



Richard W. Ussery  
Chairman of the Board

March 12, 2003

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders at 10:00 a.m. on Thursday, April 17, 2003, at The Columbus Museum, 1251 Wynnton Road, Columbus, Georgia. Enclosed with this Proxy Statement are your proxy card and the 2002 Annual Report.

We hope that you will be able to be with us and let us give you a review of 2002. If you are unable to attend the meeting, you can listen to it live and view the slide presentation over the Internet. You can access the meeting by going to our website at [www.tsys.com](http://www.tsys.com). Additionally, we will maintain copies of the slides and audio of the presentation to the 2003 Annual Meeting on the website for reference after the meeting.

Once again this year, we are offering you the option to receive proxy materials electronically via the Internet. You can sign up by following the simple instructions contained in this mailing. Consenting to view future annual reports and proxy statements on the Internet will save TSYS money by reducing printing and postage costs. If you have a computer and Internet access, we hope you will try this electronic distribution method.

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 2002 a good year. We look forward to your continued support in 2003 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, prominent 'R' and 'U'.

RICHARD W. USSERY



# TOTAL SYSTEM SERVICES, INC.®

## NOTICE OF THE 2003 ANNUAL MEETING OF SHAREHOLDERS

- TIME ..... 10:00 a.m. E.T.  
Thursday, April 17, 2003
- PLACE ..... The Columbus Museum  
1251 Wynnton Road  
Columbus, Georgia 31906
- ITEMS OF BUSINESS ..... (1) To elect six directors to serve until the  
Annual Meeting of Shareholders in 2006.  
(2) 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 17, 2003.
- 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 website 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 12, 2003

**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 12, 2003. The TSYS Board of Directors is soliciting proxies to be used at the 2003 Annual Meeting of TSYS Shareholders which will be held on April 17, 2003, at 10:00 a.m., at The Columbus Museum, 1251 Wynnton Road, 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 17, 2003. Your shares can be voted at the meeting only if you are present or represented by a valid proxy.

### ***Quorum and Shares Outstanding***

A majority of the outstanding shares of TSYS stock must be present, either in person or represented by proxy, in order to conduct the Annual Meeting of TSYS Shareholders. On February 17, 2003, 197,049,470 shares of TSYS stock were outstanding.

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

Columbus Bank and Trust Company<sup>®</sup>(“CB&T”) owned individually 159,630,980 shares, or 81%, of the outstanding shares of TSYS stock on February 17, 2003. CB&T<sup>®</sup> is a wholly owned banking subsidiary of Synovus Financial Corp.<sup>®</sup>, a diversified financial 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. 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 six 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 six 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.

### ***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 website 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 2005 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 2003 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: James H. Blanchard, Richard Y. Bradley, Walter W. Driver, Jr., Gardiner W. Garrard, Jr., John P. Illges, III and W. Walter Miller, Jr., each to serve a three year term expiring at the Annual Meeting in the year 2006.

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)	61	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	64	II	1991	Partner, Bradley & Hatcher (Law Firm); Director, Synovus Financial Corp.
G. Wayne Clough	61	I	2000	President, Georgia Institute of Technology
Walter W. Driver, Jr.(2)	57	II	2002	Chairman, King & Spalding LLP (Law Firm)
Gardiner W. Garrard, Jr.	62	II	1982	President, The Jordan Company (Real Estate Development); Director, Synovus Financial Corp.
Sidney E. Harris	53	III	1999	Dean, J. Mack Robinson College of Business, Georgia State University; Director, The ServiceMaster Company and Transamerica Investors, Inc.

<b>Name</b>	<b>Age</b>	<b>TSYS Director Classification</b>	<b>Year First Elected Director</b>	<b>Principal Occupation and Other Information</b>
John P. Illges, III	68	II	1982	Senior Vice President and Financial Consultant, Retired, The Robinson-Humphrey Company, Inc. (Stockbroker); Director, Synovus Financial Corp.
Alfred W. Jones III	45	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	55	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)	54	II	1993	Group Executive, Retired, Total System Services, Inc.
H. Lynn Page	62	I	1982	Director, Synovus Financial Corp., Columbus Bank and Trust Company and Total System Services, Inc.
Philip W. Tomlinson(4)	56	I	1982	President, Total System Services, Inc.
William B. Turner(3)	80	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)	55	I	1982	Chairman of the Board and Chief Executive Officer, Total System Services, Inc.
James D. Yancey	61	III	1982	President, Chief Operating Officer and Director, Synovus Financial Corp.; Chairman of the Board, Columbus Bank and Trust Company
Rebecca K. Yarbrough	65	III	1999	Private Investor

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- (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) Walter W. Driver, Jr. was elected as a director of TSYS in July 2002 by TSYS' Board of Directors to fill a vacant Board seat.
- (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. As part of this review, the Corporate Governance Committee is monitoring the rules proposed by the New York Stock Exchange with respect to corporate governance and the rules of the Securities and Exchange Commission as mandated by the Sarbanes-Oxley Act of 2002. The Board will adopt changes to its corporate governance policies and practices, as appropriate, to comply with any rule changes made by the Securities and Exchange Commission and the New York Stock Exchange. A majority of TSYS' directors are independent, nonemployee directors as defined in TSYS' Board of Directors Guidelines on Significant Corporate Governance Issues.

### *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 2002. All directors attended at least 75% of Board and committee meetings held during their tenure during 2002. The average attendance by directors at the aggregate number of Board and committee meetings they were scheduled to attend was 96%.

### *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	Walter W. Driver, Jr.	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. Ussery			
James D. Yancey			

**Executive Committee.** TSYS' Executive Committee held four meetings in 2002. 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 seven meetings in 2002. Its Report begins below. 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 three meetings in 2002. 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 four meetings in 2002. Its Report on Executive Compensation begins on page 14. 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, 2002;
- 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, 2002, 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 2002, and fees billed for other services rendered by KPMG LLP.

Audit fees, including out-of-pocket expenses	\$ 268,000
Financial information systems design and implementation	\$ 0
All other fees, including out-of-pocket expenses:	
Audit related fees (1)	601,000
Other non-audit services (2)	172,000
Total all other fees	\$ 773,000

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

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 2002, 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.

Name	Age	Position with TSYS
James H. Blanchard	61	Chairman of the Executive Committee
Richard W. Ussery	55	Chairman of the Board and Chief Executive Officer
Philip W. Tomlinson	56	President
James B. Lipham	54	Executive Vice President and Chief Financial Officer
William A. Pruett	49	Executive Vice President
Kenneth L. Tye	50	Executive Vice President and Chief Information Officer
M. Troy Woods	51	Executive Vice President
G. Sanders Griffith, III	49	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. 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. 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. 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 10 and by all directors and executive officers as a group as of December 31, 2002.

Name	Shares of TSYS Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/02	Shares of TSYS Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/02	Total Shares of TSYS Stock Beneficially Owned as of 12/31/02 (1)	Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/02
James H. Blanchard	789,867	360,480	1,150,347	*
Richard Y. Bradley	24,718	5,000	29,718	*
G. Wayne Clough	2,032	—	2,032	*
Walter W. Driver, Jr.	600	—	600	*
Gardiner W. Garrard, Jr.	18,157	—	18,157	*
Sidney E. Harris	4,272	—	4,272	*

<b>Name</b>	<b>Shares of TSYS Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/02</b>	<b>Shares of TSYS Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/02</b>	<b>Total Shares of TSYS Stock Beneficially Owned as of 12/31/02 (1)</b>	<b>Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/02</b>
John P. Illges, III	107,466	81,750	189,216	*
Alfred W. Jones III	2,272	—	2,272	*
Mason H. Lampton	81,957	59,426(2)	141,383	*
W. Walter Miller, Jr.	89,466	2,481	91,947	*
H. Lynn Page	465,429	136,219	601,648	*
William A. Pruett	132,561	—	342,561	*
Philip W. Tomlinson	576,898	39,864	1,036,762	*
William B. Turner	169,214	576,000	745,214	*
Kenneth L. Tye	52,156	53,350	105,506	*
Richard W. Ussery	555,204	66,000	1,041,204	*
M. Troy Woods	44,676	2,812	257,488	*
James D. Yancey	713,576	45,053	758,629	*
Rebecca K. Yarbrough	260,594	433,690(3)	694,285	*
Directors and Executive Officers as a Group (21 persons)	4,165,217	1,862,725	7,497,942	3.8

\* 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:

<b>Person</b>	<b>Number of Shares</b>
William A. Pruett	210,000
Philip W. Tomlinson	420,000
Richard W. Ussery	420,000
M. Troy Woods	210,000

In addition, the other executive officers of TSYS have rights to acquire an aggregate of 210,000 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 17.

## 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)	SUMMARY COMPENSATION TABLE				Long-Term Compensation Awards		
	Year	Annual Compensation		Other Annual Compensation (3)	Restricted Stock Award(s) (4)	Securities Underlying Options/ SARs	All Other Compensation (5)
Richard W. Ussery Chairman of the Board and Chief Executive Officer	2002	\$534,094	\$453,980	\$ 9,167	\$ -0-	42,453	\$154,539
	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
Philip W. Tomlinson President	2002	480,685	408,582	-0-	-0-	38,208	137,287
	2001	484,400	382,500	-0-	-0-	529,872	114,736
	2000	458,200	357,000	-0-	650,000	35,543	121,101
William A. Pruett Executive Vice President	2002	303,750	180,731	-0-	-0-	15,283	75,517
	2001	270,000	161,650	-0-	-0-	417,923	78,029
	2000	258,000	217,720	-0-	325,000	13,115	73,551
Kenneth L. Tye Executive Vice President and Chief Information Officer	2002	268,313	159,646	-0-	-0-	13,019	58,684
	2001	230,000	136,850	-0-	-0-	415,268	53,537
	2000	213,500	149,450	-0-	325,000	10,503	54,797
M. Troy Woods Executive Vice President	2002	303,750	180,731	-0-	-0-	15,283	70,231
	2001	270,000	161,650	-0-	-0-	417,923	73,439
	2000	258,000	217,720	-0-	325,000	13,115	73,606

- (1) Mr. Blanchard received no cash compensation from TSYS during 2002, other than director compensation.
- (2) Amount consists of base salary and director fees for Messrs. Ussery and Tomlinson.
- (3) 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.
- (4) 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, 2002, Messrs. Ussery, Tomlinson, Pruett, Tye and Woods held 100,000, 200,000, 100,000, 100,000 and 100,000 Vital restricted shares, respectively, with a value of \$439,000, \$878,000, \$439,000, \$439,000 and \$439,000, respectively.
- (5) The 2002 amount consists of contributions or other allocations to defined contribution plans of \$28,000 for each executive; allocations pursuant to defined contribution excess benefit agreements of \$106,273, \$92,846, \$37,016, \$28,765 and \$37,016 for each of Messrs. Ussery, Tomlinson, Pruett, Tye and Woods, respectively; premiums paid for group term life insurance coverage of \$450, \$450, \$543, \$479 and \$450 for each of Messrs. Ussery, Tomlinson, Pruett, Tye and Woods, respectively; the economic benefit of life insurance coverage related to split-dollar life insurance policies of \$1,725, \$5,149, \$2,218, \$98 and \$434 for each of Messrs. Ussery, Tomlinson, Pruett, Tye and Woods, 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 \$18,091, \$10,842, \$7,740, \$1,342 and \$4,331 for each of Messrs. Ussery, Tomlinson, Pruett, Tye and Woods, 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	42,453(2)	8.0%	\$26.50	04/28/12	\$537,030	\$1,286,750
Philip W. Tomlinson	38,208(2)	7.2	26.50	04/28/12	483,331	1,158,084
William A. Pruett	15,283(2)	2.9	26.50	04/28/12	193,330	463,228
Kenneth L. Tye	13,019(2)	2.5	26.50	04/28/12	164,690	394,606
M. Troy Woods	15,283(2)	2.9	26.50	04/28/12	193,330	463,228

- (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 April 29, 2002 at fair market value. Options become exercisable on April 29, 2004 and are transferable to family members.

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-	552,525 / 582,282(2)		\$2,265,178 / \$-0-
	-0-	-0-	420,000 / -0-(3)		138,600 / -0-
Philip W. Tomlinson	-0-	-0-	331,781 / 568,080(2)		742,423 / -0-
	-0-	-0-	420,000 / -0-(3)		348,600 / -0-
William A. Pruett	-0-	-0-	145,264 / 433,206(2)		550,343 / -0-
	-0-	-0-	210,000 / -0-(3)		174,300 / -0-
Kenneth L. Tye	10,328	201,375	55,428 / 428,287(2)		183,895 / -0-
	9,000	179,550	-0- / -0-(3)		-0- / -0-
M. Troy Woods	-0-	-0-	117,800 / 433,206(2)		253,165 / -0-
	9,000	180,990	210,000 / -0-(3)		174,300 / -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.

### ***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, Tye and Woods each have received 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, Tye and Woods, 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, Tye and Woods 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, Tye and Woods).
- 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.

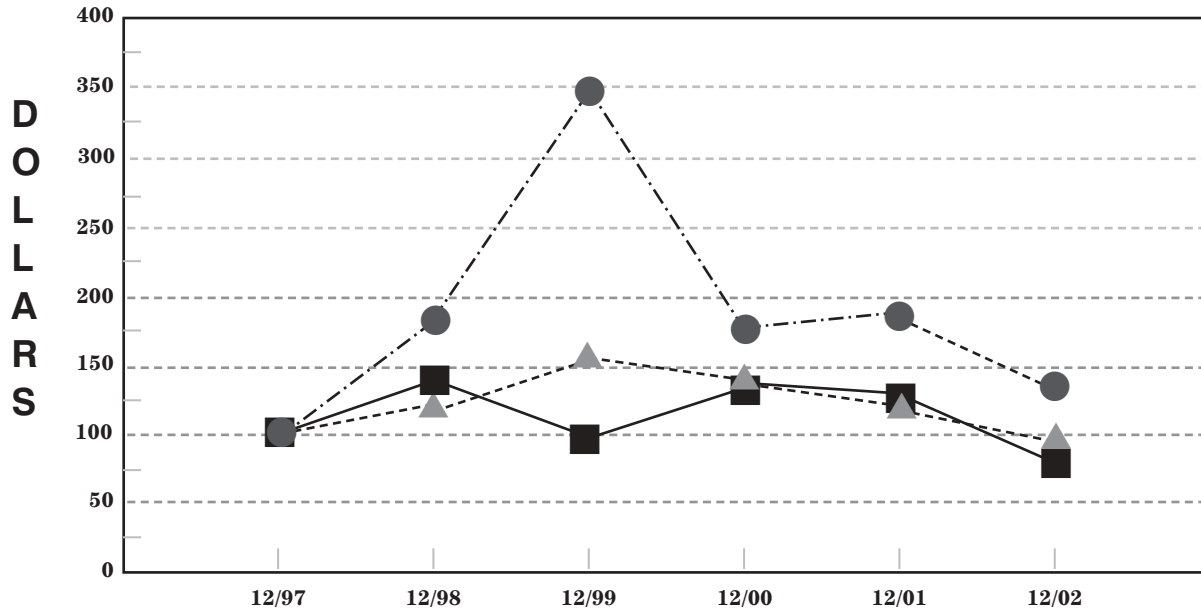
In order to receive these benefits, an executive must be actually or constructively terminated within one year following a Change of Control, or the executive may voluntarily or involuntarily terminate employment during the thirteenth month following a Change of Control.

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 Systems Software Index for the last five fiscal years (assuming a \$100 investment on December 31, 1997 and reinvestment of all dividends).

**COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN  
AMONG TOTAL SYSTEM SERVICES, INC., THE S&P 500 INDEX  
AND THE S&P SYSTEMS SOFTWARE INDEX**



		<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
TSYS	—■—	\$100	\$143	\$ 99	\$137	\$130	\$ 83
S&P 500	- -▲- -	\$100	\$129	\$156	\$141	\$125	\$ 97
S&P SS	- ·●· -	\$100	\$186	\$349	\$176	\$185	\$139

## 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 13. 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 market comparisons, the Committee increased Mr. Ussery’s base salary in 2002, as well as the base salaries of TSYS’ other executive officers.

**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 2002, Mr. Ussery was selected to participate in the Synovus Executive Bonus Plan and Messrs. Tomlinson, Pruett, Tye and Woods 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 2002 for Mr. Ussery and TSYS' other executive officers. The maximum percentage payouts under the Plans for 2002 were 100% for Messrs. Ussery and Tomlinson and 70% for Messrs. Pruett, Tye and Woods. 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 2002, total shareholder return and peer comparisons were measured during the 1999 to 2001 performance period. Under the payout matrix, the Committee awarded Messrs. Ussery, Tomlinson, Pruett, Tye and Woods stock options of 42,453, 38,208, 15,283, 13,019 and 15,283, respectively, which options become exercisable on April 29, 2004.

**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 2002, Mr. Ussery and TSYS' other executive officers received a Plan contribution of 7% of their compensation. 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. When necessary to meet the requirements for deductibility under the Internal Revenue Code, members of the Committee may abstain from voting on performance based compensation. For 2002, 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.  
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 2002. 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 \$1,478,166 for its use of the aircraft during 2002, 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. 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. Sarah T. Butler and Elizabeth T. Corn, the sisters of William B. Turner, are shareholders of W.C. Bradley Co.

King & Spalding, a law firm located in Atlanta, Georgia, performed legal services on behalf of TSYS during 2002. Walter W. Driver, Jr., a director of TSYS, is Chairman 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 "Electronic Payment 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 18.

## 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, 2002.

Name and Address of Beneficial Owner	Shares of TSYS Stock Beneficially Owned as of 12/31/02	Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/02
Columbus Bank and Trust Company 1148 Broadway Columbus, Georgia 31901	159,630,980(1)(2)	81.0%

(1) CB&T individually owns these shares.

(2) As of December 31, 2002, Synovus Trust Company, N.A., a wholly owned trust company subsidiary of CB&T, held in various fiduciary capacities a total of 3,053,762 shares (1.55%) of TSYS stock. Of this total, Synovus Trust Company held 2,824,467 shares as to which it possessed sole voting power, 2,751,277 shares as to which it possessed sole investment power, 218,274 shares as to which it possessed shared voting power and 227,632 shares as to which it possessed shared investment power. In addition, as of December 31, 2002, Synovus Trust Company held in various agency capacities an additional 2,703,818 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%, of the outstanding shares of TSYS stock on December 31, 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 10 and by all directors and executive officers as a group as of December 31, 2002.

Name	Shares of Synovus Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/02	Shares of Synovus Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/02	Total Shares of Synovus Stock Beneficially Owned as of 12/31/02(1)	Percentage of Outstanding Shares of Synovus Stock Beneficially Owned as of 12/31/02
James H. Blanchard	1,170,662(2)	207,160	3,015,500	1.0
Richard Y. Bradley	23,317	84,887	108,204	*
G. Wayne Clough	—	—	—	—
Walter W. Driver, Jr.	—	—	—	—
Gardiner W. Garrard, Jr.	204,147	968,419	1,172,566	*
Sidney E. Harris	—	—	—	—

Name	Shares of Synovus Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/02	Shares of Synovus Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/02	Total Shares of Synovus Stock Beneficially Owned as of 12/31/02(1)	Percentage of Outstanding Shares of Synovus Stock Beneficially Owned as of 12/31/02
John P. Illges, III	280,704	441,429	722,133	*
Alfred W. Jones III	6,002	—	6,002	*
Mason H. Lampton	92,991	279,761(3)	372,752	*
W. Walter Miller, Jr.	30,873	507,006	575,142	*
H. Lynn Page	753,096	11,515	764,611	*
William A. Pruett	11,082	—	174,269	*
Philip W. Tomlinson	55,296	—	416,949	*
William B. Turner	1,037,319	3,687,367	4,724,686	1.6
Kenneth L. Tye	—	—	70,696	*
Richard W. Ussery	58,134	878	651,366	*
M. Troy Woods	1,052	138	136,913	*
James D. Yancey	1,013,683	90,650	2,192,411	*
Rebecca K. Yarbrough	43,731	12,186	55,917	*
Directors and Executive Officers as a Group (21 persons)	4,951,777	6,294,524	15,966,164	5.3

\* 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	1,637,678
W. Walter Miller, Jr.	37,263
William A. Pruett	163,187
Philip W. Tomlinson	361,653
Kenneth L. Tye	70,696
Richard W. Ussery	592,354
M. Troy Woods	135,723
James D. Yancey	1,088,078

In addition, the other executive officers of TSYS have rights to acquire an aggregate of 633,231 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.

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

During 2002, TSYS provided electronic payment processing services to CB&T and certain of Synovus' other banking subsidiaries. The electronic payment 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 2002, TSYS derived \$3,425,785 in revenues from CB&T and certain of Synovus' other banking subsidiaries for the performance of electronic payment processing services and \$5,685,157 in revenues from Synovus and its subsidiaries for the performance of other data processing, software and business process

management services. TSYS' charges to Synovus, CB&T and Synovus' other subsidiaries for electronic payment and other data processing, software and business process management 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 \$537,140 during 2002. Synovus also paid TSYS \$24,900 during 2002 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 2002, 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 2002, TSYS paid Synovus aggregate management fees of \$8,078,484. In addition, Synovus and TSYS are parties to a Management Agreement pursuant to which TSYS provided management services to Synovus in connection with TSYS' assistance in managing the business of ProCard, Inc., which was a wholly owned subsidiary of Synovus during a portion of 2002. As compensation for management services provided during 2002, Synovus paid TSYS management fees of \$252,500 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 2002, Synovus Trust Company served as Trustee of various employee benefit plans of TSYS. During 2002, TSYS paid Synovus Trust Company trustee's fees under these plans of \$525,189.

During 2002, 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 \$31,825. 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 2002, Synovus and CB&T paid TSYS an aggregate of \$1,227,151 for miscellaneous reimbursable items, such as data links, network services and postage, primarily related to processing services provided by TSYS. The charges for these services are comparable to those between unrelated third parties.

During 2002, Synovus, CB&T and other Synovus subsidiaries paid to Columbus Productions, Inc., a wholly owned subsidiary of TSYS, \$1,241,818 for printing services. The charges for these services are comparable to those between unrelated third parties.

During 2002, CB&T leased office space from TSYS for lease payments of \$39,405. In addition, TSYS leased furniture and equipment from CB&T during 2002 for lease payments of \$377,285. Also during 2002, TSYS and its subsidiaries were paid \$1,082,405 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 November 2002, TSYS acquired ProCard, Inc. from Synovus for \$30,000,000. The terms of the Share Purchase 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, 2002, 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. Mr. Page and Mr. Yancey each filed one late report, each of which reported one transaction late.

## **INDEPENDENT AUDITORS**

On January 14, 2003, upon the recommendation of the Audit Committee, 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, 2003. 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' 2003 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 2002 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. The Form 10-K is also available on the Internet at [www.tsys.com/finance](http://www.tsys.com/finance). Click on "Financials" and "SEC Filings."

### ***Shareholder Proposals For the 2004 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 2004 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, 2003 in order to consider it for inclusion in the Proxy Statement for the 2004 Annual Meeting of Shareholders.

### ***Director Nominees or Other Business For Presentation at the 2004 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 8, 2003 and January 22, 2004 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 2004 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 2003 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 or bank 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 2003 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 12, 2003

