

Total Systems plc
13 May 2010
Notice of General Meeting, Buyback Offer and Cancellation of Listing

Total Systems plc ("the Company") suppliers of cost effective and flexible software systems to the financial services industry, primarily in the insurance and warranty sectors announces its intention to convene a General Meeting, to be held on 7 June 2010, for the purpose of gaining shareholder approval to:

- (a) effect a partial buyback of the Ordinary Shares owned by Qualifying Shareholders by way of an Offer by Brewin Dolphin to purchase Qualifying Shares and for the Company to repurchase from Brewin Dolphin Qualifying Shares acquired by them under the Offer at the same price as that of the Offer Price;
- (b) cancel the admission of Ordinary Shares to the Official List and to trading on the Main Market; and
- (c) approve the Rule 9 Waiver for the purpose of the Buyback.

Summary timetable of events:

Latest time and date for receipt of Proxy Forms for the Extraordinary General Meeting	10.00 a.m. on 5 June 2010
Extraordinary General Meeting	10.00 a.m. on 7 June 2010
Latest time and date for receipt of completed Acceptance Form	1.00 p.m. on 25 June 2010
Latest time and date for settlement and acceptances of Qualifying Shares in uncertificated form	1.00 p.m. on 25 June 2010
Offer Record Date	5.00 p.m. on 25 June 2010
Cheques despatched and CREST accounts credited by	2 July 2010
Last day of dealings in Ordinary Shares on the Main Market	5 July 2010
Ordinary Shares cancelled from admission to the Official List and to trading on the Main Market with effect from	8.00 a.m. 6 July 2010

An explanatory circular ('Circular') setting out the full details of these proposals, details of the Independent Director's recommendations, and reasons for their recommendations, together with a notice of General Meeting, has been posted to shareholders today.

Extracts of the text of the Chairman's letter contained within the Circular are set out below. Definitions in this announcement shall bear the same meaning as those in the circular to Shareholders.

For further information, please contact:

Terence Bourne – Chairman
Granville Harris – Finance Director
Total Systems plc 020 7294 4888

Mark Brady / Matthew Cheetham
Brewin Dolphin 0845 213 4729

Introduction

The Company announces the Proposals :

- (a) to effect a partial buyback of up to 2,331,514 Ordinary Shares owned by Qualifying Shareholders (representing 22.3 per cent. of the current issued Ordinary Share Capital) by way of an Offer by Brewin Dolphin to purchase Qualifying Shares and for the Company to repurchase from Brewin Dolphin Qualifying Shares acquired by them under the Offer at the same price as that of the Offer Price; and

- (b) to cancel the admission of Ordinary Shares to the Official List and to trading on the Main Market.

The purpose of the Circular is:

- (a) to set out the background to and reasons for the Proposals and to explain why your Board and the Independent Directors believe them to be fair and reasonable and in the best interests of Shareholders and the Company as a whole;
- (b) to make the Offer to Qualifying Shareholders, to provide further information regarding the Offer and to provide guidance as to how Qualifying Shareholders should proceed if they wish to accept the Offer for all or a proportion of their Qualifying Shares; and
- (c) to give notice to convene the Extraordinary General Meeting to seek Shareholder approval for the following resolutions to authorise the Company to proceed with the Cancellation and the Buyback:
 - (i) Resolution 1, a special resolution, to seek shareholder approval under the Listing Rules for the Cancellation;
 - (ii) Resolution 2, a special resolution, to seek shareholder approval for the Buyback under the terms of the Repurchase Agreement;
 - (iii) Resolution 3, an ordinary resolution, to be taken by a poll, to seek shareholder approval for the Rule 9 Waiver.

Any purchase by the Company of its own shares for cancellation would result in an increase in the percentage holding of all remaining shareholders. In the case of Terence Bourne, since the percentage represented by his beneficial shareholding in the Company is greater than 30 per cent, such an increase would result in him being required to make an offer under the Code to acquire the balance of the Ordinary Shares not already owned by him. The Buyback, and accordingly the Offer, are therefore subject to a waiver under Rule 9 of the Code being granted by the Panel together with approval of the Rule 9 Waiver by Independent Shareholders in a poll at an Extraordinary General Meeting. Further details of the Code issues are set out further in this letter and your attention is drawn to Part 5 of the Circular, titled Additional Information.

Resolution 1 must be approved for the Cancellation to proceed and Resolutions 1, 2 and 3 must be approved for the Offer to become wholly unconditional. If Shareholders approve Resolution 1, it is the intention of the Company to proceed with the Cancellation whether or not Resolutions 2 and 3 are passed by Shareholders.

The Extraordinary General Meeting is being convened for 10.00 a.m. on 7 June 2010, at which Shareholders will be asked to consider and, if thought fit, approve the above Resolutions. Further details of the Extraordinary General Meeting are set out in the Notice of Extraordinary General Meeting provided at the end of the Circular.

Background to and reasons for the Proposals

The Board believe that the Cancellation would be in the interests of Shareholders and the Company as a whole as they have concluded that:

- (a) the costs and regulatory requirements associated with maintaining the admission to the Official List and trading on the Main Market are a significant burden on the Company's financial resources;
- (b) maintaining admission to the Official List and trading on the Main Market is, and will continue to be, a significant drain on management time. On the basis of the closing price on 12 May 2010 (the latest practicable date prior to the publication of the Circular) as shown by the London Stock Exchange Daily Official List, the Company had a market capitalisation of £2.47 million. Given the size of the Company, the Board believes that a disproportionate amount of management time is spent dealing with Official List and Main Market related matters and issues. The Board believes that Shareholders would be better served if the Directors and key management were in a position to focus on the underlying business of the Company without that distraction.
- (c) admission to the Official List and trading on the Main Market is not appropriate for Total Systems because:
 - (i) the Company has seen limited interest and trading volume in its Ordinary Shares, with an average daily volume of approximately 52 shares over the three months ending 12 May 2010;
 - (ii) only approximately 30.4 per cent. of its issued share capital can be regarded as being in public hands;

- (iii) the Company has never utilised the equity markets to raise equity capital for its expansion and has no plans to do so; and
- (iv) the Board considers that, given its relatively small size, the Company is, without significant corporate activity, currently unlikely to benefit from any new institutional investors or additional analyst interest in the secondary market.

For the reasons set out above, the Board have concluded that it would be in the interests of the Company and Shareholders as a whole if admission to the Official List and trading on the Main Market were cancelled.

The Board recognises that some Shareholders may not be able or willing to continue to hold Ordinary Shares following the Cancellation. The Offer, further details of which are set out below and in the Circular, gives such Shareholders (if they are Qualifying Shareholders) an opportunity to dispose of or reduce their interest in the Company. Those Shareholders who wish to continue holding Ordinary Shares following the Cancellation may do so.

If Shareholders approve the Cancellation only, it would therefore be the intention of the Company to proceed with the Cancellation whether or not the Offer becomes unconditional and in particular whether or not the resolutions for the Rule 9 Waiver and/or the Buyback authority are approved by Shareholders.

Information on Total Systems

Total Systems provides software systems together with support and expertise for the financial services industry, primarily in the insurance and warranty sectors. The Company offers a full range of business support, consultancy and system integration services and acts as a value added reseller for related applications.

Trading update

On 5 February 2010, the Company made the following statement in relation to trading in its third quarter interim management statement:

“Although the Company’s trading over the period from 1 October 2009 to 31 December 2009 was much improved over the first two quarters in the current financial year it included turnover of a non recurring nature. This contributed significantly to turnover for the third quarter resulting in an operating profit being achieved but business continues to be very weak with prospects taking longer than normal to convert to sales.

Based on current information, activity in the final quarter is likely to be extremely fragile and difficult to forecast with any accuracy. The Directors believe that turnover for the financial year ending 31 March 2010 is likely to be significantly less than for the prior year. The medium term is even more difficult to predict with the outlook very uncertain. How long the current economic situation will last is debatable but, in our opinion, the severity of the downturn should not be underestimated. In these circumstances it is not possible to give any reliable guide as to future prospects.

Our asset base remains in good shape as the Company has always maintained a strong balance sheet as a counter to the inherent uncertainty and risks of technology markets. In the current turbulent economic climate this policy stands us in good stead. Our financial position remains healthy with no debt and improved cash balances to support operations. The Company owns its office premises outright and we are well placed to cope with the continuing difficult market conditions.”

Save as disclosed in its third quarter interim management statement reproduced here, there has been no significant change in the financial or trading position of the Company since 30 September 2009 and the Company continues to trade in line with the Board’s expectations.

Cancellation

Under the London Stock Exchange’s Admission and Disclosure Standards, the Company must advise the London Stock Exchange of the Cancellation not less than 20 Business Days before the date it intends trading in the Ordinary Shares to be discontinued.

Under the Listing Rules, the Cancellation can be effected by the Company only after securing approval by a special resolution of Shareholders in Extraordinary General Meeting, and the expiration of a period of not less than 20 Business Days from the date of the Shareholder approval. Such approval will be sought through Resolution 1. Assuming Resolution 1 is duly passed at the EGM, the Cancellation is expected to take effect from 8.00 a.m. on 6 July 2010.

If the Cancellation is approved by Shareholders, the Board intends to operate the Company’s business in the same manner, and with the same objectives, as at present. The Board has no plans to alter the existing employment rights, terms and conditions of the employees of the Company nor to change the location of Total Systems’ business premises or redeploy any of its fixed assets following conclusion of the Proposals.

However, shareholders should note that following the Cancellation becoming effective:

- the Company will remain subject to the provisions of the Code so long as it remains a public limited company and, in any event, for a period of 10 years after it has ceased to be admitted to the Official List. However, the regulatory regime which applies solely to companies with shares admitted to the Official List and to trading on the Main Market will no longer apply;
- it is likely that there will be limited opportunities for Shareholders to realise their investment in the Company and in the absence of a public market it would be difficult to establish a value for their investment;
- the Company would not be bound to announce material events, administrative changes or material transactions nor to announce interim or final results;
- the Company would no longer be required to comply with any of the additional corporate governance or regulatory requirements applicable to companies admitted to the Official List and to trading on the Main Market. These include, *inter alia*, that under the Listing Rules transactions out of the ordinary course of business or with related parties which are of a certain size would no longer require prior shareholder approval;
- the Company would no longer be subject to the Disclosure Rules and Transparency Rules of the UK Financial Services Authority and Shareholders would therefore no longer be required to disclose major shareholdings in the Company and the announcement by the Company of those disclosures would no longer be required; and
- the Cancellation might have either positive or negative taxation consequences for Shareholders; for example, once the Cancellation has become effective, the Ordinary Shares would no longer be a qualifying investment for an ISA. For further information please refer to section 7 of Part 3 of the Circular. If Shareholders are however in any doubt about their own tax position they should consult a professional adviser immediately.
- Cancellation may have implications for Shareholders holding shares in a Self-Invested Personal Pension (SIPP). For example shares in unlisted companies may not qualify for certain SIPPs and if in any doubt Shareholders should consult with their SIPP provider immediately.

However, following the Cancellation:

- the Company would remain subject to UK company law, which requires shareholder approval for certain matters these include, *inter alia*:
 1. granting the power to allot and issue shares;
 2. the disapplication of the statutory rights of pre-emption for shareholders;
 3. the Company entering into substantial property transactions with directors; and
 4. authorising the purchase by the Company of its own shares;
- as a public company, the Company will still be required to publish annual audited accounts and to hold Annual General Meetings; and
- the Company intends to maintain an appropriate board structure and as such Peter Delaney will continue as non-executive director to help oversee corporate governance;

The Board continues to believe that dividends should be paid in accordance with the Group's cash flow requirements whilst maintaining an appropriate level of dividend cover and sufficient cash reserves for future investment opportunities. The Board would anticipate future dividend policy to be in line with the Company's public market record.

Subject to existing contractual obligations, the Board intends to pay and provide to management and employees salaries and benefits that are commensurate with industry practice and, assuming the Cancellation occurs, the Company's status as an off-market company.

Whilst the Board believes that the Cancellation is in the interests of the Company and the Shareholders as a whole, it recognises that the Cancellation may make it more difficult for Shareholders to buy and sell Ordinary Shares should they so wish. Accordingly, the Board may decide to setup a matched bargain settlement facility to enable Shareholders to trade the Ordinary Shares. If this facility is set up, Shareholders or persons wishing to trade Ordinary Shares will be able to leave an indication with the facility provider that they are prepared to buy or sell at an agreed price. If the matched bargain settlement facility is able to match that order with an opposite sell or buy instruction, the facility provider will contact both parties and then effect the bargain. If the Board decide to arrange such a facility, details will be made available to Shareholders on the Company's website at www.totalsystems.co.uk.

Shareholders should be aware that if the Cancellation takes effect, they will at that time cease to hold shares in a Company whose shares are admitted to the Official List and to trading on the

Main Market and the matters set out above will automatically apply to the Company from the date of the Cancellation.

The Offer

Brewin Dolphin is offering to acquire, on the terms and subject to the conditions set out or referred to in Part 2 and 3 of the Circular and, in respect of Qualifying Shareholders who hold their Qualifying Shares in certificated form, the Acceptance Form, 2,331,514 Ordinary Shares representing 22.3 per cent. of the Ordinary Share Capital on the following basis:

For each Qualifying Share 26 pence in cash

The Offer is made subject to the terms and conditions set out in Parts 2 and 3 of the Circular and the Acceptance Form. The Offer will not be extended beyond the Closing Date.

The Offer is being made available to all Qualifying Shareholders who are on the Register on the Record Date.

The Non-participating Shareholders, who hold in aggregate 8,103,039 Ordinary Shares representing approximately 77.7 per cent. of the Ordinary Share Capital, have irrevocably undertaken not to accept the Offer. Accordingly, the Offer as now set out in the Circular is in respect of a number of Ordinary Shares equal to the maximum held by the Participating Shareholders being 2,331,514 Ordinary Shares. In addition the Non-participating Shareholders have also irrevocably undertaken not to dispose of any of the Ordinary Shares of which they are holders prior to the Offer Closing Date.

As a result of the above the Participating Shareholders will have, subject to the Offer becoming unconditional, the opportunity to sell some or all of their Ordinary Shares. The Ordinary Shares purchased under the Offer (or otherwise a corresponding number of Ordinary Shares) will be bought back by the Company pursuant to the terms of the Repurchase Agreement and will be cancelled by the Company.

The Independent Directors consider that the Offer:

- provides an opportunity for Participating Shareholders to sell their Ordinary Shares prior to the Cancellation;
- allows Participating Shareholders the opportunity to dispose of their Ordinary Shares, in a tax efficient manner (depending on their individual circumstances), free of dealing costs and stamp duty (which will be borne by the Company); and
- gives Participating Shareholders the ability to sell some or all their Ordinary Shares or to retain all of their Ordinary Shares, depending on their own liquidity requirements and their view of the prospects of the Company.

The current issued share capital of the Company at 12 May 2010, being the last Business Day prior to the posting of the Circular, was 10,434,553 Ordinary Shares (excluding any Ordinary Shares held in treasury).

If the Offer is fully accepted then following the Buyback the issued share capital will be 8,103,039 (approximately 77.7 per cent. of the current issued Ordinary Share Capital).

The Offer is made subject to the terms and conditions set out in Part 2 and 3 of the Circular and the Acceptance Form. The Offer is conditional, amongst other things, on the passing of each of the Resolutions, including Resolution 1 approving the Cancellation, Resolution 2 giving the Company authority to buyback its own shares and Resolution 3 the approval of the Rule 9 Waiver. The Offer is not conditional on any level of acceptances.

Under the Offer:

- Brewin Dolphin will purchase all Qualifying Shares sold under the Offer by Qualifying Shareholders;
- all Qualifying Shareholders are being given the opportunity to participate in respect of their Qualifying Shares;
- Qualifying Shareholders can sell none, all or some of their Ordinary Shares;
- all Ordinary Shares purchased by Brewin Dolphin will be purchased at a price of 26 pence per Ordinary Share free of commissions and dealing charges.

The Offer is also conditional upon the Company being contractually obliged to purchase all the Qualifying Shares purchased by Brewin Dolphin under the terms of the Repurchase Agreement.

The Company has entered into an agreement with Brewin Dolphin under which Brewin Dolphin has agreed to sell to the Company and the Company has agreed to purchase such number of Ordinary Shares as is equal to that number of Ordinary Shares in respect of which Brewin Dolphin receives valid

acceptances pursuant to the Offer (but not exceeding in any event a total of 2,331,514 Ordinary Shares). Further details are set out in paragraph 13.

All Ordinary Shares purchased by the Company from Brewin Dolphin under the terms of the Repurchase Agreement will be cancelled upon the Offer and the Buy Back becoming unconditional and will not rank for any dividends declared after, or whose record date is after, the date of the Circular.

Treasury Shares

The Company currently holds 85,000 Ordinary Shares as Treasury Shares. Immediately upon Cancellation becoming effective, the Treasury Shares will cease to be qualifying shares within the meaning of the Acts. In accordance with section 729 of the 2006 Act, if shares held as treasury shares cease to be qualifying shares, they must be cancelled and the Company's issued share capital reduced by their nominal value. Although relatively immaterial in this case, as a consequence of such cancellation and reduction in the issued share capital of the Company, conditional upon Cancellation becoming effective, the percentage shareholding of each Shareholder will increase proportionately.

Financing the Offer

Full acceptance of the Offer would result in a maximum cash consideration of approximately £606,193.64 being payable by Total Systems to Brewin Dolphin under the terms of the Repurchase Agreement which will be funded using Total Systems' existing cash resources. The Company confirms that (i) the maximum cash consideration is currently held by Brewin Dolphin and (ii) Brewin Dolphin has been provided with an irrevocable instruction by the Company to retain the funds until the Closing Date.

As required by the Code, Brewin Dolphin, as broker and sponsor to Total Systems, has confirmed that it is satisfied that sufficient resources are available to satisfy in full the cash consideration payable pursuant to the terms of the Offer.

If the Offer is fully taken up by Participating Shareholders, resulting in the purchase of 2,331,514 Ordinary Shares:

- there will be a reduction in the issued Ordinary Share Capital of the Company to 8,103,039 Ordinary Shares (excluding Ordinary Shares held in treasury); and
- the distributable reserves of the Company will be reduced from approximately £4.0 million to approximately £3.4 million.

Waiver of the requirements of Code

The Code is issued and administered by the Panel. The Company is a company to which the Code applies and as such, the Shareholders are entitled to the protections afforded by the Code. The Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The Code also provides an orderly framework in which takeovers are conducted. In addition it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

Under Rule 37 of the Code, when a company purchases its own voting shares (whether or not such shares are bought back into treasury) any resulting increase in the percentage of such shares held by a person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent or more of the voting rights of a company which is subject to the Code, is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares in such a company, which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in such shares are acquired by any such person (or person acting in concert with him).

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

	<i>As at 12 May 2010</i>			<i>Following the Buyback</i>		
	<i>Number of Ordinary shares</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares under option</i>	<i>Number of Ordinary shares</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares under option</i>
Terence Bourne	5,157,800	49.4	0	5,157,800	63.7	0
Corin Bourne	421,100	4.0	0	421,100	5.2	0
Justin Bourne	421,100	4.0	0	421,100	5.2	0

*Assuming Buyback of 2,331,514 shares.

As indicated in the table above, Terence Bourne, the Chairman and Managing Director of the Company, is at the date of the Circular interested (for the purposes of Rule 9) in 5,157,800 shares in the Company carrying 49.4 per cent. of the voting rights of the Company. On completion of the Buyback and based on the assumptions set out below, Terence Bourne, will be interested in 5,157,800 shares, representing approximately 63.7 per cent of the Company's Ordinary Share Capital following the Buyback. Such assumptions are that (i) pursuant to the Offer and the Buyback, the Company purchases the maximum number of Ordinary Shares possible, which for these purposes is assumed to be 2,331,514 Ordinary Shares, for cancellation (ii) no option holders under any of the Total Systems Share Option Schemes exercise any of their options over Ordinary Shares, (iii) Terence Bourne does not sell any of his Ordinary Shares and (iv) that there is no change in the current Issued Share Capital of the Company between 13 May 2010 and the date of the completion of the Buyback.

Additionally on the completion of the Buyback, under the assumptions listed above, the Concert Party will be in aggregate interested in 6,000,000 Ordinary Shares representing approximately 74.1 per cent of the Company's Ordinary Share Capital following the Buyback.

The Panel has agreed, however, to waive obligation for Terence Bourne to make a general offer that would otherwise arise as a result of the Buyback. Accordingly, Resolution 3 is being proposed at the Extraordinary General Meeting, and will be taken on a poll. Terence Bourne and the members of the Concert Party will be disenfranchised from voting on this resolution.

If such waiver is so approved, then following completion of the Offer, Terence Bourne will, providing approximately 48,000 Ordinary Shares representing 0.5 per cent of the Company's voting share capital are purchased through the Offer, hold more than 50 per cent. of the Company's voting share capital and will be able thereafter to increase his interests in Ordinary Shares, without incurring any obligation under Rule 9 to make a general offer.

The intentions of Terence Bourne and the members Concert Party

Terence Bourne and the members of the Concert Party have confirmed to the Company that they are not proposing, following any increase in their percentage interest in the Ordinary Shares or voting rights as a result of the Offer, to seek any significant change in the composition of the Board or the general nature of the Company's business.

Terence Bourne and the members of the Concert Party have also confirmed that their intentions regarding the future of the Company's business, their intentions regarding the locations of the Company's places of business and their intentions regarding the continued employment of its employees and management (and those of its subsidiaries) will not be altered as a result of any increase in their percentage interest in the Ordinary Shares or voting rights as a result of the Offer, nor will there be any redeployment of the fixed assets of the Company as a result of such an increase.

Information on Terence Bourne

Terence Bourne was the co-founder of Total Systems, which started trading in 1973. He has been a director and significant shareholder of the Company continuously since that date and has derived his main livelihood from that. Further details of Terence Bourne's career to date have been disclosed in the Company's previously published annual reports and accounts.

The Concert Party

Terence Bourne and his adult sons Corin Hamilton Bourne and Justin Lawrence Bourne, for the purpose of the Takeover Code are deemed to be acting in concert.

Information on Corin Hamilton Bourne

Corin Bourne is Terence Bourne's son and is not employed by Total Systems plc.

Information on Justin Lawrence Bourne

Justin Bourne is Terence Bourne's son and is not employed by Total Systems plc.

Extraordinary General Meeting

Implementation of the Cancellation and the Buyback (and accordingly the Offer), and the approval of the Rule 9 Waiver, requires the approval of Shareholders at an Extraordinary General Meeting. Accordingly, there is set out at the end of the Circular a notice convening the Extraordinary General Meeting.

At the Extraordinary General Meeting, the following resolutions will be proposed:

1. Resolution 1 – a special resolution to authorise the Cancellation;
2. Resolution 2 – a special resolution to authorise the Buyback. The authorisation will be conditional on the Cancellation and Rule 9 Waiver each having been approved; and
3. Resolution 3 – an ordinary resolution to approve the Rule 9 Waiver for the purpose of the Buy Back. This Resolution will be taken on a poll and only the Independent Shareholders will be entitled to vote.

Each of Resolutions 1 and 2 are proposed as special resolutions. This means they must be approved by not less than 75 per cent. of votes cast by Shareholders at the Extraordinary General Meeting. Resolution 3 is proposed as an ordinary resolution and must be passed by a majority representing more than 50 per cent. of the votes cast by Independent Shareholders at the Extraordinary General Meeting.

Terence Bourne has not taken part in any decision by the Board relating to any proposal to seek the Rule 9 Waiver from the Panel since it is, *inter alia*, his potential interest in Ordinary Shares that is the subject of the Rule 9 Waiver. The Concert Party will be disenfranchised from voting on the resolution to approve the Rule 9 Waiver.

Irrevocable Confirmations

The Company and Brewin Dolphin have received from the Non-participating Shareholders irrevocable undertakings not to accept the offer or any other offer made or to be made by Brewin Dolphin to purchase Ordinary Shares and irrevocable undertakings not to dispose of any of the Ordinary Shares of which they are holders prior to the Offer Closing Date. The Directors have also undertaken to vote in favour of resolutions 1 and 2 and not to deal in their Ordinary Shares pending the closing of the Offer. Members of the Concert Party have in addition undertaken to abstain from voting on Resolution 3 in respect of their aggregate holding of 6,000,000 Ordinary Shares, representing approximately 57.5 per cent. of Share Capital of the Company.

Treatment of Option holders

There are currently outstanding under the Total Systems Share Option Schemes options to subscribe for a total of 1,145,147 Ordinary Shares. Further details of such options are set out in paragraph 4.4 of Part 5 of the Circular.

However, in the light of the terms of such options:

- the Directors do not expect any of the options outstanding under the Total Systems Option Schemes to be exercised before the closing date of the Offer;
- all calculations included or reflected in the Circular as to the issued share capital of the Company immediately following completion of the Proposals are accordingly made on the assumption that none of such options will be exercised prior to such completion.

A separate letter is being written by the Company to holders of such options summarising the terms of the Offer and its impact in relation to options.

Taxation

A summary of the taxation consequences of the Offer for Qualifying Shareholders is set out in Part 3 of the Circular. It should be noted that this refers to the UK tax legislation and HM Revenue & Customs published practice applicable at the date the Circular was printed. Qualifying Shareholders are advised to consult their professional advisers regarding their own tax position.

Repurchase Agreement

The Company has entered into a binding agreement with Brewin Dolphin under which Brewin Dolphin has agreed to sell to the Company and the Company has agreed to purchase such number of Ordinary Shares as is equal to that number of Ordinary Shares in respect of which Brewin Dolphin receives valid acceptances pursuant to the Offer (but not exceeding in any event a total of 2,331,514 Ordinary Shares).

The price payable by the Company under such agreement is 26 pence per share, i.e. the same as the Offer Price. In addition, the Company has agreed to pay all stamp duty chargeable on the Buyback.

The Company has deposited with Brewin Dolphin the sum of £606,193.64 on terms that if the Offer becomes unconditional Brewin Dolphin is to apply an appropriate part of such sum in satisfying the consideration payable on the Buyback and to account to the Company for any balance.

Action to be taken – Extraordinary General Meeting

Shareholders will find enclosed a Proxy Form for use in connection with the Extraordinary General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete the Proxy Form in accordance with the instructions printed on it and return it by post or (during normal business hours only) by hand to the Registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received **by no later than 10.00 a.m. on 5 June 2010**.

The completion and return of a Proxy Form will not preclude Shareholders from attending the Extraordinary General Meeting should they wish to do so.

Action to be taken – the Offer

Action to be taken in respect of the offer is contained in Parts 2 and 3 of the Circular and in respect of Qualifying Shares held in certificated form as further contained in the Acceptance Form.

If you are in any doubt as to the procedures for acceptance, please contact the Registrar by telephone on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

Risk Factors

There are no risk factors relating to the Offer and Buyback which require disclosure.

Further information

Your attention is drawn to the further information relating to the Offer contained in Parts 2 and 3 and in the accompanying Acceptance Form, which forms part of the Circular. The rest of the Circular and the accompanying Acceptance Form contain material information which may not be summarised in this Part 1.

For legal reasons, the Receiving Agent will not be able to give advice on the merits of the Offer or to provide legal, financial or personal taxation advice and, accordingly, for such advice you should consult your stockbroker, solicitor, accountant, bank manager or other independent professional adviser.

Brewin Dolphin is not permitted to give any advice to any Shareholders on the Offer including acceptance thereof, or to provide any additional information or to provide financial, legal or tax advice of any kind in connection with the Offer.

Brewin Dolphin, which is authorised and regulated in the United Kingdom by the Financial Services Authority, has given and not withdrawn its written consent to the issue of the Circular with the inclusion of its name in the form and context in which it appears.

Under the Disclosure Rules and Transparency Rules of the UK Financial Services Authority, substantial Shareholders are required to notify the Company of their interests in Ordinary Shares. Following the Offer and the Buyback, the interests of Shareholders when taken as a percentage of the current issued share capital may change, which may in turn give rise to an obligation to make a new or revised notification.

Accordingly, if Shareholders pass Resolution 1 to approve the Cancellation, it is the intention of the Company to proceed with the Cancellation whether or not Resolutions 2 and 3 are passed by Shareholders. In order for the Repurchase Agreement to become unconditional and, accordingly, for the Offer to proceed, however, Resolutions 1, 2 and 3 must be passed by the requisite majorities.

If the Cancellation is approved but the Offer does not proceed, Shareholders who wish to sell Ordinary Shares will need to do so either independently or through a matched bargain facility, if the Company were to set one up following the Cancellation.

Recommendation

The Board considers the Cancellation, the Buyback and the Offer to be to be fair and reasonable and in the best interests of shareholders and the Company as a whole. Accordingly, the Board recommends that you vote in favour of Resolution 1 and Resolution 2 relating to the Cancellation and the Buyback as they have irrevocably agreed to do in respect of their holdings

of, in aggregate, 7,260,839 Ordinary Shares, representing in aggregate approximately 69.6 per cent. of the Company's Share Capital.

The Independent Directors, who have been so advised by Brewin Dolphin, consider the terms of the Offer and the Rule 9 Waiver Resolution to be fair and reasonable and in the best interests of Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Brewin Dolphin has taken into account the Independent Directors' commercial assessments. Accordingly, your Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 3, the Rule 9 Waiver, as they intend to do in respect of their own shareholdings of 2,103,039 Ordinary Shares representing approximately 20.2 per cent. of the Ordinary Shares as at 12 May 2010, the last practicable date prior to the posting of the Circular. Due to their interests, the Concert Party including Terence Bourne will abstain from voting in respect of their own holdings.

Rule 2.10 Relevant Securities in Issue

The following information is provided in accordance with Rule 2.10 of the City Code on Takeovers and Mergers (the "Code").

The Company confirms that it has 10,519,553 ordinary shares of 5 pence each in issue (including 85,000 treasury shares) at the close of business on 13 May 2010 and the Ordinary Shares in the Company are admitted to trading on the Main Market of the London Stock Exchange under the UK ISIN code GB0008975038.

Dealing Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Rule 19.11 Disclosure

In accordance with 19.11 a copy of this announcement will be published on the Company's website, being www.totalsystems.co.uk