



---

**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported):  
September 5, 2006

**United Community Banks, Inc.**

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of  
incorporation)

No. 0-21656

(Commission File Number)

No. 58-180-7304

(IRS Employer  
Identification No.)

63 Highway 515, P.O. Box 398  
Blairsville, Georgia 30512

(Address of principal executive offices)

Registrant's telephone number, including area code:  
(706) 781-2265

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))
- 
-

### Item 8.01 Other Events.

(a) On September 5, 2006, United Community Banks, Inc., (the “*Company*”) entered into an Agreement and Plan of Reorganization (the “*Acquisition Agreement*”) by and among the Company, Southern Bancorp, Inc., a Georgia corporation (“*SBI*”), and Southern National Bank, a national bank and a wholly-owned subsidiary of SBI (“*SNB*”), pursuant to which SBI will merge with and into the Company (the “*Merger*”) for \$66.5 million of common stock of the Company, subject to adjustment under the terms and conditions of the Acquisition Agreement.

The Merger has been approved by the Company’s and SBI’s Boards of Directors. The Merger is conditioned on, among other things, the approval of the Acquisition Agreement by the shareholders of SBI and the receipt of all required regulatory approvals.

Also on September 5, 2006, the Company issued a press release announcing that it had entered into the Acquisition Agreement, a copy of which is attached hereto as Exhibit 99.1.

(b) Attached hereto as Exhibit 99.2 is a SBI balance sheet summary, a SBI tax equivalent net income summary and an analysis of the purchase price to be paid by the Company as a multiple of book value and earnings of SBI. SBI is an S corporation, and its regulatory reports are prepared on that basis. The attached tax equivalent summaries convert reported data to approximate equivalent values as if SBI were a taxable C corporation.

The Company is providing this information for the benefit of analysts and others who routinely report transaction prices as a multiple of book value or earnings because available public information does not permit an accurate, comparable computation of these multiples. The Company does not believe that a transaction’s book value multiple is necessarily indicative of the relative merits of a particular transaction or an appropriate ratio to use in comparing different transactions either by acquirers or sellers. The Company believes a transaction’s earnings multiple is a more relevant measure when evaluating the merits of a transaction.

### Item 9.01 Financial Statements and Exhibits

(c) Exhibits:

- 99.1 Press Release, dated September 5, 2006
  - 99.2 Financial Summary for Southern Bancorp, Inc.
-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

/s/ Rex S. Schuette  
Rex S. Schuette  
Executive Vice President and  
Chief Financial Officer

September 6, 2006



*For Immediate Release*

*September 5, 2006*

For more information:  
Rex S. Schuette  
Chief Financial Officer  
706-781-2265  
rex\_schuette@ucbi.com

**UNITED COMMUNITY BANKS, INC. TO  
ACQUIRE SOUTHERN BANCORP, INC.**

*—Strengthens Presence in Strategically Important Atlanta Markets—*

BLAIRSVILLE, GA, September 5, 2006 — United Community Banks, Inc. (Nasdaq: UCBI) today announced a definitive agreement to acquire Southern Bancorp, Inc., and its wholly owned subsidiary Southern National Bank (“Southern National”), with \$329 million in assets. Southern National has banking offices in Canton and Marietta, located in Cherokee County and Cobb County, Georgia and had deposits of approximately \$94 million and \$199 million, respectively, as of June 30, 2006.

Under terms of the agreement, Southern Bancorp’s shareholders will receive 100 percent United Community Banks common stock with a total value of approximately \$66.5 million. The transaction has been approved by the boards of directors of both companies and is subject to the approval of Southern Bancorp’s shareholders, regulatory agencies, and other customary conditions of closing. The transaction is expected to close by the end of 2006 and will be slightly accretive to earnings in 2007.

“Southern National will significantly strengthen our existing north metro Atlanta franchise by adding experienced bankers and two key locations,” said Jimmy Tallent, president and chief

---

executive officer of United Community Banks. “Southern National’s Canton banking office will provide us with a second location and a significant opportunity to expand in Cherokee County as well as improve our deposit market share ranking from 15<sup>th</sup> to 9<sup>th</sup>. We will also add our first location in historic downtown Marietta, complementing four other United locations in Cobb County and improving our deposit market share ranking from 13<sup>th</sup> to 7<sup>th</sup>.”

Located along the Interstate-575 corridor in northern metro Atlanta, Cherokee County has a population of approximately 200,000. From 2000 to 2006, Cherokee County’s 44 percent growth made it the seventh fastest-growing large county in the United States among those with populations of greater than 100,000. Growth in Cherokee County is projected to grow by 34 percent over the next five years, approximately five times the projected national average.

With a population of approximately 690,000, Cobb County is the fourth largest of 28 counties in the Atlanta Metropolitan Statistical Area (MSA). From 2000 to 2006, Cobb County’s population growth of approximately 85,000 placed it among the top 50 fastest growing counties in the United States. Over 100 Fortune 500 companies have a presence in Cobb County and three are headquartered in the county. Marietta, the county seat, is near Interstate-75 and about 10 miles northwest of Interstate-285, Atlanta’s perimeter highway.

When the transaction is completed Steve Holcomb, president and chief executive officer of Southern National, will become chairman of United’s local bank in Cobb and Cherokee counties. Bob Walsh, president of this bank, will retain his current position with an expanded focus and responsibilities of a larger bank.

“We could not be more excited about welcoming Southern National into our United family,” stated Tallent. “Expanding in metro Atlanta is an important part of our balanced growth strategy. But the real key, always, is finding the right bankers. Southern National is a textbook example of this strategy at work. Steve Holcomb and his team know and care about their communities and they share our passion for community banking. A Cherokee native, Steve Holcomb has spent his 32-year community banking career primarily in the county. Members of

---

his Southern National team have worked together for many years and have grown deposits in Cherokee County to over \$90 million in three years.”

“A community bank with larger resources can be the market leader in Cherokee County, and that is our intention,” Holcomb said. “Our customers appreciate genuine caring service, including the little things like being remembered by their names and thanked for their business. This kind of service is common to Southern National and United Community Banks. Together, backed by United’s resources, we have a very exciting opportunity and future.”

Added Jimmy Tallent, “Steve Holcomb and his bankers will be great additions to our team. He and Bob Walsh are highly capable of leading our bank’s growth in Cherokee and Cobb counties, two strategically important markets. Expanding in Cobb and Cherokee counties has been a strategic priority for United. We will now be in the vibrant and fast-growing commercial area of downtown Marietta, as well as have a significantly enhanced presence and opportunity to expand in Cherokee County.”

Tallent continued, “We expect to realize some operating efficiencies in this merger; however, the real value of this opportunity comes from combining our banking teams. Together, they can expand and deepen customer relationships and increase deposit market share. Interestingly, there is almost no overlap of existing customers or calling efforts between our banks. Southern National is a great fit and their team of bankers bring over 600 years of service in Cobb County and over 300 years of service in Cherokee County markets. We should have strong momentum from the start.”

“When the transaction is completed, United Community Banks will have eight banks and 34 banking offices in metro Atlanta with assets of approximately \$2.1 billion, including two in Cherokee County and five in Cobb County, which will improve our position as the largest community bank in the Atlanta MSA” Tallent concluded.

---

About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks is the third-largest bank holding company in Georgia. United Community Banks has assets of \$6.3 billion and operates 25 community banks with 95 banking offices located throughout north Georgia, metro Atlanta, coastal Georgia, western North Carolina and east Tennessee. The company specializes in providing personalized community banking services to individuals and small to mid-size businesses. United Community Banks also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United Community Banks common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at the company's web site at [www.ucbi.com](http://www.ucbi.com).

Safe Harbor

This news release contains forward-looking statements as defined by Federal Securities Laws including statements about financial outlook and business environment. These statements are provided to assist in the understanding of future financial performance and such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements. Any such statements are based on current expectations and involve a number of risks and uncertainties. For a discussion of factors that may cause such forward-looking statements to differ materially from actual results, please refer to the section entitled "Forward Looking Statements" on page 4 of United Community Banks, Inc.'s annual report filed on Form 10-K with the Securities and Exchange Commission.

####

**UNITED COMMUNITY BANKS, INC.**  
**FINANCIAL SUMMARY FOR SOUTHERN BANCORP, INC.**  
(\$ in 000s)

**Condensed Balance Sheet (unaudited)**

	<u>As of June 30, 2006</u>
Cash	\$ 9,272
Investment Securities	64,876
Net Loans	241,673
Fixed Assets	6,257
Other Assets	6,741
<b>Total Assets</b>	<b>\$ 328,818</b>
Deposits	\$ 293,442
Other Liabilities	16,662
<b>Total Liabilities</b>	<b>310,105</b>
Shareholders Equity	18,713
<b>Total Liabilities and Shareholders Equity</b>	<b>\$ 328,818</b>
Transaction value	\$ 66,500
Transaction value as a multiple of S corporation shareholders equity	3.55x
Adjusted Shareholders Equity (1)	\$ 23,367
Transaction value as a multiple of adjusted stockholders equity (1)	2.85x

**Tax Equivalent Net Income Summary (unaudited)**

	<u>2005</u>		<u>2006</u>		<u>Last Four Quarters</u>
	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>First Quarter</u>	<u>Second Quarter</u>	
Income Before Income Taxes	\$ 1,148	\$ 1,259	\$ 857	\$ 1,854	\$ 5,118
Income Taxes (2)	402	441	300	649	1,791
<b>Net Income</b>	<b>\$ 746</b>	<b>\$ 818</b>	<b>\$ 557</b>	<b>\$ 1,205</b>	<b>\$ 3,327</b>

Transaction value as a multiple of tax equivalent earnings for last four quarters 19.99x

## Notes

(1) Southern Bancorp, Inc. is a subchapter S corporation and is therefore not directly subject to income taxes. Immediately upon acquisition by United Community Banks, Inc., Southern Bancorp, Inc. will recognize a \$2,061,000 deferred tax asset for differences between its book and tax basis for certain assets and liabilities, primarily the allowance for loan losses, reserve for unfunded commitments and the mark to market on securities outstanding. This schedule is provided to present the transaction value as a multiple of book value on a consistent basis as if Southern Bancorp, Inc. had been a taxable C corporation (assuming a 35% tax rate). Thus, the stockholders equity has been adjusted to assume the recognition of this deferred tax asset and assumes the exercise of 185,000 currently outstanding warrants and 45,000 currently outstanding options to purchase Southern Bancorp common stock, which is required prior to our simultaneous with the closing of the transaction.

(2) The rate used was 35%.