with a premium added to reflect the technology component of TSYS' business. The Committee made no adjustments to the base salaries of Mr. Ussery or TSYS' other executive officers in 2001.

**Annual Bonus.** The Committee may award annual bonuses to TSYS executives under two different plans, the Synovus Executive Bonus Plan and the Synovus Incentive Bonus Plan. The Committee selects the participants in each Plan from year to year. For 2001, Mr. Ussery was selected to participate in the Synovus Executive Bonus Plan and Messrs. Tomlinson, Pruett, Woods and Lipham were selected to participate in the Incentive Bonus Plan. Under the terms of the Plans, bonus amounts are paid as a percentage of base pay based on the achievement of performance goals that are established each year by the Committee. The performance goals may be chosen by the Committee from among the following measurements:

- Number of cardholder, merchant and/or other customer accounts processed and/or converted by TSYS;
- Successful negotiation or renewal of contracts with new and/or existing customers by TSYS;
- Productivity and expense control;
- Stock price;
- Return on capital compared to cost of capital;
- Net income;
- Operating income;
- Earnings per share and/or earnings per share growth;
- Return on equity;
- Return on assets; and
- Asset growth.

The Committee established a payout matrix based on attainment of net income goals during 2001 for Mr. Ussery and TSYS' other executive officers. The maximum percentage payouts under the Plans for 2001 were 100% for Messrs. Ussery and Tomlinson and 70% for Messrs. Pruett, Woods and Lipham. The Committee also established a "super bonus" payout matrix that increased the bonus amount otherwise payable if certain "stretch" net income goals were attained. TSYS' financial performance and each executive's individual performance can reduce the bonus awards determined by the attainment of the goals. Although the Company's net income targets were achieved, the Committee exercised downward discretion with respect to the bonus payments based upon a recommendation from TSYS' management. Based upon TSYS' net income and the exercise of downward discretion described above, Mr. Ussery and TSYS' other executive officers were awarded the bonus amounts set forth in the Summary Compensation Table.

**Long-Term Incentives.** The Committee has awarded both stock options and restricted stock awards to executives. Because of the relatively low number of publicly traded shares of TSYS, the Committee has awarded Synovus stock options and restricted stock awards to TSYS executives, linking their interests to those of Synovus and TSYS shareholders. Restricted stock awards are designed to focus executives on the long-term performance of Synovus and TSYS. Stock options provide executives with the opportunity to buy and maintain an equity interest in Synovus and TSYS and to share in their capital appreciation. The Committee has established a

payout matrix for long-term grants that uses total shareholder return measured by Synovus' performance (stock price increases plus dividends) and how Synovus' total shareholder return compares to the return of a peer group of companies. For the long-term incentive awards made in 2001, total shareholder return and peer comparisons were measured during the 1998 to 2000 performance period. Under the payout matrix, the Committee awarded Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham stock options of 39,829, 29,872, 17,923, 17,923 and 15,600, respectively, which options become exercisable on January 17, 2003.

The Committee also made performance grants of 500,000, 500,000, 400,000, 400,000 and 400,000 Synovus stock options to Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively. The options are exercisable in equal installments when the market price of Synovus stock exceeds \$40, \$45 and \$50 per share and in any event seven years from the date of grant. The Committee strongly believes that these performance grants, which are designed to reward the executives for significant growth in shareholder value, are in the best interests of Synovus and TSYS shareholders.

**Other Benefits.** Executives receive other benefits that serve a different purpose than the elements of compensation discussed above. In general, these benefits either provide retirement income or protection against catastrophic events such as illness, disability and death. Executives generally receive the same benefits offered to the employee population, with the only exceptions designed to promote tax efficiency or to replace other benefits lost due to regulatory limits. The Synovus/TSYS Profit Sharing Plan and the Synovus/TSYS 401(k) Savings Plan, including an excess benefit plan which replaces benefits lost due to regulatory limits (collectively the "Plan"), is the largest component of TSYS' benefits package for executives. The Plan is directly related to the performance of TSYS because the contributions to the Plan, up to a maximum of 14% of an executive's compensation, depend upon TSYS' profitability. For 2001, Mr. Ussery and TSYS' other executive officers received a Plan contribution of 7% of their compensation, based upon the Plan's profitability formula. The remaining benefits provided to executives are primarily based upon the competitive practices of similar companies.

The Internal Revenue Code limits the deductibility for federal income tax purposes of annual compensation paid by a publicly held corporation to its chief executive officer and four other highest paid executives for amounts in excess of \$1 million, unless certain conditions are met. Because the Committee seeks to maximize shareholder value, the Committee has taken steps to ensure that any compensation paid to its executives in excess of \$1 million is deductible. For 2001, Mr. Ussery and Mr. Tomlinson would have been affected by this provision, but for the steps taken by the Committee. The Committee reserves the ability to make awards which do not qualify for full deductibility under the Internal Revenue Code, however, if the Committee determines that the benefits of doing so outweigh full deductibility.

The Committee believes that its executive compensation program serves the best interests of the shareholders of TSYS. As described above, a substantial portion of the compensation of TSYS' executives is directly related to TSYS' performance. The Committee believes that the performance of TSYS to date validates its compensation philosophy.

The Compensation Committee  
Gardiner W. Garrard, Jr.  
G. Wayne Clough  
Mason H. Lampton

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Gardiner W. Garrard, Jr., Mason H. Lampton and G. Wayne Clough served as members of TSYS' Compensation Committee during 2001. No member of the Committee is a current or former officer or employee of TSYS or its subsidiaries.

During 2001, TSYS paid \$311,704 in gross commissions to Jordan Real Estate Brokerage, LLC, \$116,820 of which was retained by Jordan Real Estate Brokerage, LLC as net commissions,

in connection with the location of office space in the Atlanta, Georgia area. Jordan Real Estate Brokerage, LLC is a wholly owned subsidiary of The Jordan Company. Gardiner W. Garrard, Jr., a director of TSYS, CB&T and Synovus, is an officer, director and shareholder of The Jordan Company.

## TRANSACTIONS WITH MANAGEMENT

During 2001, DotsConnect, Inc., a subsidiary of TSYS during 2001, leased approximately 9,558 square feet of office space in Columbus, Georgia from W.C. Bradley Co. for approximately \$167,905.

TSYS has entered into an agreement with CB&T with respect to the use of aircraft owned or leased by CB&T and W.C.B. Air L.L.C. CB&T and W.C.B. Air are parties to a Joint Ownership Agreement pursuant to which they jointly own or lease aircraft. W.C. Bradley Co. owns all of the limited liability company interests of W.C.B. Air. CB&T and W.C.B. Air have each agreed to pay fixed fees for each hour they fly the aircraft owned and/or leased pursuant to the Joint Ownership Agreement. TSYS paid CB&T \$956,408 for its use of the aircraft during 2001, which was used by CB&T to satisfy its commitments under the Joint Ownership Agreement. The charges payable by TSYS to CB&T in connection with its use of this aircraft approximate charges available to unrelated third parties in the State of Georgia for use of comparable aircraft for commercial purposes. William B. Turner, a director of TSYS and Chairman of the Executive Committee of CB&T and Synovus, is an advisory director and shareholder of W.C. Bradley Co. James H. Blanchard, Chairman of the Executive Committee of TSYS, Chairman of the Board of Synovus and a director of CB&T, is a director of W.C. Bradley Co. W. Walter Miller, Jr., a director of W.C. Bradley Co., is a director of TSYS. Stephen T. Butler, the nephew of William B. Turner and an officer and director of W.C. Bradley Co., is a director of CB&T. W.B. Turner, Jr. and John T. Turner, the sons of William B. Turner, are officers and directors of W.C. Bradley Co. and are also directors of CB&T.

King & Spalding, a law firm located in Atlanta, Georgia, performed legal services on behalf of TSYS during 2001. Samuel A. Nunn, a director of TSYS, is a senior partner of King & Spalding.

For a description of certain transactions between TSYS and its affiliated companies, upon whose Boards of Directors certain of TSYS' directors also serve, see "Bankcard Data Processing Services Provided to CB&T and Certain of Synovus' Subsidiaries; Other Agreements Between TSYS, Synovus, CB&T and Certain of Synovus' Subsidiaries" on page 27.

## RELATIONSHIPS BETWEEN TSYS, SYNOVUS, CB&T AND CERTAIN OF SYNOVUS' SUBSIDIARIES

### *Beneficial Ownership of TSYS Stock by CB&T*

The following table sets forth the number of shares of TSYS stock beneficially owned by CB&T, the only known beneficial owner of more than 5% of the issued and outstanding shares of TSYS stock, as of January 1, 2002.

Name and Address of Beneficial Owner	Shares of TSYS Stock Beneficially Owned as of 1/1/02	Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 1/1/02
Columbus Bank and Trust Company 1148 Broadway Columbus, Georgia 31901	159,630,980(1)(2)	81.1%

- (1) CB&T individually owns these shares.
- (2) As of January 1, 2002, Synovus Trust Company, a wholly owned trust company subsidiary of CB&T, held in various fiduciary capacities a total of 2,233,104 shares (1.13%) of TSYS stock. Of this total, Synovus Trust Company held 1,954,713 shares as to which it possessed sole voting power, 1,926,074 shares as to which it possessed sole investment power, 232,440 shares as to which it possessed shared voting power and 238,840 shares as to which it possessed shared investment power. In addition, as of January 1, 2002, Synovus Trust Company held in various agency capacities an additional 1,892,951 shares of TSYS stock as to which it possessed no voting or investment power. Synovus and its subsidiaries disclaim beneficial ownership of all shares of TSYS stock which are held by Synovus Trust Company in various fiduciary and agency capacities.

CB&T, by virtue of its individual ownership of 159,630,980 shares, or 81.1%, of the outstanding shares of TSYS stock on January 1, 2002 is able to, and intends to, elect a majority of TSYS' Board of Directors. CB&T presently controls TSYS.

### ***Interlocking Directorates of TSYS, Synovus and CB&T***

Seven of the sixteen members of and nominees to serve on TSYS' Board of Directors also serve as members of the Boards of Directors of Synovus and CB&T. They are James H. Blanchard, Richard Y. Bradley, Gardiner W. Garrard, Jr., John P. Illges, III, H. Lynn Page, William B. Turner and James D. Yancey. Alfred W. Jones III serves as a director of Synovus and Mason H. Lampton serves as an Advisory Director of CB&T and as a director of Synovus.

### ***Synovus Stock Ownership of Directors and Management***

The following table sets forth the number of shares of Synovus stock beneficially owned by TSYS' directors, by each executive officer named in the Summary Compensation Table on page 19 and by all directors and executive officers as a group as of December 31, 2001.

Name	Shares of Synovus Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/01	Shares of Synovus Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/01	Total Shares of Synovus Stock Beneficially Owned as of 12/31/01(1)	Percentage of Outstanding Shares of Synovus Stock Beneficially Owned as of 12/31/01
James H. Blanchard	1,056,572(2)	211,360	2,693,812	*
Richard Y. Bradley	22,907	84,887	107,794	*
G. Wayne Clough	—	—	—	—
Gardiner W. Garrard, Jr.	204,147	927,075	1,131,222	*
Sidney E. Harris	—	—	—	—
John P. Illges, III	281,053	441,429	722,482	*
Alfred W. Jones III	4,684	—	4,684	*
Mason H. Lampton	92,106	279,761(3)	371,867	*
James B. Lipham	7,506	—	117,915	*
W. Walter Miller, Jr.	30,777	211,911	276,701	*
Samuel A. Nunn	—	—	—	—
H. Lynn Page	758,116	11,515	769,631	*
William A. Pruett	11,082	—	156,196	*
Philip W. Tomlinson	55,296	—	386,927	*
William B. Turner	2,138,960	4,653,357	6,792,317	2.3
Richard W. Ussery	96,304	878	649,557	*
M. Troy Woods	3,818	—	121,468	*
James D. Yancey	1,030,156	61,677	1,964,347	*
Rebecca K. Yarbrough	42,928	19,062	61,990	*

Name	Shares of Synovus Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/01	Shares of Synovus Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/01	Total Shares of Synovus Stock Beneficially Owned as of 12/31/01(1)	Percentage of Outstanding Shares of Synovus Stock Beneficially Owned as of 12/31/01
Directors and Executive Officers as a Group (21 persons)	5,998,052	6,902,912	16,779,514	5.7

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

- (1) The totals shown for the following directors and executive officers of TSYS include the number of shares of Synovus stock that each individual has the right to acquire within 60 days through the exercise of stock options:

Person	Number of Shares
James H. Blanchard	1,425,880
James B. Lipham	110,409
W. Walter Miller, Jr.	34,013
William A. Pruett	145,114
Philip W. Tomlinson	331,631
Richard W. Ussery	552,375
M. Troy Woods	117,650
James D. Yancey	872,514

In addition, the other executive officers of TSYS have rights to acquire an aggregate of 450,604 shares of Synovus stock within 60 days through the exercise of stock options.

- (2) Includes 112,968 shares with respect to which Mr. Blanchard has no investment power.  
(3) Includes 276,187 shares of Synovus stock held in a trust for which Mr. Lampton is not the trustee. Mr. Lampton disclaims beneficial ownership of such shares.

***Bankcard Data Processing Services Provided to CB&T and Certain of Synovus' Subsidiaries; Other Agreements Between TSYS, Synovus, CB&T and Certain of Synovus' Subsidiaries***

During 2001, TSYS provided bankcard data processing services to CB&T and certain of Synovus' other banking subsidiaries. The bankcard data processing agreement between TSYS and CB&T can be terminated by CB&T upon 60 days prior written notice to TSYS or terminated by TSYS upon 180 days prior written notice to CB&T. During 2001, TSYS derived \$12,893,460 in revenues from CB&T and certain of Synovus' other banking subsidiaries for the performance of bankcard data processing services and \$480,285 in revenues from Synovus and its subsidiaries for the performance of other data processing services. TSYS' charges to CB&T and Synovus' other subsidiaries for bankcard and other data processing services are comparable to, and are determined on the same basis as, charges by TSYS to similarly situated unrelated third parties.

TSYS and Synovus are parties to a Lease Agreement pursuant to which Synovus leased from TSYS office space for lease payments aggregating \$454,926 during 2001. Synovus also paid TSYS \$24,900 during 2001 for data processing services. The terms of these transactions are comparable to those which could have been obtained in transactions with unaffiliated third parties.

TSYS and Synovus are parties to Management Agreements pursuant to which Synovus provided certain management services to TSYS. During 2001, these services included human resource services, maintenance services, security services, communications services, corporate education services, travel services, investor relations services, corporate governance services, legal services, regulatory and statutory compliance services, executive management services performed on behalf of TSYS by certain of Synovus' officers and financial services. As compensation for management services provided during 2001, TSYS paid Synovus aggregate management

fees of \$8,569,278. In addition, Synovus and TSYS are parties to Management Agreements pursuant to which TSYS provided management services to Synovus in connection with TSYS' assistance in managing the businesses of ProCard, Inc. and TSYS Total Debt Management, Inc., both of which were wholly owned subsidiaries of Synovus during 2001. As compensation for management services provided during 2001, Synovus paid TSYS management fees of \$1,497,000 in connection with TSYS Total Debt Management, Inc. and \$303,000 in connection with ProCard, Inc. Management fees are subject to future adjustments based upon charges at the time by unrelated third parties for comparable services.

During 2001, Synovus Trust Company served as Trustee of various employee benefit plans of TSYS. During 2001, TSYS paid Synovus Trust Company trustee's fees under these plans of \$558,303.

During 2001, Columbus Depot Equipment Company, a wholly owned subsidiary of TSYS, and CB&T and five of Synovus' other subsidiaries were parties to Lease Agreements pursuant to which CB&T and five of Synovus' other subsidiaries leased from Columbus Depot Equipment Company computer related equipment for bankcard and bank data processing services for lease payments aggregating \$68,903. The terms, conditions and rental rates provided for in these Agreements are comparable to corresponding terms, conditions and rates provided for in leases of similar equipment offered by unrelated third parties.

During 2001, Synovus paid TSYS \$81,025 for data links, network services and other miscellaneous items related to the data processing services which Synovus provided to its customers, which amount was reimbursed to Synovus by its customers. During 2001, Synovus paid TSYS \$24,900, primarily for computer processing services. During 2001, TSYS paid Synovus \$100,697 for lockbox services. The charges for processing and other services are comparable to those between unrelated third parties.

During 2001, pointpathbank, N.A., a wholly owned subsidiary of Synovus, paid DotsConnect, Inc., a wholly owned subsidiary of TSYS during 2001, \$470,424 in connection with Web hosting services and CB&T paid DotsConnect \$70,184 in connection with online customer support services. During 2001, DotsConnect paid CB&T \$211,878 in connection with its lease of furniture and equipment from CB&T. The lease payments and charges paid for these services are comparable to those between unrelated third parties.

During 2001, Synovus, CB&T and other Synovus subsidiaries paid to Columbus Productions, Inc. and TSYS Total Solutions, Inc., wholly owned subsidiaries of TSYS during 2001, an aggregate of \$6,348,746 for printing, correspondence and facilities management services. The charges for these services are comparable to those between unrelated third parties.

During 2001, CB&T leased office space from TSYS for lease payments of \$39,405. During 2001, TSYS and its subsidiaries were paid \$2,305,617 of interest by CB&T in connection with deposit accounts with, and commercial paper purchased from, CB&T. The lease payments and interest rates paid are comparable to those provided for between unrelated third parties.

In January 2002, TSYS acquired TSYS Total Debt Management, Inc. from Synovus in exchange for newly issued shares of TSYS stock valued at \$43,500,000. The terms of the Share Exchange Agreement executed in connection with the transaction are comparable to those between unrelated third parties.

The Board of Directors of TSYS has resolved that transactions with officers, directors, key employees and their affiliates shall be approved by a majority of its independent and disinterested directors, if otherwise permitted by applicable law, and will be on terms no less favorable than could be obtained from unrelated third parties.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires TSYS' officers and directors, and persons who own more than ten percent of TSYS stock, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors and greater than ten percent shareholders are required by Securities and Exchange Commission regulations to furnish TSYS with copies of all Section 16(a) forms they file.

To TSYS' knowledge, based solely on its review of the copies of such forms received by it, and written representations from certain reporting persons that no Forms 5 were required for those persons, TSYS believes that during the fiscal year ended December 31, 2001, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with, except for the following. Although Messrs. Clough, Turner, Ussery and Thomas G. Cousins (now an emeritus director of TSYS), each filed one late report, none of them reported any transactions late. Ms. Yarbrough filed one late report, which reported five transactions late. Mr. Miller filed one late report and reported two transactions late.

## **INDEPENDENT AUDITORS**

On March 5, 2002, TSYS' Board of Directors appointed KPMG LLP as the independent auditors to audit the financial statements of TSYS and its subsidiaries for the fiscal year ending December 31, 2002. The Board of Directors knows of no direct or material indirect financial interest by KPMG in TSYS or of any connection between KPMG and TSYS in the capacity of promoter, underwriter, voting trustee, director, officer, shareholder or employee.

Representatives of KPMG will be present at TSYS' 2002 Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

## **GENERAL INFORMATION**

### ***Financial Information***

Consolidated financial statements for TSYS and its subsidiaries are attached as a Financial Appendix to this Proxy Statement and are included in the Annual Report on Form 10-K as filed with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. A copy of the 2001 Form 10-K (excluding exhibits) will be furnished, without charge, by writing to the Corporate Secretary, Total System Services, Inc., 901 Front Avenue, Suite 301, Columbus, Georgia 31901.

### ***Shareholder Proposals For the 2003 Proxy Statement***

Any shareholder satisfying the Securities and Exchange Commission requirements and wishing to submit a proposal to be included in the Proxy Statement for the 2003 Annual Meeting of Shareholders should submit the proposal in writing to the Secretary, Total System Services, Inc., 901 Front Avenue, Suite 301, Columbus, Georgia 31901. TSYS must receive a proposal by November 8, 2002 in order to consider it for inclusion in the Proxy Statement for the 2003 Annual Meeting of Shareholders.

### ***Director Nominees or Other Business For Presentation at the Annual Meeting***

Shareholders who wish to present director nominations or other business at the Annual Meeting are required to notify the Secretary of their intent between December 9, 2002 and January 23, 2003 and the notice must provide information as required in the bylaws, or the persons appointed as proxies may exercise their discretionary voting authority with respect to the proposal. A copy of these bylaw requirements will be provided upon request in writing to the Secretary, Total System Services, Inc., 901 Front Avenue, Suite 301, Columbus, Georgia 31901. This requirement does not apply to the deadline for submitting shareholder proposals for inclusion in the Proxy Statement (see "Shareholder Proposals for the 2003 Proxy Statement" above), nor does it apply to questions a shareholder may wish to ask at the meeting.

### ***Solicitation of Proxies***

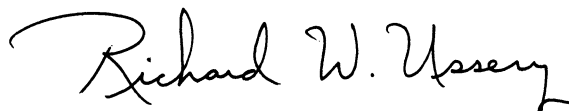
TSYS will pay the cost of soliciting proxies. Proxies may be solicited on behalf of TSYS by directors, officers or employees by mail, in person or by telephone, facsimile or other electronic means. TSYS will reimburse brokerage firms, nominees, custodians and fiduciaries for their out-of-pocket expenses for forwarding proxy materials to beneficial owners.

### ***Householding***

The Securities and Exchange Commission recently adopted amendments to its proxy rules which permit companies and intermediaries, such as brokers and banks, to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement to those shareholders. This method of delivery, often referred to as householding, should reduce the amount of duplicate information that shareholders receive and lower printing and mailing costs for companies. TSYS is not householding proxy materials for its shareholders of record in connection with its 2002 Annual Meeting. However, we have been notified that certain intermediaries will household proxy materials. If you hold your shares of TSYS stock through a broker or bank that has determined to household proxy materials:

- Only one annual report and proxy statement will be delivered to multiple shareholders sharing an address unless you notify your broker to the contrary;
- You can contact TSYS by calling (706) 649-5220 or by writing Investor Relations Manager, Total System Services, Inc., P.O. Box 120, Columbus, Georgia 31902 to request a separate copy of the annual report and proxy statement for the 2002 Annual Meeting and for future meetings or you can contact your bank or broker to make a similar request; and
- You can request delivery of a single copy of annual reports or proxy statements from your bank or broker if you share the same address as another TSYS shareholder and your bank or broker has determined to household proxy materials.

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



Richard W. Ussery  
Chairman of the Board

March 8, 2002

