



Richard W. Ussery
Chairman of the Board

March 9, 2001

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders at 10:00 a.m. on Thursday, April 19, 2001, at the TSYS Riverfront Campus Auditorium, 1600 First Avenue, Columbus, Georgia. Enclosed with this Proxy Statement are your proxy card and the 2000 Annual Report.

We hope that you will be able to be with us and let us give you a review of 2000. 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 2000 a good year. We look forward to your continued support in 2001 and another good year.

Sincerely yours,

A handwritten signature in black ink that reads "Richard W. Ussery". The signature is written in a cursive style with a large, sweeping 'R' and a long, horizontal tail on the 'y'.

RICHARD W. USSERY

TOTAL SYSTEM SERVICES, INC.®

NOTICE OF THE 2001 ANNUAL MEETING OF SHAREHOLDERS

- TIME 10:00 a.m. E.T.
Thursday, April 19, 2001
- PLACE TSYS Riverfront Campus Auditorium
1600 First Avenue
Columbus, Georgia 31901
- ITEMS OF BUSINESS (1) To elect seven directors to serve until the Annual Meeting of Shareholders in 2004.
- (2) To reapprove the Synovus Financial Corp. Executive Bonus Plan (TSYS is an 80.8% owned subsidiary of Synovus).
- (3) To approve the DotsConnect, Inc. 2000 Long-Term Incentive Plan (DotsConnect is a wholly owned subsidiary of TSYS).
- (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, 2001.
- 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; or
- (3) Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope provided.



G. SANDERS GRIFFITH, III
Secretary

Columbus, Georgia
March 9, 2001

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 9, 2001. The TSYS Board of Directors is soliciting proxies to be used at the 2001 Annual Meeting of TSYS Shareholders which will be held on April 19, 2001, 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, 2001. 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, 2001, 194,761,020 shares of TSYS stock were outstanding.

Columbus Bank and Trust Company

Columbus Bank and Trust Company[®] (“CB&T”) owned individually 157,455,980 shares, or 80.8%, of the outstanding shares of TSYS stock on February 15, 2001. 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 seven 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 seven 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 Synovus Executive Bonus Plan and the DotsConnect, Inc. 2000 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.

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 17 members. As 18 board seats have been authorized by TSYS’ shareholders, TSYS has one directorship which remains vacant. This vacant directorship 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 2001 Annual Meeting. Proxies cannot be voted at the 2001 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: Thomas G. Cousins, Sidney E. Harris, Alfred W. Jones III, Mason H. Lampton, William B. Turner, James D. Yancey and Rebecca K. Yarbrough, each to serve a three year term expiring at the Annual Meeting in the year 2004.

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.

Name	Age	TSYS Director Classifi- cation	Year First Elected Director	Principal Occupation and Other Information
James H. Blanchard(1)	59	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	62	II	1991	Partner, Bradley & Hatcher (Law Firm); Director, Synovus Financial Corp.
G. Wayne Clough	59	I	2000	President, Georgia Institute of Technology
Thomas G. Cousins	69	III	1999	Chairman of the Board and Chief Executive Officer, Cousins Properties Incorporated (Real Estate Development)
Gardiner W. Garrard, Jr.	60	II	1982	President, The Jordan Company (Real Estate Development); Director, Synovus Financial Corp.
Sidney E. Harris(2)	51	III	1999	Dean, J. Mack Robinson College of Business, Georgia State University; Director, The ServiceMaster Company and Transamerica Investors, Inc.

Name	Age	TSYS Director Classification	Year First Elected Director	Principal Occupation and Other Information
John P. Illges, III	66	II	1982	Senior Vice President and Financial Consultant, The Robinson-Humphrey Company, Inc. (Stockbroker); Director, Synovus Financial Corp.
Alfred W. Jones III (3)	43	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	53	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.(4)	52	II	1993	Group Executive, Total System Services, Inc.
Samuel A. Nunn(5)	62	I	1997	Senior Partner, King & Spalding (Law Firm); Director, The Coca-Cola Company, Dell Computer Corporation, General Electric Company, National Service Industries, Inc., Scientific-Atlanta, Inc., Internet Security Systems Group, Inc., Texaco Inc. and Community Health Systems, Inc.
H. Lynn Page	60	I	1982	Director, Synovus Financial Corp., Columbus Bank and Trust Company and Total System Services, Inc.
Philip W. Tomlinson(6)	54	I	1982	President, Total System Services, Inc.
William B. Turner(4)	78	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(7)	53	I	1982	Chairman of the Board and Chief Executive Officer, Total System Services, Inc.
James D. Yancey	59	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	63	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 professor of the Drucker School of Management at the Claremont Graduate University.
- (3) Alfred W. Jones III was elected as a director of TSYS on February 20, 2001 by TSYS' Board of Directors to fill a vacant Board seat.
- (4) W. Walter Miller, Jr.'s spouse is the niece of William B. Turner.
- (5) Samuel A. Nunn joined the law firm of King & Spalding in January 1997. From 1972 until 1997, Mr. Nunn represented the State of Georgia in the United States Senate.
- (6) Philip W. Tomlinson was elected President of TSYS in February 1992. From 1982 until 1992, Mr. Tomlinson served as Executive Vice President of TSYS.
- (7) 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 five meetings in 2000. All directors attended at least 75% of Board and committee meetings held during their tenure during 2000. 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.

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

Executive Committee. TSYS' Executive Committee held four meetings in 2000. 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 four meetings in 2000. 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 2000. 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 2000. Its Report on Executive Compensation begins on page 18. 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, which is attached as Appendix A to this Proxy Statement, 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, 2000;
- 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, 2000, 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

DIRECTORS' COMPENSATION

Compensation

During 2000, 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

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.

Name	Age	Position with TSYS
James H. Blanchard	59	Chairman of the Executive Committee
Richard W. Ussery	53	Chairman of the Board and Chief Executive Officer
Philip W. Tomlinson	54	President
William A. Pruett	47	Executive Vice President
James B. Lipham	52	Executive Vice President and Chief Financial Officer
M. Troy Woods	49	Executive Vice President
Kenneth L. Tye	48	Executive Vice President and Chief Information Officer
G. Sanders Griffith, III	47	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 14 and by all directors and executive officers as a group as of December 31, 2000.

Name	Shares of TSYS Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/00	Shares of TSYS Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/00	Total Shares of TSYS Stock Beneficially Owned as of 12/31/00 (1)	Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/00
James H. Blanchard	784,812	360,480	1,145,292	*
Richard Y. Bradley	23,025	5,000	28,025	*
G. Wayne Clough	358	—	358	*
Thomas G. Cousins	29,157	—	29,157	*
Gardiner W. Garrard, Jr.	15,227	—	15,227	*
Sidney E. Harris	1,368	—	1,368	*
John P. Illges, III	105,169	81,750	186,919	*
Alfred W. Jones III	—	—	—	—
Mason H. Lampton	40,985	104,234(2)	145,219	*
James B. Lipham	47,153	600	117,953	*
W. Walter Miller, Jr.	88,064	12,831	108,095	*
Samuel A. Nunn	1,999	—	39,499	*
H. Lynn Page	323,285	328,808	652,093	*
William A. Pruett	160,095	—	223,095	*
Philip W. Tomlinson	593,433	59,796	779,229	*
William B. Turner	163,309	576,000	739,309	*
Richard W. Ussery	556,098	66,000	748,098	*
M. Troy Woods	66,421	2,808	141,229	*
James D. Yancey	778,039	24,000	802,039	*
Rebecca K. Yarbrough	272,579	520,812(3)	793,391	*
Directors and Executive Officers as a group (22 persons)	4,175,504	2,143,119	6,704,595	3.4

* 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:

Person	Number of Shares
James B. Lipham	70,200
W. Walter Miller, Jr.	7,200
Samuel A. Nunn	37,500
William A. Pruett	63,000
Philip W. Tomlinson	126,000
Richard W. Ussery	126,000
M. Troy Woods	72,000

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 21.

DIRECTORS' PROPOSAL TO REAPPROVE THE SYNOVUS FINANCIAL CORP. EXECUTIVE BONUS PLAN

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

TSYS' executive compensation program includes short-term incentive bonus awards under the Synovus Financial Corp. Executive Bonus Plan (the "Plan"). The purposes of the Plan are to reward selected executive officers for superior corporate performance and to attract and retain top quality executive officers. Subject to reapproval by TSYS' shareholders, compensation paid pursuant to the Plan to TSYS' officers is intended, to the extent reasonable, to continue to qualify for tax deductibility under Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, as may be amended from time to time ("Section 162(m)"). The Plan was originally approved by TSYS shareholders in 1996. Because Section 162(m) requires shareholder approval every five years, the Plan is being submitted to shareholders for reapproval.

Eligibility and Participation. The Chief Executive Officer and the four highest compensated officers of Synovus and any publicly-traded subsidiary of Synovus (including TSYS) are eligible to participate in the Plan. Approximately 10 employees are eligible to participate in the Plan. The Committee, as described below, has discretion to select participants from among eligible employees from year to year.

Description of Awards Under the Plan. Pursuant to the Plan, Synovus may award incentive bonus opportunities to participants. Each fiscal year, the Committee shall establish, in writing, the performance goals applicable to such and/or any succeeding fiscal year. The performance measures which shall be used to determine the amount of the incentive bonus award for each such performance period shall be chosen from among the following for Synovus, any of its business segments and/or any of its business units, unless and until the Committee proposes a change in such measures for shareholder vote or applicable tax and/or securities laws change to permit the Committee discretion to alter such performance measures without obtaining shareholder approval: (i) number of cardholder, merchant and/or other customer accounts processed and/or converted by TSYS; (ii) successful negotiation or renewal of contracts with new and/or existing customers by TSYS; (iii) productivity and expense control; (iv) stock price; (v) return on capital compared to cost of capital; (vi) net income; (vii) operating income; (viii) earnings per share and/or earnings per share growth; (ix) return on equity; (x) return on assets; (xi) nonperforming assets and/or loans as a percentage of total assets and/or loans; (xii) noninterest expense as a percentage of total expense; (xiii) loan charge-offs as a percentage of total loans; and (xiv) asset growth. Awards shall be determined based on the achievement of such preestablished performance goals and shall be awarded based on a percentage of a participant's base salary.

The Committee shall have no discretion to increase the amount of any award under the Plan but will retain the ability to eliminate or decrease an award otherwise payable to a participant. The Committee shall certify, in writing, that the performance goals have been met before any payments to participants may be made. Payment of the incentive bonus award earned, if any, shall be made in cash, as soon as practicable after Committee approval or deferred until retirement (if so elected by the participant prior to the beginning of the year in which the bonus is to be earned).

Termination of Employment. Any participant not employed by Synovus or a publicly-traded subsidiary of Synovus on December 31 of any fiscal year will not be entitled to an award unless otherwise determined by the Committee.

Maximum Amount Payable to Any Participant. The maximum amount payable for each performance period under the Plan to any participant is one hundred fifty percent (150%) of such participant's base salary; provided, however, that no participant may receive an award for any performance period in excess of \$1.5 million.

Amendment of the Plan. The Board of Directors of Synovus may amend the Plan at any time, including amendments that increase the costs of the Plan and allocate benefits differently between persons and groups in the table below; provided, however, that no amendment shall be made without shareholder approval that increases the maximum amount payable to any participant in excess of the limits set forth above.

Duration of the Plan. The Plan shall remain in effect from the date it is approved by TSYS' shareholders until the date it is terminated by the Board of Directors of Synovus. The Board of Directors of Synovus may terminate the Plan at any time.

Administration. The Plan will be administered by the Compensation Committee of the Synovus Board of Directors (the "Committee") with the approval, as to matters involving TSYS employees, of the Compensation Committee of the Board of Directors of TSYS. The Synovus and TSYS Compensation Committees will be comprised of two or more Synovus and TSYS "outside" directors within the meaning of Section 162(m).

Estimate of Benefits. For the fiscal year 2000, only Mr. Ussery participated in the Plan, while Messrs. Tomlinson, Pruett, Woods and Lipham participated in the Synovus Incentive Bonus Plan. Because the amounts that will be paid pursuant to the Plan are not currently determinable, the following chart sets forth the amounts that would have been awarded for fiscal year 2000 if the Chief Executive Officer and the four other highest compensated officers of TSYS participated in the Plan.

**NEW PLAN BENEFITS
SYNOVUS FINANCIAL CORP. EXECUTIVE BONUS PLAN**

Name and Position	Dollar Value (\$)
Richard W. Ussery Chairman of the Board and Chief Executive Officer	\$ 436,800
Philip W. Tomlinson President	357,000
William A. Pruett Executive Vice President	216,720
M. Troy Woods Executive Vice President	216,720
James B. Lipham Executive Vice President and Chief Financial Officer	186,900
Executive Group	1,414,140
Non-Executive Director Group	-0-
Non-Executive Officer Employee Group	-0-

DIRECTORS' PROPOSAL TO APPROVE THE DOTSCONNECT, INC. 2000 LONG-TERM INCENTIVE PLAN

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

TSYS' compensation program includes stock options under the DotsConnect, Inc. 2000 Long-Term Incentive Plan (the "2000 Plan"). The purpose of the 2000 Plan is to attract and retain employees, to provide an additional incentive for each participant to work to increase the value of DotsConnect, Inc. and to enable such employees to acquire and maintain an equity interest in DotsConnect, a wholly owned subsidiary of TSYS. Subject to approval by TSYS' shareholders, compensation paid to TSYS' employees pursuant to the 2000 Plan is intended, to the extent reasonable, to qualify for tax deductibility under Section 162(m) of the Internal Revenue Code of 1986.

Eligibility and Participation. Any employee of DotsConnect or its affiliates (including TSYS) is eligible to be selected to participate in the 2000 Plan. Approximately 58 employees currently participate in the 2000 Plan. The Committee, as described below, has discretion to select participants from among eligible employees.

Shares Subject to the Plan. The aggregate number of shares of DotsConnect stock which may be granted to participants pursuant to awards granted under the 2000 Plan may not exceed one million five hundred thousand (1,500,000).

Stock Options. The Committee may grant options under the 2000 Plan in the form of qualified incentive stock options, nonqualified stock options or a combination thereof. 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 both nonqualified and qualified incentive stock options must be equal to one hundred percent (100%) of the fair market value of a share of DotsConnect 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 2000 Plan shall be exercisable at such times and subject to such restrictions and conditions as the Committee shall approve. The option exercise price shall be payable in cash or by check acceptable by the Committee. If approved by the Committee, payment of the exercise price may also be made by a surrender of stock that has been held for six months.

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

Maximum Amount Payable to Any Participant. The maximum number of shares which may be awarded in any calendar year to any one participant is five hundred thousand (500,000).

Adjustments in Connection With Certain Events. The 2000 Plan provides that the Committee shall make a substitution or adjustment in the number of shares reserved for issuance under the 2000 Plan in the number, kind or class, and option price of shares subject to outstanding options as it deems appropriate and equitable in connection with a change in capitalization affecting DotsConnect's stock.

Duration of the 2000 Plan. The 2000 Plan shall remain in effect from the date it is adopted by DotsConnect's Board of Directors until the date terminated by the DotsConnect Board; provided, however, that no award shall be granted on or after the tenth anniversary of the 2000 Plan's effective date.

Administration. The 2000 Plan will be administered by the Board of Directors of DotsConnect or a committee designated by the Board of Directors; provided, however, that with respect to options granted to employees of TSYS, the term “Committee” shall refer to the Compensation Committee of the Board of Directors of TSYS, which will be comprised of no fewer than two members who must be “outside directors” within the meaning of Section 162(m).

The Committee shall have authority to determine individuals to whom options will be granted; determine the terms and conditions upon which options shall be granted; determine the time after which options shall be exercisable; and 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 2000 Plan and maintaining compliance with applicable law.

Amendment of the 2000 Plan. DotsConnect’s Board of Directors may amend, alter or discontinue the 2000 Plan at any time except that no such amendment, suspension or discontinuation of the 2000 Plan may adversely affect an existing award under the 2000 Plan without the affected participant’s consent. In addition, if stockholder approval of the 2000 Plan is obtained, 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 2000 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 2000 Plan; or (iv) materially increase the benefits accruing to participants.

Change in Control. In the event of a change in control of DotsConnect as defined in the 2000 Plan, the vesting of any outstanding awards granted under the 2000 Plan shall be accelerated, and all such awards shall be fully exercisable. In addition, as part of the option agreement, the Committee may require that an employee surrender his or her option in exchange for payment by DotsConnect in an amount equal to the amount by which the then fair market value of the stock subject to the option exceeds the exercise price of the option, in which case the option will terminate upon such surrender.

Federal Income Tax Consequences of the 2000 Plan. The income tax consequences under current federal tax law to participants and to DotsConnect and its affiliates of incentive compensation awarded under the 2000 Plan are generally as described below. Local and state tax authorities, however, may also tax incentive compensation awarded under the 2000 Plan.

Consequences to Participants. The tax consequences to participants of the individual types of awards which may be granted under the 2000 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. 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. 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).

Consequences to DotsConnect and Its Affiliates. In general, DotsConnect and its affiliates 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, DotsConnect and its affiliates 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). However, the Committee 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.

New Plan Benefits

The second column in the following table shows all grants of options of DotsConnect stock to TSYS employees and officers under the 2000 Plan for fiscal year 2000. All of such options were granted contingent upon approval of the 2000 Plan by TSYS’ shareholders.

NUMBER OF SHARES SUBJECT TO OPTIONS GRANTED

Name and Position	2000 Plan
Richard W. Ussery Chairman of the Board and Chief Executive Officer	100,000
Philip W. Tomlinson President	100,000
William A. Pruett Executive Vice President	50,000
M. Troy Woods Executive Vice President	100,000
James B. Lipham Executive Vice President and Chief Financial Officer	50,000
Executive Group	475,000
Non-Executive Director Group	-0-
Non-Executive Officer Employee Group	-0-

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	2000	\$513,200	\$436,800	\$7,500	\$325,000	149,050	\$145,084
	1999	464,000	292,500	-0-	-0-	90,170	138,894
	1998	444,200	276,250	-0-	-0-	106,422	116,712
Philip W. Tomlinson President	2000	458,200	357,000	-0-	650,000	135,543	121,101
	1999	404,000	234,000	-0-	-0-	64,937	116,561
	1998	383,400	219,000	-0-	-0-	75,750	97,145
William A. Pruett Executive Vice President	2000	258,500	217,720	-0-	325,000	63,115	73,551
	1999	240,500	145,300	-0-	-0-	24,189	72,110
	1998	224,750	134,850	-0-	-0-	27,950	60,931
M. Troy Woods Executive Vice President	2000	258,000	217,720	-0-	325,000	113,115	73,606
	1999	240,500	145,300	-0-	-0-	24,189	67,381
	1998	220,000	110,000	-0-	-0-	26,718	55,190
James B. Lipham Executive Vice President and Chief Financial Officer	2000	222,500	187,900	-0-	650,000	61,196	62,713
	1999	202,500	122,500	-0-	-0-	20,098	56,504
	1998	182,500	91,250	-0-	-0-	22,182	46,034

- (1) Mr. Blanchard received no cash compensation from TSYS during 2000, other than director compensation.
- (2) Amount consists of base salary and director fees for Messrs. Ussery and Tomlinson.
- (3) Bonus amount for 2000 includes a special recognition award of \$1,000 for Messrs. Pruett, Woods and Lipham.
- (4) Amount for 2000 includes 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, 2000, Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham held 6,579, 4,656, 1,767, 1,577 and 1,331 Synovus restricted shares, respectively, with a value of \$177,222, \$125,421, \$47,599, \$42,480 and \$35,854, respectively. As of December 31, 2000, 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 \$325,000, \$650,000, \$325,000, \$325,000 and \$650,000, respectively.
- (6) Grants for 2000 include options to purchase 100,000, 100,000, 50,000, 100,000 and 50,000 shares of DotsConnect, Inc., a subsidiary of TSYS, for each of Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively.
- (7) The 2000 amount consists of contributions or other allocations to defined contribution plans of \$30,000 for each executive; allocations pursuant to defined contribution excess benefit agreements of \$114,462, \$90,465, \$43,160, \$43,160 and \$32,375 for each of Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively; premiums paid for group term life insurance coverage of \$450, \$450, \$391, \$446 and \$338 for each of Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham, respectively; and the economic benefit of life insurance coverage related to split-dollar life insurance policies of \$172 and \$186 for Messrs. Ussery and Tomlinson, 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.

OPTION/SAR GRANTS IN LAST FISCAL YEAR						
Individual Grants						
Name	Options/ SARS Granted (#)	% of Total Options/ SARS Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date	Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (1)	
					5% (\$)	10% (\$)
Richard W. Ussery	49,050(2)	15.12%	\$18.06	01/19/10	\$422,811	\$1,012,883
	100,000(3)	6.74	.44	06/11/10	28,000	70,000
Philip W. Tomlinson	35,543(2)	10.96	18.06	01/19/10	306,381	733,963
	100,000(3)	6.74	.44	06/11/10	28,000	70,000
William A. Pruett	13,115(2)	4.04	18.06	01/19/10	113,051	270,825
	50,000(3)	3.37	.44	06/11/10	14,000	35,000
M. Troy Woods	13,115(2)	4.04	18.06	01/19/10	113,051	270,825
	100,000(3)	6.74	.44	06/11/10	28,000	70,000
James B. Lipham	11,196(2)	3.45	18.06	01/19/10	96,510	231,197
	50,000(3)	3.37	.44	06/11/10	14,000	35,000

- (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 or DotsConnect stock.
- (2) Options to purchase Synovus stock granted on January 20, 2000 at fair market value. Options become exercisable on January 20, 2002 and are transferable to family members.
- (3) Options to purchase DotsConnect stock granted on June 12, 2000 at fair market value with the following vesting schedule: 25% on June 12, 2001; 25% on June 12, 2002; and 50% on June 12, 2003.

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

Name	Shares Acquired on Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#)	Value of Unexercised In-the-Money Options/SARs at FY-End (\$)(1)
			Exercisable/Unexercisable	Exercisable/Unexercisable
Richard W. Ussery	-0-	\$ -0-	446,823 / 139,370(2)	\$5,896,244 / \$ 802,929
	-0-	-0-	126,000 / 294,000(3)	1,159,830 / 2,706,270
	-0-	-0-	0 / 100,000(4)	0 / 0
Philip W. Tomlinson	-0-	-0-	293,238 / 100,630(2)	3,659,144 / 580,545
	-0-	-0-	126,000 / 294,000(3)	1,159,830 / 2,706,270
	-0-	-0-	0 / 100,000(4)	0 / 0
William A. Pruett	-0-	-0-	116,065 / 37,454(2)	1,520,472 / 215,958
	-0-	-0-	63,000 / 147,000(3)	579,915 / 1,353,135
	-0-	-0-	0 / 50,000(4)	0 / 0
M. Troy Woods	-0-	-0-	80,346 / 37,454(2)	829,908 / 215,958
	-0-	-0-	72,000 / 147,000(3)	763,290 / 1,353,135
	-0-	-0-	0 / 100,000(4)	0 / 0
James B. Lipham	-0-	-0-	79,115 / 31,444(2)	939,424 / 182,308
	-0-	-0-	70,200 / 147,000(3)	726,615 / 1,353,135
	-0-	-0-	0 / 50,000(4)	0 / 0

- (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.
- (4) Options pertain to shares of DotsConnect stock.

Change in Control Arrangements

Long-Term Incentive Plans. Under the terms of the TSYS 2000 Long-Term Incentive Plan, the DotsConnect 2000 Long-Term Incentive Plan and Synovus' 1992, 1994 and 2000 Long-Term Incentive Plans, all awards become automatically vested in the event of a Change of Control, as defined below. Awards under the Plans may include stock options, restricted stock, stock appreciation and performance awards. Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham each have restricted stock and stock options under the Synovus/TSYS/DotsConnect 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.

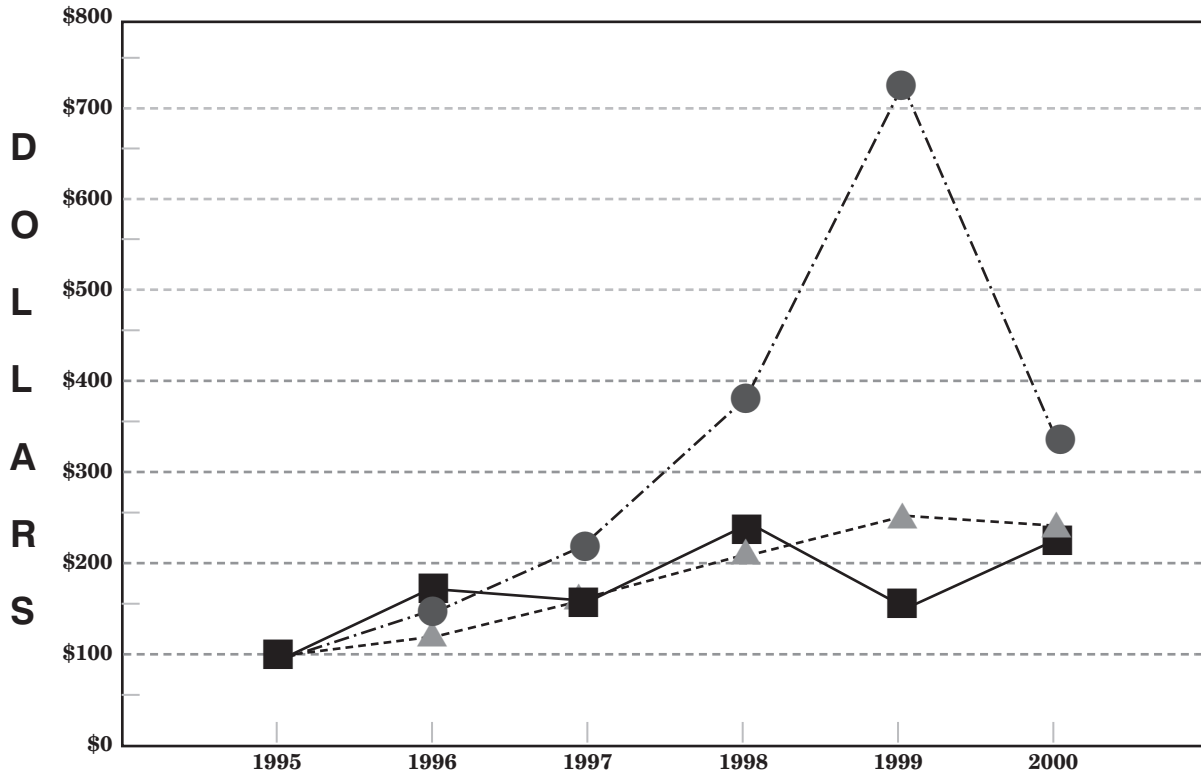
In order to receive these benefits, an executive must be actually or constructively terminated within one year following a Change of Control, or the executive may voluntarily or involuntarily terminate employment during the thirteenth month following a Change of Control.

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, 1995 and reinvestment of all dividends).

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



		1995	1996	1997	1998	1999	2000
TSYS	—■—	\$100	\$177	\$163	\$232	\$162	\$222
S&P 500	- -▲- -	\$100	\$123	\$164	\$211	\$255	\$232
S&P CS&S	- ·●- ·	\$100	\$155	\$217	\$392	\$726	\$343

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 above. 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. Based solely upon this market data, the Committee increased Mr. Ussery’s base salary in 2000. The Committee also increased the base salaries of TSYS’ other executive officers in 2000 based solely upon this market data, as described above.

Annual Bonus. The Committee may award annual bonuses to TSYS executives under two different plans, the Synovus Executive Bonus Plan (which was approved by TSYS shareholders in 1996 and is being submitted for reapproval in 2001) and the Synovus Incentive Bonus Plan. The Committee selects the participants in each Plan from year to year. For 2000, 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;
- Non-performing assets and/or loans as a percentage of total assets and/or loans;
- Non-interest expense as a percentage of total expense;
- Loan charge-offs as a percentage of total loans; and
- Asset growth.

The Committee established a payout matrix based on attainment of net income goals during 2000 for Mr. Ussery and TSYS' other executive officers. The maximum percentage payouts under the Plans for 2000 were 65% for Mr. Ussery and 60% for Messrs. Tomlinson, Pruett, Woods and Lipham. The Committee also established a "super bonus" payout matrix that increased the bonus amount otherwise payable if certain stock price and 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 this was not the case for any of TSYS' executive officers. Based upon TSYS' net income and stock price, 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 2000, total shareholder return and peer comparisons were measured during the 1997 to 1999 performance period. Under the payout matrix, the Committee awarded Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham stock options of 49,050, 35,543, 13,115, 13,115 and 11,196, respectively.

On June 12, 2000, the Committee made two long-term incentive grants in subsidiaries of TSYS to TSYS executives. The Committee made these awards to link the interests of TSYS executives to the ownership interest of TSYS in those subsidiaries. With respect to DotsConnect, Inc., the Committee awarded Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham stock options of 100,000, 100,000, 50,000, 100,000 and 50,000 shares, respectively, pursuant to the terms of the DotsConnect, Inc. 2000 Long-Term Incentive Plan. With respect to Vital Processing Services, LLC, the Committee awarded Messrs. Ussery, Tomlinson, Pruett, Woods and Lipham restricted units of 100,000, 200,000, 100,000, 100,000 and 200,000, respectively.

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 2000, Mr. Ussery and TSYS' other executive officers received a Plan contribution of 11.45% 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 2000, Mr. Ussery 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.

Mason H. Lampton

G. Wayne Clough

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 2000. No member of the Committee is a current or former officer or employee of TSYS or its subsidiaries.

TRANSACTIONS WITH MANAGEMENT

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 \$1,274,764 for its use of the aircraft during 2000, 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 Group Executive and a director of TSYS. Elizabeth C. Ogie, the niece of William B. Turner and the sister-in-law of W. Walter Miller, Jr., is a director of W.C. Bradley Co. and a director of CB&T and Synovus. 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 2000. Samuel A. Nunn, a director of TSYS, is a senior partner of King & Spalding. Bradley & Hatcher, a law firm located in Columbus, Georgia, performed legal services on behalf of TSYS during 2000. Richard Y. Bradley, a director of TSYS, CB&T and Synovus, is a partner of Bradley & Hatcher.

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 23.

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 December 31, 2000.

Name and Address of Beneficial Owner	Shares of TSYS Stock Beneficially Owned as of 12/31/00	Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/00
Columbus Bank and Trust Company 1148 Broadway Columbus, Georgia 31901	157,455,980(1)(2)	80.9%

- (1) CB&T individually owns these shares.
- (2) As of December 31, 2000, Synovus Trust Company, a wholly owned trust company subsidiary of CB&T, held in various fiduciary capacities a total of 1,625,550 shares (.83%) of TSYS stock. Of this total, Synovus Trust Company held 1,310,464 shares as to which it possessed sole voting power, 1,269,825 shares as to which it possessed sole investment power, 268,665 shares as to which it possessed shared voting power and 275,535 shares as to which it possessed shared investment power. In addition, as of December 31, 2000, Synovus Trust Company held in various agency capacities an additional 2,108,339 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 157,455,980 shares, or 80.9%, of the outstanding shares of TSYS stock on December 31, 2000 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 seventeen 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 14 and by all directors and executive officers as a group as of December 31, 2000.

Name	Shares of Synovus Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/00	Shares of Synovus Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/00	Shares of Synovus Stock Beneficially Owned with Sole Voting but no Investment Power as of 12/31/00	Total Shares of Synovus Stock Beneficially Owned as of 12/31/00(1)	Percentage of Outstanding Shares of Synovus Stock Beneficially Owned as of 12/31/00
James H. Blanchard	1,387,547	211,360	162,127	3,056,389	1.0
Richard Y. Bradley	21,617	84,887	—	106,504	*
G. Wayne Clough	—	—	—	—	—
Thomas G. Cousins	—	—	—	—	—
Gardiner W. Garrard, Jr.	204,147	1,263,616	—	1,467,763	*
Sidney E. Harris	—	—	—	—	—
John P. Illges, III	282,727	504,096	—	786,823	*
Alfred W. Jones III	4,135	—	—	4,135	*
Mason H. Lampton	79,996	302,451(2)	—	382,447	*
James B. Lipham	6,131	—	1,330	106,524	*
W. Walter Miller, Jr.	30,744	99,174	—	158,081	*
Samuel A. Nunn	—	—	—	—	—
H. Lynn Page	797,886	11,515	—	809,401	*
William A. Pruett	9,315	—	1,767	151,186	*
Philip W. Tomlinson	50,642	—	4,654	413,321	*
William B. Turner	73,246	30,209,047(3)	—	30,282,293	10.6
Richard W. Ussery	86,310	4,293	6,579	634,025	*
M. Troy Woods	2,241	—	1,577	108,203	*
James D. Yancey	1,022,406	61,677	7,810	1,868,999	*
Rebecca K. Yarbrough	45,542	19,804	—	65,346	*
Directors and Executive Officers as a group (22 persons)	4,207,886	32,771,976	246,174	40,817,291	14.2

* 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	1,295,355
James B. Lipham	99,063
W. Walter Miller, Jr.	28,163
William A. Pruett	140,104
Philip W. Tomlinson	358,025
Richard W. Ussery	536,843
M. Troy Woods	104,385
James D. Yancey	777,106

In addition, the other executive officers of TSYS have rights to acquire an aggregate of 415,851 shares of Synovus stock within 60 days through the exercise of stock options.

- (2) 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.
- (3) Includes 27,621,025 shares of Synovus stock beneficially owned by TB&C Bancshares, Inc., of which Mr. Turner is an officer, director and shareholder.

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 2000, 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 2000, TSYS derived \$12,281,914 in revenues from CB&T and certain of Synovus' other banking subsidiaries for the performance of bankcard data processing services and \$256,126 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.

Synovus Service Corp., formerly a wholly owned subsidiary of Synovus, provided various services to Synovus' subsidiary companies during 2000, including TSYS. TSYS and Synovus Service Corp. were parties to a Lease Agreement pursuant to which Synovus Service Corp. leased from TSYS office space for lease payments aggregating \$197,597 during 2000. Synovus Service Corp. also paid TSYS \$63,806 during 2000 for data processing services. The terms of these transactions are comparable to those which could have been obtained in transactions with unaffiliated third parties.

During 2000, TSYS and Synovus and TSYS and Synovus Service Corp. were parties to Management Agreements pursuant to which Synovus and Synovus Service Corp. provided certain management services to TSYS. During 2000, 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 2000, TSYS paid Synovus and Synovus Service Corp. management fees of \$1,703,840 and \$8,070,260, respectively. 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 are wholly owned subsidiaries of Synovus. As compensation for management services provided during 2000, Synovus paid TSYS management fees of \$504,967 in connection with TSYS Total Debt Management, Inc. and \$176,544 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 2000, Synovus Trust Company served as Trustee of various employee benefit plans of TSYS. During 2000, TSYS paid Synovus Trust Company trustee's fees under these plans of \$391,414.

During 2000, Columbus Depot Equipment Company, a wholly owned subsidiary of TSYS, and CB&T and nine of Synovus' other subsidiaries were parties to Lease Agreements pursuant to which CB&T and nine of Synovus' other subsidiaries leased from Columbus Depot Equipment Company computer related equipment for bankcard and bank data processing services for lease payments aggregating \$64,004. 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 2000, Synovus Technologies, Inc., formerly a wholly owned subsidiary of Synovus, paid TSYS \$118,322 for data links, network services and other miscellaneous items related to the data processing services which Synovus Technologies provided to its customers, which amount was reimbursed to Synovus Technologies by its customers. During 2000, Synovus Technologies paid TSYS \$24,900, primarily for computer processing services. During 2000, TSYS paid Synovus Technologies \$1,688,676 for lockbox services. The charges for processing and other services are comparable to those between unrelated third parties.

During 2000, pointpathbank, N.A., a wholly owned subsidiary of Synovus, paid DotsConnect, Inc. \$514,640 in connection with Web hosting services and CB&T paid DotsConnect \$30,867

in connection with online customer support services. The charges paid for these services are comparable to those between unrelated third parties.

During 2000, Synovus, CB&T and other Synovus subsidiaries paid to Columbus Productions, Inc. and TSYS Total Solutions, Inc., wholly owned subsidiaries of TSYS, an aggregate of \$6,529,779 for printing, correspondence and facilities management services. The charges for these services are comparable to those between unrelated third parties.

During 2000, CB&T leased office space from TSYS for lease payments of \$39,405. During 2000, TSYS and its subsidiaries were paid \$4,772,461 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.

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, 2000, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with, except that Mrs. Yarbrough reported two transactions late on a Form 4.

INDEPENDENT AUDITORS

Appointment of Independent Auditors

On March 7, 2001, 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, 2001. 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' 2001 Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Fees

The following table sets forth the aggregate fees billed to TSYS in the identified categories for the fiscal year ended December 31, 2000 by KPMG.

Audit Fees	Financial Information Systems Design and Implementation Fees	All other Fees
\$215,000	\$0	\$697,279

The Audit Committee has considered whether the provision of services to TSYS, other than audit services, is compatible with maintaining KPMG's independence.

GENERAL INFORMATION

Financial Information

Detailed financial information for TSYS and its subsidiaries for its 2000 fiscal year is included in TSYS' 2000 Annual Report that is being mailed to TSYS' shareholders together with this Proxy Statement.

Shareholder Proposals For the 2002 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 2002 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 9, 2001 in order to consider it for inclusion in the Proxy Statement for the 2002 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 10, 2001 and January 24, 2002 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 2002 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 2001 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 2001 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.

A handwritten signature in black ink that reads "Richard W. Ussery". The signature is written in a cursive style with a large initial 'R' and a long horizontal stroke at the end.

Richard W. Ussery
Chairman of the Board

March 9, 2001

APPENDIX A

TOTAL SYSTEM SERVICES, INC.

Charter of the Audit Committee of the Board of Directors

I. Audit Committee Purpose

The Audit Committee is appointed by the Board of Directors to assist it in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

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

The primary responsibility of the Audit Committee is to oversee the company's financial reporting process on behalf of the Board and report the results of their activities to the Board. Management is responsible for preparing the Company's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee will recommend actions to the Board of Directors as the Committee deems appropriate. The Committee will undertake such additional activities within the scope of its primary functions as the Committee deems appropriate.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

II. Audit Committee Composition

Audit Committee members shall meet the requirements of the New York Stock Exchange. The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors, each of whom shall be independent directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.

III. Audit Committee Responsibilities and Duties

Review Procedures

1. The Audit Committee shall review and reassess the adequacy of this Charter at least annually, submit the Charter to the Board of Directors for approval and include a copy of the Charter as an appendix to the Company's proxy statement at least every three years, in accordance with SEC regulations.
2. The Audit Committee shall review the Company's annual audited financial statements prior to filing or distribution and discuss with management and the independent auditors any significant issues regarding accounting principles, practices, and judgments.

3. The Audit Committee shall review significant findings prepared by the independent auditors and internal audit, together with management's responses.

Independent Auditors

4. The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee and the Board of Directors are responsible for selection, evaluation and replacement of the independent auditors. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
5. The Audit Committee is responsible for ensuring that the outside auditors submit on a periodic basis to the Audit Committee a formal written statement delineating all relationships between the auditors and the Company and is responsible for actively engaging in a dialogue with the outside auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the outside auditors. The Audit Committee is responsible for recommending that the Board of Directors take appropriate action in response to the outside auditors' report to satisfy itself of the outside auditors' independence.
6. The Audit Committee shall approve the fees and other significant compensation to be paid to the independent auditors.
7. The Audit Committee shall review the independent auditors' audit plan, including discussion of the scope, staffing, reliance upon management, and internal audit and general audit approach.
8. Prior to the Company filing its Annual Report on Form 10-K with the SEC, the Audit Committee shall discuss the results of the audit with the independent auditors, and shall discuss certain matters required to be communicated by independent auditors to audit committees in accordance with AICPA Statement of Auditing Standards No. 61.

Internal Audit

9. The Audit Committee shall review the budget, plan, organizational structure, and staffing of internal audit.
10. The Audit Committee shall review significant reports prepared by internal audit together with management's response and follow-up to these reports.

Other Audit Committee Responsibilities

11. The Audit Committee shall review the appointment, performance and replacement of the senior internal audit executive.
12. The Audit Committee shall annually prepare a report to shareholders as required by the Securities and Exchange Commission. The report should be included in the Company's annual proxy statement.

