SYNOVUS FINANCIAL CORP
Form DEF 14A
November 17, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to § 240.14a-12

Synovus Financial Corp.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price of other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Richard E. Anthony
Chairman of the Board and
Chief Executive Officer

November 17, 2008

Dear Shareholder:

You are cordially invited to attend a Special Meeting of Shareholders at 10:00 a.m. on Wednesday, December 17, 2008, at the CB&T Uptown Center, 1144 Broadway, Bradley Building, Team Meeting Room-2nd Floor, Columbus, Georgia 31901. Enclosed with this Proxy Statement is your proxy card.

Your participation in this Special Meeting is very important. We are asking you to approve two amendments:

1. An amendment to our Articles of Incorporation to authorize the issuance of preferred stock; and

2. An amendment to our Bylaws to authorize the Board of Directors to fix the size of the Board of Directors.

These amendments are required to enable us to participate in the Capital Purchase Program, which is part of the Trouble Asset Relief Program designed to encourage U.S. financial institutions to build capital and increase flow of financing to U.S. businesses and consumers. On October 14, 2008, the U.S. Treasury announced it was prepared to invest $125 billion in preferred stock of certain U.S. financial institutions. With the broadening of this program to provide capital infusion to the strongest, healthiest U.S. banks, this is the most cost-effective method for any financial institution to strengthen its capital base. Our application to participate in the Capital Purchase Program has been preliminarily approved by the U.S. Treasury. However, our participation in the Capital Purchase Program remains subject to shareholder approval of the proposed amendments.

While our capital ratios remain strong, the market outlook for continuing weak economic conditions requires us to take all necessary steps to achieve even higher capital levels. This will position Synovus to remain strong throughout the remainder of this economic crisis. As you may know, Synovus is not currently authorized to issue preferred stock. By approving these two amendments, shareholders give Synovus broader options to seek this additional capital.

If you are unable to attend the special meeting in person, you can listen live over the Internet by visiting our website at www.synovus.com. Additionally, we will maintain copies of the audio presentation of the Special Meeting on our website for reference after the meeting.

The approval of these amendments requires the affirmative vote of shares representing at least 662/3% of the votes entitled to be cast by the holders of all of our issued and outstanding common stock, which is a very significant threshold. No matter your level of ownership in our company, or whether or not you plan to attend this meeting in person, it is very important that your shares be voted at the Special Meeting. To make sure your shares are represented, we urge you to vote promptly using the enclosed voting materials.

Sincerely yours,

Richard E. Anthony

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TIME	10:00 a.m. Wednesday, December 17, 2008
PLACE	CB&T Uptown Center 1144 Broadway Bradley Building Team Meeting Room-2nd Floor Columbus, Georgia 31901
ITEMS OF BUSINESS	(1) To amend Article 4 of Synovus Articles of Incorporation, as amended, to authorize the issuance of preferred stock. (2) To amend Section 1 of Article III of Synovus Bylaws, as amended, to authorize the Board of Directors to fix the size of the Board of Directors. (3) 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 October 31, 2008.
PROXY VOTING	Your vote is important. Please vote in one of these ways: (1) Use the toll-free telephone number shown on your 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 Special Meeting.

Samuel F. Hatcher
Secretary
Columbus, Georgia
November 17, 2008

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

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VOTING INFORMATION

Purpose

This Proxy Statement and the accompanying proxy card are being mailed to Synovus shareholders beginning on or about November 17, 2008. The Synovus Board of Directors is soliciting proxies to be used at the Special Meeting of Synovus Shareholders which will be held on Wednesday, December 17, 2008, at 10:00 a.m., at the CB&T Uptown Center, 1144 Broadway, Bradley Building, Team Meeting Room-2nd Floor, Columbus, Georgia. Proxies are solicited to give all shareholders of record an opportunity to vote on matters to be presented at the Special Meeting. In the following pages of this Proxy Statement, you will find information on matters to be voted upon at the Special Meeting or any adjournment of that meeting.

Who Can Vote

You are entitled to vote if you were a shareholder of record of Synovus stock as of the close of business on October 31, 2008, the record date. 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 votes entitled to be cast by the holders of the outstanding shares of Synovus stock must be present, either in person or represented by proxy, in order to conduct the Special Meeting. On October 31, 2008, 330,320,130 shares of Synovus stock were outstanding.

Proxies

The Board has designated two individuals to serve as proxies to vote the shares represented by proxies at the Special Meeting. If you properly execute and submit a proxy but do not specify how you want your shares to be voted, your shares will be voted by the designated proxies in accordance with the Board s recommendation FOR the amendment to Article 4 of the Articles of Incorporation and FOR the amendment to Section 1 of Article III of the Bylaws. The designated proxies will vote in their discretion on any other matter that may properly come before the Special Meeting. At this time, we are unaware of any matters, other than as set forth above, that may properly come before the Special Meeting.

Voting of Shares

Holders of Synovus stock are entitled to ten votes on each matter submitted to a vote of shareholders for each share of Synovus stock owned on October 31, 2008 which: (1) has had the same beneficial owner since October 31, 2004; (2) was acquired by reason of participation in a dividend reinvestment plan offered by Synovus and is held by the same beneficial owner who acquired it under such plan; (3) is held by the same beneficial owner to whom it was issued as a result of an acquisition of a company or business by Synovus where the resolutions adopted by Synovus Board of Directors approving the acquisition specifically grant ten votes per share; (4) was acquired under any employee, officer and/or director benefit plan maintained for one or more employees, officers and/or directors of Synovus and/or its subsidiaries, and is held by the same beneficial owner for whom it was acquired under any such plan; (5) is held by the same beneficial owner to whom it was issued by Synovus, or to whom it was transferred by Synovus from treasury shares, and the resolutions adopted by Synovus Board of Directors approving such issuance and/or transfer specifically grant ten votes per share; (6) was acquired as a direct result of a stock split, stock dividend

or other type of share distribution if the share as to which it was distributed was acquired prior to, and has been held by the same beneficial owner since, October 31, 2004; (7) has been owned continuously by the same shareholder for a period of greater than 48 consecutive months prior to October 31, 2008; or (8) is owned by a holder who, in addition to shares which are beneficially owned under the provisions of (1)-(7) above, is the

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beneficial owner of less than 1,139,063 shares of Synovus stock (which amount has been appropriately adjusted to reflect stock splits and with such amount to be appropriately adjusted to properly reflect any other change in Synovus stock by means of a stock split, a stock dividend, a recapitalization or otherwise). Holders of Synovus stock not described above are entitled to one vote per share for each share. The actual voting power of each holder of shares of Synovus stock will be based on information possessed by Synovus at the time of the Special Meeting.

As Synovus stock is registered with the Securities and Exchange Commission (SEC) and is traded on the New York Stock Exchange (NYSE), Synovus stock is subject to the provisions of a NYSE rule which, in general, prohibits a company s common stock and equity securities from being authorized or remaining authorized for trading on the NYSE if the company issues securities or takes other corporate action that would have the effect of nullifying, restricting or disparately reducing the voting rights of existing shareholders of the company. However, the rule contains a grandfather provision, under which Synovus ten vote provision falls, which, in general, permits grandfathered disparate voting rights plans to continue to operate as adopted. The number of votes that each shareholder will be entitled to exercise at the Special Meeting will depend upon whether each share held by the shareholder meets the requirements which entitle one share of Synovus stock to ten votes on each matter submitted to a vote of shareholders. Shareholders of Synovus stock must complete the Certification on the proxy in order for any of the shares represented by the proxy to be entitled to ten votes per share. All shares entitled to vote and represented in person or by properly completed proxies received before the polls are closed at the Special Meeting, and not revoked or superseded, will be voted in accordance with instructions indicated on those proxies.

SHAREHOLDERS WHO DO NOT CERTIFY ON THEIR PROXIES SUBMITTED BY MAIL, INTERNET OR PHONE THAT THEY ARE ENTITLED TO TEN VOTES PER SHARE WILL BE ENTITLED TO ONLY ONE VOTE PER SHARE.

Synovus 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 directly in certificate form registered in the same name.

Required Vote

The affirmative vote of shares representing at least 662/3% of the votes entitled to be cast by the holders of all of the issued and outstanding Synovus common stock is required to approve the amendment to Article 4 of the Articles of Incorporation and the amendment to Section 1 of Article III of the Bylaws.

Abstentions and Broker Non-Votes

Under certain circumstances, including, we expect, the amendment to the Articles of Incorporation to authorize preferred stock, brokers are prohibited from exercising discretionary authority for beneficial owners who have not provided voting instructions to the broker (a broker non-vote). In these 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 as votes cast with respect to those matters. Abstentions and broker non-votes will have the effect of a vote AGAINST the proposal to amend the Articles of Incorporation. We expect brokers will be allowed to exercise discretionary authority for beneficial owners who have not provided voting instructions with respect to the proposal to amend the Bylaws, but abstentions will have the effect of a vote AGAINST the proposal to amend the Bylaws.

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How You Can Vote

If you hold shares in your own name, 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, sign the Certification and return it in the postage-paid envelope provided.

If your shares are held in the name of a bank, broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the Special Meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the Special Meeting.

Revocation of Proxy

If you vote by proxy, you may revoke that proxy at any time before it is voted at the Special Meeting. You may do this by (1) signing another proxy card with a later date and returning it to us prior to the Special Meeting, (2) voting again by telephone or on the Internet prior to the Special Meeting, or (3) attending the Special Meeting in person and casting a ballot.

If your Synovus shares are held by a bank, broker or other nominee, you must follow the instructions provided by the bank, broker or other nominee if you wish to change your vote.

Attending the Special Meeting

The Special Meeting will be held on Wednesday, December 17, 2008 at the CB&T Uptown Center, 1144 Broadway, Bradley Building, Team Meeting Room-2nd Floor, Columbus, Georgia. Directions to the CB&T Uptown Center can be obtained from the Investor Relations page of Synovus website at www.synovus.com.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on December 17, 2008

The Proxy Statement is available on our website at www.synovus.com/special/2008.

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INTRODUCTION TO PROPOSALS TO BE VOTED ON

Summary

The Board of Directors recommends that the shareholders approve the proposed amendments to Synovus Articles of Incorporation and Bylaws described in this Proxy Statement. These amendments would allow the Board of Directors to (1) issue preferred stock with such designations, preferences, rights, qualifications, limitations and restrictions as determined by the Board of Directors and (2) fix the size of the Board of Directors. These amendments will, among other things, allow Synovus to participate in a recently-announced voluntary program for direct investment in financial institutions by the U.S. government. These proposed amendments will also give Synovus increased flexibility in structuring capital raising transactions, acquisitions and/or joint ventures. The amendments to Synovus Articles of Incorporation will have certain anti-takeover effects with respect to Synovus, as discussed below. However, the Board of Directors represents that it will not, without prior shareholder approval, issue any series of preferred stock for any defensive or anti-takeover purpose, for the purpose of implementing any shareholder rights plan or with features specifically intended to make any attempted acquisition of Synovus more difficult or costly.

Capital Purchase Program

On October 14, 2008 the U.S. Treasury (the Treasury) announced that, pursuant to the Emergency Economic Stabilization Act, it was implementing a voluntary program (the Capital Purchase Program) for certain financial institutions to raise capital by selling preferred stock directly to the U.S. Government. The purpose of the Capital Purchase Program is to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. The Capital Purchase Program is designed to provide capital to financial institutions on attractive terms. Synovus has received preliminary approval to participate in the Capital Purchase Program, subject to approval of the proposals described in this Proxy Statement. Synovus would receive an investment by the U.S. Government of $973 million pursuant to the Capital Purchase Program. For more information on the terms of the Capital Purchase Program, see Description of the Preferred Stock Capital Purchase Program beginning on page 9 of this Proxy Statement.

Our Articles of Incorporation and Bylaws presently contain certain restrictions that, based on currently available information concerning the terms of the Capital Purchase Program, would prevent us from participating in the Capital Purchase Program. Specifically:

- our Articles of Incorporation currently do not authorize preferred stock; and
- our Bylaws do not allow our Board of Directors to fix the size of the Board of Directors.

To participate in the Capital Purchase Program, we must be authorized to issue preferred stock. In addition, to provide the voting rights required for the preferred stock to be purchased in the Capital Purchase Program, our Board of Directors must take steps to ensure that, if required by the terms of the preferred stock, the holders of the preferred stock are able to appoint directors to the Board of Directors. If either of the proposals described below is not approved by the shareholders, we may be unable to participate in the Capital Purchase Program. For more information on the proposed amendments to the Articles of Incorporation and Bylaws, see Proposal 1: Approve Amendment of Article 4 of the Articles of Incorporation to Authorize the Issuance of Preferred Stock on page 5 of this Proxy Statement and Proposal 2: Approve Amendment of Section 1 of Article III of the Bylaws to Authorize the Board of Directors to Fix the Size of the Board of Directors on page 7 of this Proxy Statement.

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Other Preferred Stock Financings

We anticipate that the amount of preferred stock proposed to be authorized will be sufficient for future capital raising transactions in addition to the Capital Purchase Program. Therefore, the Board of Directors believes that, in addition to meeting the requirements for participation in the Capital Purchase Program, the proposed amendments will provide Synovus with greater flexibility in structuring future capital raising transactions and allow Synovus to take advantage of changing market conditions with little or no delay.

PROPOSAL 1: APPROVE AMENDMENT OF ARTICLE 4 OF THE ARTICLES OF INCORPORATION TO AUTHORIZE THE ISSUANCE OF PREFERRED STOCK

Background

The Articles of Incorporation currently authorize 600,000,000 shares of common stock, par value $1.00 per share, as the sole class of capital stock of Synovus. Synovus Articles of Incorporation currently do not authorize the issuance of preferred stock. This limits Synovus capital structure by preventing Synovus from issuing preferred stock to raise capital and may prevent it from taking advantage of certain recently developed financing techniques to raise capital. For example, various types of hybrid capital instruments that receive favorable treatment by regulatory agencies and credit rating agencies have been developed. However, Synovus can only take advantage of these instruments if it is able to issue preferred stock.

Proposed Amendment

The Articles of Incorporation, as proposed to be amended, would authorize 100,000,000 shares of preferred stock and 600,000,000 shares of common stock. The preferred stock may be issued by the Board of Directors in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issuance of such series adopted by our Board of Directors. The proposed amendment will allow Synovus more flexibility in its capital structure generally and will allow Synovus to participate in the Capital Purchase Program by issuing preferred stock with the terms described in Description of the Preferred Stock Capital Purchase Program on page 9 of this Proxy Statement.

On October 23, 2008, the Board of Directors adopted the proposed amendment to the Articles of Incorporation, subject to shareholder approval. The proposed amendment is attached as Appendix A to this Proxy Statement, and this discussion is qualified in its entirety by reference to Appendix A. The full text of paragraphs one and two of Article 4 of the Articles of Incorporation, as it is proposed to be amended, is set forth below:

The maximum number of shares of capital stock that the corporation shall be authorized to have outstanding at any time shall be 700,000,000 shares. The corporation shall have the authority to issue (i) 600,000,000 shares of common stock, par value of $1.00 per share, and (ii) 100,000,000 shares of preferred stock, no par value per share. The corporation may acquire its own shares and shares so acquired shall become treasury shares.

In accordance with the provisions of the Georgia Business Corporation Code, the Board of Directors may determine the preferences, limitations, and relative rights of (i) any preferred stock before the issuance of any shares of preferred stock and (ii) one or more series of preferred stock, and designate the number of shares within that series, before the issuance of any shares of that series.

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If approved, the proposed amendment to the Articles of Incorporation will become effective upon the filing of the Articles of Amendment to the current Articles of Incorporation with the Secretary of State of the State of Georgia, which Synovus expects to occur promptly after the Special Meeting.

Vote Required

The affirmative vote of shares representing at least 662/3% of the votes entitled to be cast by the holders of all of the issued and outstanding Synovus common stock is required to approve the proposed amendment.

Reasons for the Amendment

The Board of Directors believes, in light of the continuing weak economic conditions, that Synovus should take all necessary steps to achieve higher capital levels that will position Synovus to remain strong through this crisis, including participating in the Capital Purchase Program. We believe the ability to issue preferred stock is necessary for Synovus to receive capital pursuant to the Capital Purchase Program. In addition, the Board of Directors believes this change will provide Synovus with greater flexibility in structuring future capital raising transactions, acquisitions and/or joint ventures, including taking advantage of financing techniques that receive favorable treatment from regulatory agencies and credit rating agencies. Being able to issue preferred stock without shareholder approval will enable Synovus to engage in financing transactions and acquisitions which take full advantage of changing market conditions with little or no delay.

Representations on Anti-Takeover Effect

The Board of Directors represents that it will not, without prior shareholder approval, issue any series of preferred stock for any defensive or anti-takeover purpose, for the purpose of implementing any shareholder rights plan or with features specifically intended to make any attempted acquisition of Synovus more difficult or costly. Within the limits described above, the Board of Directors may issue preferred stock for capital raising transactions, acquisitions, joint ventures or other corporate purposes that has the effect of making an acquisition of the Company more difficult or costly, as could also be the case if the Board were to issue additional common stock for such purposes.

The Board of Directors believes that, as structured, the preferred stock is in the best interests of the Company and its shareholders because it is consistent with sound corporate governance principles and enhances the Company s ability to take advantage of the Capital Purchase Program and other capital raising transactions, acquisitions and/or joint ventures.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE AMENDMENT OF ARTICLE 4 OF THE ARTICLES OF INCORPORATION TO AUTHORIZE THE ISSUANCE OF PREFERRED STOCK.

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PROPOSAL 2: APPROVE AMENDMENT OF SECTION 1 OF ARTICLE III OF THE BYLAWS TO AUTHORIZE THE BOARD OF DIRECTORS TO FIX THE SIZE OF THE BOARD OF DIRECTORS

Background

The Bylaws currently provide that the shareholders have the sole authority to fix the size of the Board of Directors. The Board of Directors is not currently authorized to fix the size of the Board of Directors. The term sheet issued by the Treasury outlining the terms of the preferred stock to be issued in the Capital Purchase Program includes the right to elect two additional directors if Synovus fails to pay dividends on the preferred stock for six quarterly dividend periods. Additionally, the rules of the NYSE require that preferred stock issued by a listed company contain similar voting rights. For the Board of Directors to provide for the issuance of preferred stock containing these rights, the Board must be authorized to fix the size of the Board of Directors.

Proposed Amendment

The Bylaws, as proposed to be amended, would authorize the Board of Directors to fix the size of the Board of Directors. This amendment would not remove the existing right of the shareholders to fix the size of the Board of Directors upon a vote of 662/3% of the shareholders. If the proposed amendment is approved by the shareholders, the shareholders and the Board of Directors will each be able to fix the size of the Board of Directors within the specified range. In addition, the proposed amendment would reduce the maximum size of the Board of Directors from 60 to 25 directors. The proposed amendment will, among other things, allow Synovus to issue preferred stock that complies with the requirements of the Capital Purchase Program and the NYSE without further action by the shareholders.

On October 23, 2008, the Board of Directors adopted the proposed amendment, subject to shareholder approval. The proposed amendment is attached as Appendix B to this Proxy Statement and this discussion is qualified in its entirety by reference to Appendix B. The full text of Section 1 of Article III of the Bylaws, as it is proposed to be amended, is set forth below:

Section 1. Number. The Board of Directors of the corporation shall consist of not less than 8 nor more than 25 Directors. The number of Directors may vary between said minimum and maximum, and within said limits, (i) the Board of Directors or (ii) the shareholders representing at least 662/3% of the votes entitled to be cast by the holders of all of the issued and outstanding shares of common stock of the corporation, may, from time to time, by resolution fix the number of Directors to comprise said Board. This section, as it relates to, from time to time, fixing the number of Directors of the corporation by (i) the Board of Directors or (ii) the shareholders of the corporation representing at least 662/3% of the votes entitled to be cast by the holders of all of the issued and outstanding shares of common stock of the corporation, shall not be altered, deleted or rescinded except upon the affirmative vote of the shareholders of the corporation representing at least 662/3% of the votes entitled to be cast by the holders of all of the issued and outstanding shares of common stock of the corporation.

If approved, the proposed amendment to the Bylaws will become effective immediately.

Vote Required

The affirmative vote of shares representing at least 662/3% of the votes entitled to be cast by the holders of all of the issued and outstanding Synovus common stock is required to approve the proposed amendment.

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Reasons for the Amendment

The proposed amendment will allow Synovus to issue preferred stock meeting the voting rights requirements of the Capital Purchase Program and the NYSE. We believe the ability to issue preferred stock with such voting rights is necessary for Synovus to receive capital pursuant to the Capital Purchase Program and to engage in certain additional capital raising transactions that the Board of Directors may determine to pursue from time to time. The Board of Directors believes, in light of the continuing weak economic conditions, that Synovus should take all necessary steps to achieve higher capital levels, thereby positioning Synovus to remain strong through this crisis, including participating in the Capital Purchase Program.

In addition, the proposed amendment reduces the maximum size of the Board of Directors from 60 directors to 25 directors. The Board of Directors believes a maximum limit of 25 directors will ensure that the Board of Directors is of such a size that it is able to efficiently conduct its meetings and otherwise carry out its duties. As we currently have 18 directors, a maximum Board of Directors size of 25 directors allows sufficient ability for any future expansion of Board size that the Board of Directors or the shareholders deems necessary.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE AMENDMENT OF SECTION 1 OF ARTICLE III OF THE BYLAWS TO AUTHORIZE THE BOARD OF DIRECTORS TO FIX THE SIZE OF THE BOARD OF DIRECTORS.

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DESCRIPTION OF THE PREFERRED STOCK

General

The proposed amendment to the Articles of Incorporation would grant the Board of Directors the authority to issue 100,000,000 shares of preferred stock with no par value per share without further shareholder approval. The preferred stock would be issuable in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors.

Capital Purchase Program

The following is a brief description of the terms of the shares (the Shares) of preferred stock that we may issue to the Treasury through the Capital Purchase Program. This description is based upon information currently available to us concerning the terms of the Capital Purchase Program and does not purport to be complete in all respects. The final terms of the Shares will be specified by resolution of our Board of Directors in a subsequent amendment to our Articles of Incorporation.

General

Under our Articles of Incorporation, as proposed to be amended, we will have authority to issue up to 100 million shares of preferred stock with no par value per share. If the shareholders approve the proposed amendments, we anticipate issuing 973,350 Shares for an aggregate purchase price of approximately $973 million pursuant to the Capital Purchase Program. Subject to limitations on use of proceeds that may be specified by the Treasury, we intend to use the proceeds of the issuance of the Shares for general corporate purposes, which may include deploying such proceeds to strengthen the capital positions of our subsidiary banks. When issued, the Shares will be validly issued, fully paid and nonassessable. The holders of Shares will be entitled to receive cash dividends when, as and if declared out of assets legally available for payment in respect of the Shares by our Board of Directors or a duly authorized committee of the Board of Directors in their sole discretion. Dividends will be cumulative.

Prior to the issuance of the Shares, we will have filed Articles of Amendment to our Articles of Incorporation with respect to the Shares with the Secretary of State of Georgia. When issued, the Shares will have a fixed liquidation preference of $1,000 per share. If we liquidate, dissolve or wind up our affairs, holders of Shares will be entitled to receive, out of our assets that are available for distribution to shareholders, an amount per Share equal to the liquidation preference per Share plus any unpaid dividends for all prior Dividend Periods (as defined below) plus a *pro rata* portion of the dividend for the then-current Dividend Period to the date of liquidation. The Shares will not be convertible into our common stock or any other class or series of our securities and will not be subject to any sinking fund or any other obligation of us for their repurchase or retirement.

Ranking

With respect to the payment of dividends and the amounts to be paid upon liquidation, the Shares will rank:

- senior to our common stock and all other equity securities designated as ranking junior to the Shares; and
- at least equally with all other equity securities designated as ranking on parity with the Shares as to payment of dividends or the amounts to be paid upon liquidation, as applicable.

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For as long as any Shares remain outstanding, unless all accrued and unpaid dividends for all prior Dividend Periods are fully paid:

no dividend whatsoever may be paid or declared on our common stock or other junior stock or other equity securities designated as ranking on parity with the Shares as to payment of dividends (dividend parity stock), other than, in the case of dividend parity stock, dividends paid on a *pro rata* basis with the Shares;

no common stock or other junior stock or dividend parity stock may be purchased, redeemed or otherwise acquired for consideration by us.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by our Board of Directors (or a duly authorized committee of the board) may be declared and paid on our common stock and any other stock ranking equally with or junior to the Shares from time to time out of any funds legally available for such payment, and the Shares shall not be entitled to participate in any such dividend; *provided, however,* that the consent of the Treasury will be required for any increase in the dividends paid to the common stock until the earlier of (i) the third anniversary of the date of issue of the Shares and (ii) the date on which the Shares have been redeemed in whole or the Treasury has transferred all Shares to third parties.

Dividends

Holders of Shares, in preference to the holders of our common stock and of any other shares of our stock ranking junior to the Shares as to payment of dividends, will be entitled to receive, only when, as and if declared by our Board of Directors or a duly authorized committee of the board, out of assets legally available for payment, cash dividends. These dividends will be payable at a rate of 5.00% *per annum* until the fifth anniversary of the date of issuance, and thereafter at a rate of 9.00% *per annum* (the Dividend Rate), applied to the $1,000 liquidation preference per share and the amount of accrued and unpaid dividends for any prior Dividend Period and will be paid quarterly in arrears on the 15th day of February, May, August and November of each year commencing on February 15, 2009 (each, a Dividend Payment Date), with respect to the Dividend Period, or portion thereof, ending on the day preceding the respective Dividend Payment Date. A Dividend Period means each period commencing on (and including) a Dividend Payment Date and continuing to (but not including) the next succeeding Dividend Payment Date, except that the first Dividend Period for the initial issuance of Shares will commence upon the date of original issuance of the Shares. Dividends will be paid to holders of record on the respective date fixed for that purpose by our Board of Directors or a committee thereof in advance of payment of each particular dividend.

The amount of dividends payable per Share on each Dividend Payment Date will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

We are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve is authorized to determine, under certain circumstances relating to the financial condition of a bank holding company, such as us, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In addition, we are subject to Georgia state laws relating to the payment of dividends.

Conversion Rights

The Shares will not be convertible into shares of any other class or series of our stock.

Redemption

The Shares may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the date of issuance, except with the proceeds of a Qualified Equity Offering (as defined below) that results in proceeds to us of not less than 25% of the issue price

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of the Shares. A Qualified Equity Offering is the sale by us for cash, following the date of issuance of the Shares, of common stock or perpetual preferred stock that qualifies as Tier 1 capital under the risk-based capital guidelines of the Federal Reserve. On any date after the first Dividend Payment Date falling on or after the third anniversary of the date of issuance the Shares may be redeemed, in whole or in part, at our option, from any source of funds. Any such redemption will be at a cash redemption price of $1,000 per Share, plus any unpaid dividends for all prior Dividend Periods for that Share, plus a *pro rata* portion of the dividend for the then-current Dividend Period to the redemption date. Holders of Shares will have no right to require the redemption or repurchase of the Shares.

Under the Federal Reserve s risk-based capital guidelines applicable to bank holding companies, any redemption of the Shares is subject to prior approval of the Federal Reserve. Subject to this limitation or of any outstanding debt instruments, we or our affiliates may from time to time purchase any outstanding Shares by tender, in the open market or by private agreement.

Liquidation Rights

In the event that we voluntarily or involuntarily liquidate, dissolve or wind up our affairs, holders of Shares will be entitled to receive an amount per Share (the Total Liquidation Amount) equal to the fixed liquidation preference of $1,000 per Share, plus any unpaid dividends for all prior Dividend Periods plus a *pro rata* portion of the dividend for the then-current Dividend Period to the date of liquidation. Holders of the Shares will be entitled to receive the Total Liquidation Amount out of our assets that are available for distribution to shareholders, after payment or provision for payment of our debts and other liabilities but before any distribution of assets is made to holders of our common stock or any other shares ranking, as to that distribution, junior to the Shares.

If our assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Shares and all holders of any shares of our stock ranking as to any such distribution on a parity with the Shares, the amounts paid to the holders of Shares and to such other shares will be paid *pro rata* in accordance with the respective Total Liquidation Amount for those holders. If the Total Liquidation Amount per Share has been paid in full to all holders of Shares and the liquidation preference of any other shares ranking on parity with the Shares has been paid in full, the holders of our common stock or any other shares ranking, as to such distribution, junior to the Shares will be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of our property and assets, nor the consolidation or merger by us with or into any other corporation or by another corporation with or into us will constitute a liquidation, dissolution or winding up of our affairs.

Voting Rights

Except as indicated below or otherwise required by law, the holders of Shares will not have any voting rights.

If and whenever the dividends on the Shares have not been declared and paid in an aggregate amount equal to at least six Dividend Periods (whether or not consecutive), the number of directors then constituting our Board of Directors will be increased by two. Holders of Shares, together with the holders of all other affected classes and series of any other class or series of our stock that ranks on parity with Shares as to payment of dividends and that has voting rights equivalent to those described in this paragraph (voting parity stock) voting as a single class, will be entitled to elect the two additional members of our Board of Directors (the Preferred Stock Directors) at any annual meeting of shareholders or any special meeting of the holders of Shares and any voting parity stock for which dividends have not been paid.

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Whenever all dividends on the Shares have been paid in full, then the right of the holders of Shares to elect the Preferred Stock Directors will cease (but subject always to the same provisions for the vesting of these voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods), the terms of office of all Preferred Stock Directors will immediately terminate and the number of directors constituting our Board of Directors will be reduced accordingly.

So long as any Shares remain outstanding, the affirmative vote of the holders of at least two-thirds of the Shares outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), will be required to:

- authorize or create, or increase the authorized or issued amount of, any class or series of capital stock ranking senior to the Shares with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any authorized shares of capital stock into Shares;

- amend, alter or repeal the provisions of our Articles of Incorporation, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Shares or the holders thereof; or

- effect any merger, exchange or similar transaction which would adversely affect the Shares;

provided, however, that with respect to the occurrence of any event set forth in the second bullet point above, so long as any Shares remain outstanding with the terms thereof materially unchanged or new shares of the surviving corporation or entity are issued with the same terms as the Shares, in each case taking into account that upon the occurrence of this event we may not be the surviving entity, the occurrence of any such event shall not be deemed to materially and adversely affect any right, preference, privilege or voting power of the Shares or the holders thereof, and provided, further, that any increase in the amount of our authorized common stock or preferred stock or the creation or issuance of any other series of common stock or other equity securities ranking on a parity with or junior to the Shares with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up and any change to the number of directors or number of classes of directors shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

Under Georgia law, the vote of the holders of a majority of the outstanding Shares, voting as a separate voting group, is required for:

- certain amendments to the Articles of Incorporation impacting the Shares;

- the approval of any dividend payable in Shares to holders of shares of another class or series of our stock; or

- the approval of any proposed share exchange that includes the Shares.

In addition, holders of the Shares will be able to vote together with the holders of all shares of common stock and other preferred stock entitled to vote, voting as a single group, on the approval of a plan of merger if the plan of merger contains a provision that, if contained in a proposed amendment to the Articles of Incorporation, would require action on the proposed amendment. Further, in the case of any merger where we are the surviving corporation, the right of holders of the Shares to vote separately as a group on a plan of merger does not apply if:

- the articles of incorporation of the surviving corporation will not differ from our articles of incorporation as then in effect;

each shareholder of the surviving corporation whose shares were outstanding immediately before the effective date of the merger will hold the same number of shares, with identical designations, preferences, limitation, and relative rights, immediately after the merger; and

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the number and kind of shares outstanding immediately after the merger, plus the number and kind of shares issuable as a result of the merger and by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger, will not exceed the total number and kind of shares of the surviving corporation authorized by its articles of incorporation immediately after the merger.

Each holder of Shares will have one vote per Share on any matter on which holders of Shares are entitled to vote, including any action by written consent.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required, all outstanding Shares shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by us for the benefit of the holders of Shares to effect the redemption.

Regulatory Capital Treatment

We expect the Shares to qualify as Tier I capital under the Federal Reserve s risk-based capital guidelines applicable to bank holding companies.

ADDITIONAL TERMS OF THE CAPITAL PURCHASE PROGRAM

The following is a brief description of provisions of the Capital Purchase Program in addition to the terms of the preferred stock that may be issued by Synovus pursuant to the program, as described under Description of the Preferred Stock Capital Purchase Program. This description is based upon information currently available to us concerning the terms of the Capital Purchase Program and does not purport to be complete in all respects.

Warrants

In connection with the Capital Purchase Program and in addition to the Shares, the Treasury will receive warrants to purchase a number of shares of our common stock having an aggregate market price equal to 15% of the Shares on the date of issuance. Upon the exercise of these warrants, existing holders of Synovus common stock will suffer dilution of their percentage ownership of Synovus. The initial exercise price of the warrants, and the market price for determining the number of shares of common stock subject to the warrants will be the market price for the common stock on the date of issuance of the Shares (calculated on a twenty-day trailing average) and subject to certain anti-dilution adjustments. The warrants will have a term of ten years and will be immediately exercisable upon issuance. The Treasury will agree not to exercise any voting power with respect to any shares of common stock issued upon exercise of the warrants; however, the warrants will, subject to certain restrictions, be transferable, and the transferee may not be subject to any restrictions on voting rights. The number of shares subject to the warrants will be reduced by 50% if, prior to December 31, 2009, we have received aggregate gross proceeds of not less than 100% of the issue price of the Shares in a Qualified Equity Offering. To the extent we redeem the Shares held by the Treasury, we will have a right to repurchase any warrants or any common stock issued upon exercise of the warrants and held by the Treasury at fair market value.

Transferability and Registration Rights

The Shares will not be subject to any contractual restrictions on transferability. The Treasury may transfer the Shares to third parties at any time. The warrants will not be subject to any contractual restrictions on transfer, except that the Treasury may only transfer 50% of the warrants prior to the earlier of (i) the date Synovus has received proceeds of

not less than 100% of the issue price of the Shares from one or more Qualified Equity Offerings and (ii) December 31, 2009. We will be obligated to file a registration statement under the Securities

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