

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
UNITED COMMUNITY BANKS, INC.		58-1807304	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
LOIS RICH	706-781-2265	LOIS RICH@UCBI.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
125 HIGHWAY 515 EAST		BLAIRSVILLE, GA 30512	
8 Date of action		9 Classification and description	
SEPTEMBER 1, 2015		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
90984P105	N/A	UCBI	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ UNITED COMMUNITY BANKS, INC (UCBI) ACQUIRED PALMETTO BANCSHARES, INC. (PBI) THROUGH A MERGER TRANSACTION AND PBI SIMULTANEOUSLY MERGED WITH AND INTO UCBI EFFECTIVE SEPTEMBER 1, 2015 ("MERGER EFFECTIVE TIME").

PURSUANT TO THE AGREEMENT AND PLAN OF MERGER, EACH SHARE OF PBI COMMON STOCK WAS EXCHANGED FOR 0.97 SHARES OF UCBI COMMON STOCK OR \$19.25 IN CASH, OR ANY COMBINATION THEREOF.

THE ELECTION TO RECEIVE CASH IS SUBJECT TO AN AGGREGATE CASH LIMIT TO ENSURE THAT 30% OF THE OUTSTANDING SHARES OF PBI COMMON STOCK WILL BE EXCHANGED FOR CASH. SIMILARLY, THE ELECTION TO RECEIVE STOCK IS SUBJECT TO AN AGGREGATE STOCK LIMIT TO ENSURE THAT 70% OF THE OUTSTANDING SHARES OF PBI COMMON STOCK WILL BE EXCHANGED FOR UCBI COMMON STOCK.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ SEE ATTACHED STATEMENT.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ SEE ATTACHED STATEMENT.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

IRC SECTION 368 (a) (1) (A)

IRC SECTION 354

IRC SECTION 356

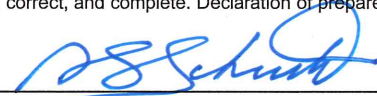
IRC SECTION 358

IRC SECTION 1221

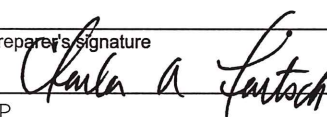
18 Can any resulting loss be recognized? ▶ SEE ATTACHED STATEMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE REPORTABLE TAX YEAR IS DECEMBER 31, 2015.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 9/29/15

Print your name ▶ REX S. SCHUETTE Title ▶ CHIEF FINANCIAL OFFICER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	CHARLES A. LAETSCH, CPA	<u></u>	9/29/15		P00027983
	Firm's name ▶ CROWE HORWATH LLP			Firm's EIN ▶ 35-0921680	
	Firm's address ▶ 401 E. LAS OLAS BLVD STE 1100, FORT LAUDERDALE, FL 33301-4230			Phone no. 954-202-8600	

Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities
United Community Banks
FEIN: 58-1807304

Part II, Line 15

A shareholder's tax basis in one (1) share of UCBI common stock received in exchange for PBI common stock should equal the shareholder's basis in one (1) share of PBI common stock divided by 0.97. Alternatively, a shareholder's tax basis in one (1) share of UCBI common stock received in exchange for PBI common stock should equal 103.092784% of the shareholder's tax basis in one (1) share of PBI common stock.

For those shareholders who received only cash consideration in the exchange, there were no UCBI shares received and therefore there is no basis calculation necessary.

For those PBI shareholders who received a combination of cash and stock, the aggregate basis of UCBI shares received in the merger will be generally determined in accordance with IRC Section 358(a), as follows:

- The basis of PBI shares exchanged
- Reduced by the cash received in the merger (if any)
- Increased by any gain recognized in the exchange, computed on a per share basis.

Part II, Line 16

The basis of UCBI shares received, once computed, must be allocated to the individual UCBI shares received in accordance with Treasury Regulation §1.358-2(a). See also Proposed Treasury Regulation §1.358-2(b). Since fewer shares of UCBI common stock were received than shares of PBI common stock surrendered, the basis of the PBI shares surrendered must be allocated to the shares of UCBI stock received in a manner that reflects, to the greatest extent possible, that a share of UCBI stock received is received in respect of PBI shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate basis in this manner, the basis of the PBI shares surrendered must be allocated to the shares of UCBI stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular UCBI share received. This could result in a single share of UCBI stock having a split basis and a split holding period. See Example (14) of Treasury Regulation §1.358-2(c) for an illustration of this principle.

Part II, Line 18

PBI shareholders who receive solely cash will recognize gain or loss equal to the difference between the taxable basis of the PBU shares surrendered and the amount of cash received. The deductibility of capital losses is subject to limitation.

PBI shareholders who receive a combination of UCBI stock and cash may generally recognize gain, but not loss, equal to the lesser of the total gain realized or the difference between the taxable basis allocable to the whole or fractional shares surrendered and the amount of cash received.

PBI shareholders who receive only UCBI stock will generally not recognize gain or loss.