# **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): April 30, 2007

# United Community Banks, Inc. (Exact name of registrant as specified in its charter)

	Georgia	No. 0-21656	No. 58-180-7304
	(State or other jurisdiction of incorporation)	(Commission File Number)	(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	
	(F.	ormer name or former address, if changed since last report)	
	•		
	k the appropriate box below if the Form 8-K f sions:	filing is intended to simultaneously satisfy the filing obligat	tion of the registrant under any of the following
J10 V1	510115.		
0	Written communications pursuant to Rule 4	25 under the Securities Act (17 CFR 230.425)	
	•	,	
0	Soliciting material pursuant to Rule 14a-12	under the Exchange Act (17 CFR 240.14a-12)	
0	Pre-commencement communications pursua	ant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.	.14d-2(b))
0	Dro common comput communications pursu	ant to Bulg 12a 4(a) under the Eychange Act (17 CED 240	120 4(a))
0	rie-commencement communications pursua	ant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-	13C-4(C))

# Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 25, 2007, United Community Banks, Inc.'s ("United") Amended and Restated 2000 Key Employee Stock Option Plan (the "Amended Equity Plan"), was approved and adopted by shareholders. The Amended Equity Plan is attached hereto as Exhibit 10.1.

A form of incentive stock option award agreement under the Amended Equity Plan is attached hereto as Exhibit 10.2. A form of non-qualified stock option award agreement under the Amended Equity Plan is attached hereto as Exhibit 10.3. A form of restricted stock unit award agreement under the Amended Equity Plan is attached hereto as Exhibit 10.4.

Also on April 25, 2007, United's Management Incentive Plan was approved and adopted by shareholders. The Management Incentive Plan is attached hereto as Exhibit 10.5.

#### Item 9.01 Financial Statements and Exhibits

#### (c) Exhibits:

10.1	Amended and Restated 2000 Key Employee Stock Option Plan.		
10.2	Form of Stock Option Agreement for Incentive Stock Options issued under the Amended and Restated 2000 Key Employee Stock Option Plan.		
10.3	Form of Stock Option Agreement for Non-Qualified Stock Options issued under the Amended and Restated 2000 Key Employee Stock Option Plan.		
10.4	Form of Restricted Stock Unit Award Agreement issued under the Amended and Restated 2000 Key Employee Stock Option Plan.		
10.5	Management Incentive Plan.		
2			

### **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

April 30, 2007

Rex S. Schuette Executive Vice President and Chief Financial Officer

## UNITED COMMUNITY BANKS, INC.

# 2000 KEY EMPLOYEE STOCK OPTION PLAN (As Amended And Restated Effective As of March 15, 2007)

## TABLE OF CONTENTS

ARTICLE 1. ESTABLISHMENT, PURPOSE, AND DURATION 1.1 Establishment of the Plan	4 4
1.1 Establishment of the Flan  1.2 Purpose of the Plan	4
1.3 Duration of the Plan	4
1.5 Datation of the Film	•
ARTICLE 2. DEFINITIONS	5
ARTICLE 3. ADMINISTRATION	8
3.1 The Committee	8
3.2 Authority of the Committee	8
3.3 Decisions Binding	8
ARTICLE 4. SHARES SUBJECT TO THE PLAN	8
4.1 Number of Shares	8
4.2 Individual Limits	9
4.3 Adjustments In Authorized Shares	10
ARTICLE 5. ELIGIBILITY AND PARTICIPATION	10
ARTICLE 6. STOCK OPTIONS	10
6.1 Grant of Options	10
6.2 Agreement	11
6.3 Option Price	11
6.4 Duration of Options	11
6.5 Exercise of Options	11
6.6 Payment	11
6.7 Limited Transferability	12
6.8 Shareholder Rights	12
ARTICLE 7. STOCK APPRECIATION RIGHTS	12
7.1 Grants of SARs	12
7.2 Duration of SARs	12
7.3 Exercise of SAR	12
7.4 Determination of Payment of Cash and/or Shares Upon Exercise of SAR	13
7.5 Nontransferability	13
7.6 Shareholder Rights	13
ARTICLE 8. RESTRICTED STOCK; STOCK AWARDS; RESTRICTED STOCK UNITS	13
8.1 Grants	13
8.2 Restricted Period; Lapse of Restrictions	13
8.3 Rights of Holder; Limitations Thereon	14
8.4 Delivery of Unrestricted Shares	14
8.5 Nonassignability of Restricted Stock	15
8.6 Restricted Stock Units (or RSUs)	15

ARTICLE 9. PERFORMANCE SHARE AWARDS 9.1 Award 9.2 Earning the Award 9.3 Payment 9.4 Shareholder Rights	15 15 15 16 16
ARTICLE 10. BENEFICIARY DESIGNATION	17
ARTICLE 11. DEFERRALS	17
ARTICLE 12. RIGHTS OF EMPLOYEES 12.1 Employment 12.2 Participation	17 17 17
ARTICLE 13. CHANGE IN CONTROL 13.1 Definition 13.2 Limitation on Awards	17 17 18
ARTICLE 14. AMENDMENT, MODIFICATION AND TERMINATION 14.1 Amendment, Modification and Termination 14.2 Awards Previously Granted 14.3 Compliance With Code Section 162(m)	18 18 19 19
ARTICLE 15. CANCELLATION AND RESCISSION OF AWARDS	19
ARTICLE 16. WITHHOLDING 16.1 Tax Withholding 16.2 Share Withholding	20 20 20
ARTICLE 17. INDEMNIFICATION	20
ARTICLE 18. SUCCESSORS	20
ARTICLE 19. LEGAL CONSTRUCTION 19.1 Gender and Number 19.2 Severability 19.3 Requirements of Law 19.4 Regulatory Approvals and Listing 19.5 Securities Law Compliance 19.6 Governing Law	20 20 20 20 21 21 21

# UNITED COMMUNITY BANKS, INC.

#### 2000 KEY EMPLOYEE STOCK OPTION PLAN

(As Amended And Restated Effective As Of March 15, 2007)

#### ARTICLE 1. ESTABLISHMENT, PURPOSE, AND DURATION

1.1 <u>Establishment of the Plan</u>. United Community Banks, Inc., a Georgia corporation (hereinafter referred to as the "Company"), established a stock option and incentive award plan known as the "United Community Banks, Inc. 2000 Key Employee Stock Option Plan" (the "Plan"), which Plan has subsequently been amended. The Plan permits the grant of Incentive Stock Options, Nonqualified Stock Options, Restricted Stock, Restricted Stock Units, Stock Awards, Performance Share Awards and Stock Appreciation Rights.

The Company now desires to amend and restate the Plan: (1) to increase the aggregate number of shares available for issuance under the Plan to a total of 2,500,000, which includes the 808,562 shares currently available for issuance under the Plan; (2) to provide that the number of shares that may be granted for certain full value awards will be 400,000 shares, provided that such full value grants may be made in excess of 400,000 shares and, in such event, will be counted as 1.5 shares against the maximum number of shares, (3) to clarify that shares received pursuant to or represented by an award which are then used to pay the exercise price or withholding taxes are not available for reissuance under the Plan; (4) to provide that the minimum time vesting period and minimum performance-based vesting period for awards of restricted stock and restricted stock units are three years and one year, respectively; (5) to prohibit repricing of awards granted under the Plan; and (6) to change the definition of retirement from the attainment of age 65 to the earlier of attainment of age 65 or the retirement age under any other benefit plan applicable to a participant.

The term "Plan" as used hereinafter in this document refers to the Plan, as amended and restated.

The Plan shall become effective on the date it is approved by the Board of Directors (the "Effective Date"), subject to approval of the Plan by the Company's shareholders within the 12-month period immediately thereafter, and shall remain in effect as provided in Section 1.3. If the Plan (as amended and restated) is not approved by the shareholders, the Plan as previously in effect shall remain in effect in accordance with its terms.

- 1.2 <u>Purpose of the Plan</u>. The purpose of the Plan is to secure for the Company and its shareholders the benefits of the incentive inherent in stock ownership in the Company by key employees of the Company and its subsidiaries, who are responsible for its future growth and continued success. The Plan promotes the success and enhances the value of the Company by linking the personal interests of Participants (as defined below) to those of the Company's shareholders, and by providing Participants with an incentive for outstanding performance. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract and retain the services of Participants upon whose judgment, interest and special effort the successful conduct of its operation largely depends.
- 1.3 <u>Duration of the Plan</u>. The Plan shall be effective on the Effective Date, and shall remain in effect, subject to the right of the Board of Directors to amend or terminate the Plan at any time pursuant to Article 14, until 10 years from approval date of increased shares and other changes.

#### **ARTICLE 2. DEFINITIONS**

Whenever used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Agreement" means an agreement entered into by each Participant and the Company, setting forth the terms and provisions applicable to Awards granted to Participants under this Plan.
- (b) "Award" means, individually or collectively, a grant under this Plan of Incentive Stock Options, Nonqualified Stock Options, Restricted Stock, Restricted Stock Units, Stock Awards, Performance Share Awards or Stock Appreciation Rights.
- (c) "Beneficial Owner" or "Beneficial Ownership" shall have the meaning ascribed to such term in Rule 13d-3 of the Exchange Act.
- (d) "Board" or "Board of Directors" means the Board of Directors of the Company.
- (e) "Cause" means: (i) willful misconduct on the part of a Participant that is materially detrimental to the Company; or (ii) the conviction of a Participant for the commission of a felony. The existence of "Cause" under either (i) or (ii) shall be determined by the Committee. Notwithstanding the foregoing, if the Participant has entered into an employment agreement that is binding as of the date of employment termination, and if such employment agreement defines "Cause," and/or provides a means of determining whether "Cause" exists, such definition of "Cause" and means of determining its existence shall supersede this provision.
- (f) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor act thereto.
- (g) "Committee" means the committee appointed to administer the Plan with respect to grants of Awards, as specified in Article 3, and to perform the functions set forth therein.
- (h) "Common Stock" means the common stock of the Company, par value \$1.00 per share.
- (i) "Company" means United Community Banks, Inc., a Georgia corporation, or any successor thereto as provided in Article 18.
- (j) "Corresponding SAR" means an SAR that is granted in relation to a particular Option and that can be exercised only upon the surrender to the Company, unexercised, of that portion of the Option to which the SAR relates.
- (k) "Director" means any individual who is a member of the Board of Directors of the Company.
- (l) "<u>Disability</u>" shall have the meaning ascribed to such term in the Company's long-term disability plan covering the Participant, or in the absence of such plan, a meaning consistent with Section 22(e)(3) of the Code.

- (m) "Employee" means any employee of the Company or the Company's Subsidiaries. Directors who are not otherwise employed by the Company or the Company's Subsidiaries are not considered Employees under this Plan.
- (n) "Effective Date" shall have the meaning ascribed to such term in Section 1.1.
- (o) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.
- (p) "Fair Market Value" shall be determined as follows:
  - (i) If, on the relevant date, the Shares are traded on a national or regional securities exchange or on The NASDAQ Stock Market ("NASDAQ") and closing sale prices for the Shares are customarily quoted, on the basis of the closing sale price on the principal securities exchange on which the Shares may then be traded or, if there is no such sale on the relevant date, then on the immediately preceding day on which a sale was reported;
  - (ii) If, on the relevant date, the Shares are not listed on any securities exchange or traded on NASDAQ, but nevertheless are publicly traded and reported on NASDAQ without closing sale prices for the Shares being customarily quoted, on the basis of the mean between the closing bid and asked quotations in such other over-the-counter market as reported by NASDAQ; but, if there are no bid and asked quotations in the over-the-counter market as reported by NASDAQ on that date, then the mean between the closing bid and asked quotations in the over-the-counter market as reported by NASDAQ on the immediately preceding day such bid and asked prices were quoted; and
  - (iii) If, on the relevant date, the Shares are not publicly traded as described in (i) or (ii), on the basis of the good faith determination of the Committee.
- (q) "<u>Incentive Stock Option</u>" or "<u>ISO</u>" means an option to purchase Shares granted under Article 6 which is designated as an Incentive Stock Option and is intended to meet the requirements of Section 422 of the Code.
- (r) "Initial Value" means, with respect to a Corresponding SAR, the Option Price per share of the related Option, and with respect to an SAR granted independently of an Option, the Fair Market Value of one share of Common Stock on the date of grant.
- (s) "<u>Insider</u>" shall mean an Employee who is, on the relevant date, an officer or a director, or a ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act or any successor provision, as "officer" and "director" are defined under Section 16 of the Exchange Act.
- (t) "Named Executive Officer" means, if applicable, a Participant who, as of the date of vesting and/or payout of an Award is one of the group of "covered employees," as defined in the regulations promulgated under Code Section 162(m), or any successor statute.
- (u) "Nonqualified Stock Option" or "NQSO" means an option to purchase Shares granted under Article 6, and which is not intended to meet the requirements of Code Section 422.

- (v) "Option" means an Incentive Stock Option or a Nonqualified Stock Option.
- (w) "Option Price" means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.
- (x) "Participant" means an Employee who has been determined by the Committee to contribute significantly to the profits or growth of the Company and who has been granted an Award under the Plan which is outstanding.
- (y) "<u>Performance Share Award</u>" means an Award, which, in accordance with and subject to an Agreement, will entitle the Participant, or his estate or beneficiary in the event of the Participant's death, to receive cash, Shares or a combination thereof.
- (z) "Performance Measure" means the performance measures set forth in Section 9.2 which are used for Performance Share Awards.
- (aa) "<u>Person</u>" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.
- (bb) "Retirement" means, as applied to a Participant, the Participant's termination of employment at the earlier of when the Participant attains age 65 or when he qualifies for early or normal retirement under the Company's Profit Sharing Plan, under the successor or replacement of such plan if it is then no longer in effect, or under any other retirement plan covering the Participant maintained or adopted by the Company.
- (cc) "Restricted Stock" means an Award of Common Stock granted in accordance with the terms of Article 8 and the other provisions of the Plan, and which is nontransferable and subject to a substantial risk of forfeiture. Shares of Common Stock shall cease to be Restricted Stock when, in accordance with the terms hereof and the applicable Agreement, they become transferable and free of substantial risk of forfeiture.
- (dd) "<u>Restricted Stock Units</u>" or "<u>RSUs</u>" means a right granted under Article 8 to receive a number of Shares or a cash payment for each such Share equal to the Fair Market Value of a Share on a specified date.
- (ee) "<u>SAR</u>" means a stock appreciation right that entitles the holder to receive, with respect to each Share encompassed by the exercise of such SAR, the amount determined by the Committee and specified in an Agreement. In the absence of such specification, the holder shall be entitled to receive in cash, with respect to each Share encompassed by the exercise of such SAR, the excess of the Fair Market Value on the date of exercise over the Initial Value. References to "SARs" include both Corresponding SARs and SARs granted independently of Options, unless the context requires otherwise.
- (ff) "Section 409A" means Section 409A of the Code and the rulings and regulations thereunder, including any transitional rules.
- (gg) "Share" or "Shares" means the shares of Common Stock of the Company (including any new, additional or different stock or securities resulting from the changes described in Section 4.3).

- (hh) "<u>Stock Award</u>" means a grant of Shares under Article 8 that is not generally subject to restrictions and pursuant to which a certificate for the Shares is transferred to the Employee.
- (ii) "<u>Subsidiary</u>" means any company during any period in which it is a "subsidiary corporation" (as that term is defined in Code Section 424(f)) with respect to the Company.

#### **ARTICLE 3. ADMINISTRATION**

- 3.1 <u>The Committee</u>. The Plan shall be administered by the Board of Directors or by the Compensation Committee of the Board, or by any other committee or subcommittee appointed by the Board that is granted authority to administer the Plan. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board of Directors.
- 3.2 <u>Authority of the Committee</u>. Subject to the provisions of the Plan, the Committee shall have full power to select the Employees who are responsible for the future growth and success of the Company who shall participate in the Plan (who may change from year to year); determine the size and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan (including conditions on the exercisability of all or a part of an Option or SAR, restrictions on transferability, vesting provisions on Restricted Stock, Restricted Stock Units, or Performance Share Awards and the duration of the Awards); construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend or waive rules and regulations for the Plan's administration; and (subject to the provisions of Article 14) amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan, including accelerating the time any Option or SAR may be exercised and establishing different terms and conditions relating to the effect of the termination of employment or other services to the Company. Notwithstanding the above provision, the Committee shall not have the authority to decrease the Option Price of any outstanding Option, except in accordance with Section 4.3 or unless such an amendment is approved by the shareholders of the Company. Further, the Committee shall make all other determinations which may be necessary or advisable in the Committee's opinion for the administration of the Plan. All expenses of administering this Plan shall be borne by the Company.
- 3.3 *Decisions Binding*. All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all Persons, including the Company, the shareholders, Employees, Participants and their estates and beneficiaries.

#### ARTICLE 4. SHARES SUBJECT TO THE PLAN

- 4.1 Number of Shares.
- (a) Subject to adjustment as provided in Section 4.3, the total number of Shares which are available for issuance under the Plan shall be increased by 1,691,438 Shares to a total of 2,500,000 Shares. Other than Awards of Stock Options or SARs or Awards that must be settled in cash, the number of Shares reserved under the Plan that may be granted in the form of other Awards ("Full Value Grants") will be 400,000 Shares, provided that Full Value Grants in excess of 400,000 Shares may be made and, in such event, will be counted against the 2,500,000 Plan maximum so that the maximum is reduced by one and one-half (1.5) Shares for each Share subject to the Full Value Grants. The maximum number of Shares available for grant as ISOs under the Plan shall equal an aggregate of

- 1,000,000 Shares. The Shares may, in the discretion of the Company, be either authorized but unissued Shares or Shares held as treasury shares, including Shares purchased by the Company, whether on the market or otherwise.
- (b) The following rules shall apply for purposes of the determination of the number of Shares available for grant under the Plan:
  - (i) If, for any reason, any Shares awarded or subject to purchase under the Plan are not delivered or purchased, or are reacquired by the Company, for reasons including, but not limited to, a forfeiture of Restricted Stock or termination, expiration or cancellation of an Option, Stock Appreciation Rights, Restricted Stock Units, Performance Shares ("Returned Shares"), such Returned Shares shall not be charged against the aggregate number of Shares available for issuance pursuant to Awards under the Plan and shall again be available for issuance pursuant to an Award under the Plan (with Returned Shares relating to Full Value Grants above the 400,000 Share limit counting as 1.5 Shares).
  - (ii) Each Performance Share awarded that may be settled in Shares shall be counted as one Share subject to an Award (until the 400,000 Share limit for Full Value Grants has been exceeded). Performance Shares that may not be settled in Shares (or that may be settled in Shares but are not) shall not result in a charge against the aggregate number of Shares available for issuance. Each Stock Appreciation Right to be settled in Shares shall be counted as one Share subject to an Award, regardless of the number of Shares that are actually issued upon exercise and settlement of the Stock Appreciation Right. Stock Appreciation Rights that may only be settled in cash and may not be settled in Shares shall not result in a charge against the aggregate number of Shares available for issuance. In addition, if a Stock Appreciation Right is granted in connection with an Option and the exercise of the Stock Appreciation Right results in the loss of the Option right, the Shares that otherwise would have been issued upon the exercise of such related Option shall not result in a charge against the aggregate number of Shares available for issuance.
  - (iii) Each Restricted Stock Unit that may be settled in Shares shall be counted as one Share subject to an award (until the 400,000 Share limit for Full Value Grants has been exceeded). Restricted Stock Units that may only be settled in cash and may not be settled in Shares shall not result in a charge against the aggregate number of Shares available for issuance.
- 4.2 <u>Individual Limits</u>. Except to the extent the Committee determines that an Award to a Named Executive Officer shall not comply with Section 162(m) of the Code, for purposes of Awards to an individual who is a Named Executive Officer, the following rules shall apply to Awards under the Plan:
  - (a) Options and SARs. The maximum number of Options and Stock Appreciation Rights that, in the aggregate, may be granted pursuant to Awards in any one calendar year to any one Participant shall be 100,000 Shares.
  - (b) Restricted Stock, Restricted Stock Units and Performance Shares. The maximum aggregate number of Shares of Restricted Stock, number of Restricted Stock Units and

Performance Shares that may be granted pursuant to Awards in any one calendar year to any one Participant shall be 66,666 Shares.

4.3 <u>Adjustments In Authorized Shares</u>. In the event of any change in corporate capitalization, such as a stock split, or a corporate transaction, such as any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368) or any partial or complete liquidation of the Company, such adjustment shall be made in the number and class of Shares which may be delivered under the Plan, and in the number and class of and/or price of Shares subject to outstanding Awards granted under the Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that the number of Shares subject to any Award shall always be a whole number and the Committee shall make such adjustments as are necessary to insure Awards of whole Shares.

The equitable adjustments shall be made by the Committee, as it determines are necessary and appropriate, in:

- (a) The limitation on the aggregate number of Shares that may be awarded as set forth in Section 4.1, including, without limitation, with respect to Incentive Stock Options;
- (b) The limitations on the aggregate number of Shares that may be awarded to any one single Participant in a specific period as set forth in Section 4.2 of the Plan:
- (c) The number and class of Shares that may be subject to an Award, and which have not been issued or transferred under an outstanding Award;
- (d) The Option Price under outstanding Options and the number of Shares to be transferred in settlement of outstanding Stock Appreciation Rights; and
- (e) The terms, conditions or restrictions of any Award and Agreement, including the price payable for the acquisition of Shares; provided, however, that all such adjustments shall be made consistent with the requirements of Section 409A and in respect of each ISO, shall be accomplished so that such Option shall continue to be an incentive stock option within the meaning of Code Section 422.

#### ARTICLE 5. ELIGIBILITY AND PARTICIPATION

Any key Employee of the Company or any Subsidiary, including any such Employee who is also a director of the Company or any Subsidiary, whose judgment, initiative and efforts contribute or may be expected to contribute materially to the successful performance of the Company or any Subsidiary shall be eligible to receive an Award under the Plan. In determining the individuals to whom such an Award shall be granted and the number of Shares which may be granted pursuant to that Award, the Committee shall take into account the duties of the respective individual, his or her present and potential contributions to the success of the Company or any Subsidiary, and such other factors as the Committee shall deem relevant in connection with accomplishing the purposes of the Plan.

#### ARTICLE 6. STOCK OPTIONS

6.1 *Grant of Options*. Subject to the terms and provisions of the Plan, Options may be granted to Participants at any time and from time to time as shall be determined by the Committee. The

Committee shall have discretion in determining the number of Shares subject to Options granted to each Participant. An Option may be granted with or without a Corresponding SAR. No Participant may be granted ISOs (under the Plan and all other incentive stock option plans of the Company and any Subsidiary) which are first exercisable in any calendar year for Shares having an aggregate Fair Market Value (determined as of the date an Option is granted) that exceeds One Hundred Thousand Dollars (\$100,000). The preceding annual limit shall not apply to NQSOs. The Committee may grant a Participant ISOs, NQSOs or a combination thereof, and may vary such Awards among Participants.

- 6.2 <u>Agreement</u>. Each Option grant shall be evidenced by an Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains and such other provisions as the Committee shall determine. The Option Agreement shall further specify whether the Award is intended to be an ISO or an NQSO. Any portion of an Option that is not designated as an ISO or otherwise fails or is not qualified as an ISO (even if designated as an ISO) shall be a NQSO. If the Option is granted in connection with a Corresponding SAR, the Agreement shall also specify the terms that apply to the exercise of the Option and Corresponding SAR.
- 6.3 <u>Option Price</u>. The Option Price for each grant of an ISO or a NQSO shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted. In no event, however, shall any Participant who owns (within the meaning of Section 424(d) of the Code) stock of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company be eligible to receive an ISO at an Option Price less than one hundred ten percent (110%) of the Fair Market Value of a share on the date the ISO is granted. The Committee is authorized to issue Options, whether ISOs or NQSOs, at an Option Price in excess of the Fair Market Value on the date the Option is granted (the so-called "Premium Price" Option) to encourage superior performance.
- 6.4 <u>Duration of Options</u>. Each Option shall expire at such time as the Committee shall determine at the time of grant; provided, however, that no Option shall be exercisable later than the tenth (10th) anniversary date of its grant; provided, further, however, that any ISO granted to any Participant who at such time owns (within the meaning of Section 424(d) of the Code) stock of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, shall not be exercisable later than the fifth (5th) anniversary date of its grant.
- 6.5 Exercise of Options. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, including conditions related to the employment of the Participant with the Company or any Subsidiary, which need not be the same for each grant or for each Participant. Each Option shall be exercisable for such number of Shares and at such time or times, including periodic installments, as may be determined by the Committee at the time of the grant. The Committee may provide in the Agreement for automatic accelerated vesting and other rights upon the occurrence of a Change in Control (as defined in Section 13.1) of the Company. Except as otherwise provided in the Agreement and Article 13, the right to purchase Shares that are exercisable in periodic installments shall be cumulative so that when the right to purchase any Shares has accrued, such Shares or any part thereof may be purchased at any time thereafter until the expiration or termination of the Option. The exercise or partial exercise of either an Option or its Corresponding SAR shall result in the termination of the other to the extent of the number of Shares with respect to which the Option or Corresponding SAR is exercised.
- 6.6 <u>Payment</u>. Options shall be exercised by the delivery of a written notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares. The Option Price upon exercise of any Option shall be payable to the Company in full, either: (a) in cash, (b) cash equivalent approved by the Committee, (c) if

provided for by the Committee in the Agreement, by tendering previously acquired Shares (or delivering a certification of ownership of such Shares) having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares which are tendered must have been held by the Participant for six months, if required for accounting purposes, and for the period required by law, if any, prior to their tender to satisfy the Option Price), or (d) by a combination of (a), (b) and (c). The Committee also may allow cashless exercises as permitted under Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Plan's purpose and applicable law. As soon as practicable after receipt of a written notification of exercise and full payment, the Company shall deliver to the Participant, in the Participant's name, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s), and may place appropriate legends on the certificates representing such Shares.

6.7 <u>Limited Transferability</u>. If permitted by the Committee in the Agreement, a Participant may transfer an Option granted hereunder, including, but not limited to, transfers to members of his or her Immediate Family (as defined below), to one or more trusts for the benefit of such Immediate Family members, or to one or more partnerships where such Immediate Family members are the only partners, if (i) the Participant does not receive any consideration in any form whatsoever for such transfer, (ii) such transfer is permitted under applicable tax laws, and (iii) the Participant is an Insider, such transfer is permitted under Rule 16b-3 of the Exchange Act as in effect from time to time. Any Option so transferred shall continue to be subject to the same terms and conditions in the hands of the transferee as were applicable to said Option immediately prior to the transfer thereof. Any reference in any such Agreement to the employment by or performance of services for the Company by the Participant shall continue to refer to the employment of, or performance by, the transferring Participant. For purposes hereof, "Immediate Family" shall mean the Participant and the Participant's spouse, children and grandchildren. Any Option that is granted pursuant to any Agreement that did not initially expressly allow the transfer of said Option and that has not been amended to expressly permit such transfer, shall not be transferable by the Participant other than by will or by the laws of descent and distribution and such Option thus shall be exercisable in the Participant's lifetime only by the Participant.

6.8 <u>Shareholder Rights</u>. No Participant shall have any rights as a shareholder with respect to Shares subject to an Option until the issuance of such Shares to the Participant pursuant to the exercise of such Option.

#### ARTICLE 7. STOCK APPRECIATION RIGHTS

- 7.1 *Grants of SARs*. The Committee shall designate Participants to whom SARs are granted, and will specify the number of Shares subject to each grant. An SAR may be granted with or without a related Option. All SARs granted under this Plan shall be subject to an Agreement in accordance with the terms of this Plan. A payment to the Participant upon the exercise of a Corresponding SAR may not be more than the difference between the Fair Market Value of the Shares subject to the Option on the date of grant and the Fair Market Value of the Shares on the date of exercise of the Corresponding SAR.
- 7.2 <u>Duration of SARs</u>. The duration of an SAR shall be set forth in the Agreement as determined by the Committee. An SAR that is granted as a Corresponding SAR shall have the same duration as the Option to which it relates. An SAR shall terminate due to the Participant's termination of employment at the same time as the date specified in Article 6 with respect to Options, regardless of whether the SAR was granted in connection with the grant of an Option.
- 7.3 <u>Exercise of SAR</u>. An SAR may be exercised in whole at any time or in part from time to time and at such times and in compliance with such requirements as the Committee shall determine as set forth in the Agreement. An SAR granted under this Plan may be exercised with respect to any number of

whole shares less than the full number of shares for which the SAR could be exercised. A partial exercise of an SAR shall not affect the right to exercise the SAR from time to time in accordance with this Plan and the applicable Agreement with respect to the remaining shares subject to the SAR. The exercise of either an Option or Corresponding SAR shall result in the termination of the other to the extent of the number of Shares with respect to which the Option or its Corresponding SAR is exercised.

- 7.4 <u>Determination of Payment of Cash and/or Shares Upon Exercise of SAR</u>. At the Committee's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Shares, or a combination of cash and Shares. A fractional share shall not be deliverable upon the exercise of an SAR, but a cash payment shall be made in lieu thereof.
- 7.5 *Nontransferability.* Each SAR granted under the Plan shall be nontransferable except by will or by the laws of descent and distribution. During the lifetime of the Participant to whom the SAR is granted, the SAR may be exercised only by the Participant. No right or interest of a Participant in any SAR shall be liable for, or subject to any lien, obligation or liability of such Participant. A Corresponding SAR shall be subject to the same restrictions on transfer as the ISO to which it relates. Notwithstanding the foregoing, if the Agreement so provides, a Participant may transfer an SAR (other than a Corresponding SAR that relates to an Incentive Stock Option) under the same rules and conditions as are set forth in Section 6.7.
- 7.6 <u>Shareholder Rights</u>. No Participant shall have any rights as a shareholder with respect to Shares subject to an SAR until the issuance of Shares (if any) to the Participant pursuant to the exercise of such SAR.

#### ARTICLE 8. RESTRICTED STOCK; STOCK AWARDS; RESTRICTED STOCK UNITS

- 8.1 *Grants.* The Committee may from time to time in its discretion grant Restricted Stock, Restricted Stock Units, and Stock Awards to Participants and may determine the number of Shares of Restricted Stock, Restricted Stock Units, or Stock Awards to be granted. The Committee shall determine the terms and conditions of, and the amount of payment, if any, to be made by the Employee for such Shares or Restricted Stock. A grant of Restricted Stock may, in addition to other conditions, require the Participant to pay for such Shares of Restricted Stock, but the Committee may establish a price below Fair Market Value at which the Participant can purchase the Shares of Restricted Stock. Each grant of Restricted Stock shall be evidenced by an Agreement containing terms and conditions not inconsistent with the Plan as the Committee shall determine to be appropriate in its sole discretion.
- 8.2 <u>Restricted Period</u>; <u>Lapse of Restrictions</u>. At the time a grant of Restricted Stock is made, the Committee shall establish a period or periods of time (the "Restricted Period") applicable to such grant. Subject to the other provisions of this Article 8, at the end of the Restricted Period all restrictions shall lapse and the Restricted Stock shall vest in the Participant. At the time a grant is made, the Committee may, in its discretion, prescribe conditions for the incremental lapse of restrictions during the Restricted Period and for the lapse or termination of restrictions upon the occurrence of other conditions in addition to or other than the expiration of the Restricted Period with respect to all or any portion of the Restricted Stock. Such conditions may, but need not, include the following:
  - (a) The death, Disability or Retirement of the Employee to whom Restricted Stock is granted, or
  - (b) The occurrence of a Change in Control (as defined in Section 13.1).

Provided, that, subject to shortening the length of the Restriction Period upon the occurrence of such circumstances, all grants of Restricted Stock and Restricted Stock Units shall have a Restriction Period of not less than three (3) years (but graded vesting may be provided), provided further, that performance-based Restricted Stock and Restricted Stock Unit Awards shall be subject to a restriction period of not less than one (1) year.

The Committee may also, in its discretion, shorten or terminate the Restricted Period, or waive any conditions for the lapse or termination of restrictions with respect to all or any portion of the Restricted Stock at any time after the date the grant is made.

- 8.3 <u>Rights of Holder; Limitations Thereon</u>. Upon a grant of Restricted Stock, the number of Shares of Restricted Stock granted to the Participant shall be registered in the Participant's name and shall be evidenced by an account established in the Participant's name, a certificate held in custody by the Company or such other method as may be selected by the Committee. Following such action, the Participant shall have the rights and privileges of a shareholder as to such Restricted Stock, including the right to receive dividends, if and when declared by the Board of Directors, and to vote such Restricted Stock, except that the right to receive cash dividends shall be the right to receive such dividends either in cash currently or by payment in Restricted Stock, as the Committee shall determine, and except further that, the following restrictions shall apply:
  - (a) The Participant shall not be entitled to delivery of a certificate until the expiration or termination of the Restricted Period for the Shares represented by such certificate and the satisfaction of any and all other conditions prescribed by the Committee;
  - (b) None of the Shares of Restricted Stock may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period and until the satisfaction of any and all other conditions prescribed by the Committee; and
  - (c) All of the Shares of Restricted Stock that have not vested shall be forfeited and all rights of the Participant to such Shares of Restricted Stock shall terminate without further obligation on the part of the Company, unless the Participant has remained an employee of (or non-Employee Director of or active consultant providing services to) the Company or any of its Subsidiaries, until the expiration or termination of the Restricted Period and the satisfaction of any and all other conditions prescribed by the Committee applicable to such Shares of Restricted Stock. Upon the forfeiture of any Shares of Restricted Stock, such forfeited Shares shall be transferred to the Company without further action by the Participant and shall, in accordance with Section 4.1, again be available for grant under the Plan. If the Participant paid any amount for the Shares of Restricted Stock that are forfeited, the Company shall pay the Participant the lesser of the Fair Market Value of the Shares on the date they are forfeited or the amount paid by the Participant.

With respect to any Shares received as a result of adjustments under Section 4.3 hereof and any Shares received with respect to cash dividends declared on Restricted Stock, the Participant shall have the same rights and privileges, and be subject to the same restrictions, as are set forth in this Article 8.

8.4 <u>Delivery of Unrestricted Shares</u>. Upon the expiration or termination of the Restricted Period for any Shares of Restricted Stock and the satisfaction of any and all other conditions prescribed by the Committee, the restrictions applicable to such Shares of Restricted Stock shall lapse and a stock certificate for the number of Shares of Restricted Stock with respect to which the restrictions have lapsed shall be delivered, free of all such restrictions except any that may be imposed by law, a shareholders' agreement or any other agreement, to the holder of the Restricted Stock. The Company shall not be

required to deliver any fractional Share but will pay, in lieu thereof, the Fair Market Value (determined as of the date the restrictions lapse) of such fractional Share to the holder thereof. Concurrently with the delivery of a certificate for Restricted Stock, the holder shall be required to pay an amount necessary to satisfy any applicable federal, state and local tax requirements as set out in Article 16 below.

- 8.5 <u>Nonassignability of Restricted Stock</u>. Unless the Committee provides otherwise in the Agreement, no grant of, nor any right or interest of a Participant in or to, any Restricted Stock, or in any instrument evidencing any grant of Restricted Stock under the Plan, may be assigned, encumbered or transferred except, in the event of the death of a Participant, by will or the laws of descent and distribution.
- 8.6 <u>Restricted Stock Units (or RSUs)</u>. Awards of Restricted Stock Units may be made to Participants in accordance with the following terms and conditions:
  - (a) The Committee, in its discretion, shall determine and set forth in an Agreement the number of RSUs to grant to a Participant, the vesting period, and other terms and conditions of the award, including whether the award will be paid in cash, Shares or a combination of the two and the time when the award will be payable (*i.e.*, at vesting, termination of employment, upon a Change in Control, or another date).
  - (b) Unless the Agreement granting RSUs provides otherwise, RSUs shall not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated.
  - (c) A Participant to whom RSUs are awarded has no rights as a shareholder with respect to the Shares represented by the RSUs unless and until the Shares are actually delivered to the Participant, provided, however, RSUs may have dividend equivalent rights if provided for by the Committee.
  - (d) The Agreement granting RSUs shall set forth the terms and conditions that shall apply upon the termination of the Participant's employment with the Company (including a forfeiture of RSUs which have not vested upon Participant's ceasing to be employed) as the Committee may, in its discretion, determine at the time the Award is granted.
  - (e) Any grant of RSUs may specify performance objectives that, if achieved, may result in vesting or earlier vesting of all or a portion of the RSUs.

#### ARTICLE 9. PERFORMANCE SHARE AWARDS

- 9.1 *Award*. The Committee may designate Participants to whom Performance Share Awards will be granted from time to time for no consideration and specify the number of shares of Common Stock covered by the Award.
- 9.2 *Earning the Award*. A Performance Share Award, or portion thereof, will be earned, and the Participant will be entitled to receive Shares, a cash payment or a combination thereof, only upon the achievement by the Participant, the Company, or a Subsidiary of such Performance Measures as the Committee, in its discretion, shall prescribe on the date of grant.

The Performance Measures for purposes of Awards shall be chosen by the Committee from among the following:

(a) net operating income or growth in such net operating income;

- (b) operating earnings per share or growth in such operating earnings per share;
- (c) annual growth in consolidated total revenue, loans or deposits;
- (d) changes or increases in market share;
- (e) earnings before taxes or the growth in such earnings;
- (f) stock price or the growth in such price;
- (g) return on equity, tangible equity, and assets or the growth in such returns;
- (h) total shareholders' return or the growth in such return;
- (i) contribution to geographic expansion;
- (j) level of expenses or the reduction of expenses,
- (k) overhead ratios or changes in such ratios,
- (l) efficiency ratios or changes in such ratios;
- (m) loan quality or the changes in the level of loan quality or changes in the ratios of net charge-offs to loans or non-performing assets to assets;
- (n) customer satisfaction scores or changes in such scores; and/or,
- (o) economic value added or changes in such value added.

The Committee can establish other performance measures for awards granted to participants that are not Named Executive Officers, or for awards granted to Named Executive Officers that are not intended to qualify under the performance-based compensation provisions of Section 162(m) of the Code.

The Committee may in determining whether Performance Measures have been met adjust the Company's financial results to exclude the effect of unusual charges or income items or other events, including acquisitions or dispositions of businesses or assets, restructurings, reductions in force, currency fluctuations or changes in accounting, which are distortive of financial results (either on a segment or consolidated basis). In addition, the Committee will adjust its calculations to exclude the effect on financial results of changes in the Code or other tax laws, or the regulations relating thereto.

- 9.3 *Payment*. In the discretion of the Committee, the amount payable when a Performance Share Award is earned may be settled in cash, by the grant of Shares or a combination of cash and Shares. The aggregate Fair Market Value of the Shares received by the Participant pursuant to a Performance Share Award, together with any cash paid to the Participant, shall be equal to the aggregate Fair Market Value, on the date the Performance Shares are earned, of the number of Shares equal to each Performance Share earned. A fractional Share will not be deliverable when a Performance Share Award is earned, but a cash payment will be made in lieu thereof.
- 9.4 <u>Shareholder Rights</u>. No Participant shall have, as a result of receiving a Performance Share Award, any rights as a shareholder until and to the extent that the Performance Shares are earned

and Shares are transferred to such Participant. If the Agreement so provides, a Participant may receive a cash payment equal to the dividends that would have been payable with respect to the number of Shares covered by the Award between (a) the date that the Performance Shares are awarded and (b) the date that a transfer of Shares to the Participant, cash settlement, or combination thereof is made pursuant to the Performance Share Award. A Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of a Performance Share Award or the right to receive Shares thereunder other than by will or the laws of descent and distribution. After a Performance Share Award is earned and paid in Shares, a Participant will have all the rights of a shareholder with respect to the Shares so awarded; provided that the restrictions of Section 19.4 or any shareholders' agreement or other agreement shall, if applicable, continue to apply.

#### ARTICLE 10. BENEFICIARY DESIGNATION

To the extent applicable, each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company and shall be effective only when filed by the Participant, in writing, with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate. If required, the spouse of a married Participant domiciled in a community property jurisdiction shall join in any designation of a beneficiary or beneficiaries other than the spouse.

#### ARTICLE 11. DEFERRALS

The Committee may permit a Participant to defer to another plan or program such Participant's receipt of Shares or cash that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the vesting of Restricted Stock or RSUs, or the earning of a Performance Share Award. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals.

#### **ARTICLE 12. RIGHTS OF EMPLOYEES**

- 12.1 *Employment*. Nothing in the Plan shall interfere with or limit in any way the right of the Company or a Subsidiary to terminate any Participant's employment by, or performance of services for, the Company at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or a Subsidiary. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Subsidiaries (or between Subsidiaries) shall not be deemed a termination of employment.
- 12.2 *Participation*. No Employee shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

#### **ARTICLE 13. CHANGE IN CONTROL**

- 13.1 **Definition**. For purposes of the Plan, a "Change in Control" means any of the following events:
- (a) The acquisition (other than from the Company) by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; provided, however, that for purposes of this Section 13.1,

Person shall not include any person who on the Effective Date owns ten percent (10%) or more of the Company's outstanding securities, and a Change in Control shall not be deemed to occur solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one (1) or more employee benefit plans maintained by the Company or any of its subsidiaries, or (ii) any corporation, which, immediately prior to such acquisition, is owned directly or indirectly by the shareholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

- (b) Consummation by the Company of (1) a merger or consolidation involving the Company if the shareholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation, or (2) a complete liquidation or dissolution of the Company or consummation of the sale or other disposition of all or substantially all of the assets of the Company.
- (c) A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 13.1 that any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, including any successor to such Rule), or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, shall not be so considered as a member of the Incumbent Board.
- 13.2 *Limitation on Awards*. Notwithstanding any other provisions of the Plan and unless provided otherwise in the Agreement, if the right to receive or benefit from any Award under this Plan, either alone or together with payments that a Participant has the right to receive from the Company or a Subsidiary, would constitute a "parachute payment" (as defined in Section 280G of the Code), all such payments shall be reduced to the largest amount that will result in no portion being subject to the excise tax imposed by Section 4999 of the Code.

#### ARTICLE 14. AMENDMENT, MODIFICATION AND TERMINATION

14.1 <u>Amendment, Modification and Termination</u>. The Board may, at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, that, unless approved by the holders of a majority of the total number of Shares of the Company represented and voted at a meeting at which a quorum is present, no amendment shall be made to the Plan if such amendment would amend the Plan in any manner which the Board determines can become effective only if approved by the shareholders.

- 14.2 *Awards Previously Granted*. No termination, amendment or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award. The Committee shall (subject to Section 3.2), with the written consent of the Participant holding such Award, have the authority to cancel Awards outstanding and grant replacement Awards therefor.
- 14.3 <u>Compliance With Code Section 162(m)</u>. At all times when the Committee determines that compliance with Code Section 162(m) is required or desired, all Awards granted under this Plan to Named Executive Officers shall comply with the requirements of Code Section 162(m). In addition, in the event that changes are made to Code Section 162(m) to permit greater flexibility with respect to any Award or Awards under the Plan, the Committee may, subject to this Article 14, make any adjustments it deem appropriate.

#### ARTICLE 15. CANCELLATION AND RESCISSION OF AWARDS

The Committee may provide in the Award Agreement that if, at any time during the period that any Award is or may yet become exercisable in whole or in part, or at any time within six (6) months prior to, or after, the termination of employment with the Company, a Participant engages in any "Detrimental Activity" (as defined below), the Committee may, notwithstanding any other provision in this Plan to the contrary, cancel, rescind, suspend, withhold or otherwise restrict or limit any unexpired, unpaid or deferred Award as of the first date the Participant engages in the Detrimental Activity, unless sooner terminated by operation of another term of this Plan or any other agreement. Without limiting the generality of the foregoing, the Agreement may provide that the Participant shall also pay to the Company any gain realized by the Participant from exercising all or any portion of the Awards hereunder during a period beginning six (6) months prior to, or after, the date on which the Participant enters into such activity.

For purposes of this Agreement, "Detrimental Activity" shall include any of the following: (i) engaging in any commercial activity in competition with any part of the business of the Company; (ii) diverting or attempting to divert from the Company business of any kind, including, without limitation, interference with any business relationship with suppliers, customers, licensees, licensors or contractors; (iii) making, or causing or attempting to cause any other person to make, any statement, either written or oral, or conveying any information about the Company which is disparaging or which in any way reflects negatively upon the Company; (iv) engaging in any other activity that is inimical, contrary or harmful to the interests of the Company, including influencing or advising any person who is employed by or in the service of the Company to leave such employment or service to compete with the Company to employ or to otherwise engage the services of any person who is employed by the Company or in the service of the Company, or improperly disclosing or otherwise misusing any confidential information regarding the Company; or (v) the refusal or failure of a Participant to provide, upon the request of the Company, a certification, in a form satisfactory to the Company, that he or she is in full compliance with the terms and conditions of the Plan; provided, that the Committee may provide in the Agreement that only certain of the restrictions provided above apply for purposes of the Award Agreement.

Should any provision to this Article 15 be held to be invalid or illegal, such illegality shall not invalidate the whole of this Article 15, but, rather, the Plan shall be construed as if it did not contain the illegal part or narrowed to permit its enforcement, and the rights and obligations of the parties shall be construed and enforced accordingly.

#### ARTICLE 16. WITHHOLDING

16.1 *Tax Withholding.* The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state and local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any taxable event arising in connection with an Award under this Plan.

16.2 <u>Share Withholding</u>. With respect to withholding required upon the exercise of Options, or upon any other taxable event arising as a result of Awards granted hereunder which are to be paid in the form of Shares, Participants may elect, subject to the Committee providing for such right in the Agreement, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All elections shall be irrevocable, made in writing, signed by the Participant, and elections by Insiders shall additionally comply with all legal requirements applicable to Share transactions by such Participants.

#### **ARTICLE 17. INDEMNIFICATION**

Each person who is or shall have been a member of the Committee, or the Board, shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall be in addition to any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

#### **ARTICLE 18. SUCCESSORS**

All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company.

#### ARTICLE 19. LEGAL CONSTRUCTION

- 19.1 *Gender and Number.* Except where otherwise indicated by the context, any masculine term used herein shall also include the feminine; the plural shall include the singular and the singular shall include the plural.
- 19.2 <u>Severability</u>. If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.
- 19.3 **Requirements of Law.** The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

19.4 <u>Regulatory Approvals and Listing</u>. The Company shall not be required to issue any certificate or certificates for Shares under the Plan prior to (i) obtaining any approval from any governmental agency which the Company shall, in its discretion, determine to be necessary or advisable, (ii) the admission of such shares to listing on any national securities exchange or NASDAQ on which the Company's Shares may be listed, and (iii) the completion of any registration or other qualification of such Shares under any state or federal law or ruling or regulation of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

To the extent applicable, if required by the then-current Section 16 of the Exchange Act, any "derivative security" or "equity security" offered pursuant to the Plan to any Insider may not be sold or transferred for at least six (6) months after the date of grant of such Award. The terms "equity security" and "derivative security" shall have the meanings ascribed to them in the then-current Rule 16(a) under the Exchange Act.

- 19.5 <u>Securities Law Compliance</u>. To the extent applicable, with respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provisions of the Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.
- 19.6 *Governing Law.* To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Georgia.

AS APPROVED BY THE BOARD OF DIRECTORS OF UNITED COMMUNITY BANKS, INC. ON MARCH 15, 2007.

# UNITED COMMUNITY BANKS, INC. AMENDED AND RESTATED 2000 KEY EMPLOYEE STOCK OPTION PLAN

# STOCK OPTION AGREEMENT (Incentive Stock Option — Executive Officer)

Optionee:	
Number of Shares:	Shares
Option Exercise Price:	\$ per Share
Date of Grant:	
Vesting Schedule:	Per attached Optionee Statement referred to herein as " <i>Exhibit B</i> "
Territory:	
THIS OPTION AGREEMENT (the "Agreement") is entered into as of the day of COMMUNITY BANKS, INC., a Georgia corporation (the "Company"), and the individual designated	above (the " <i>Optionee</i> ").
<b>WHEREAS,</b> the United Community Banks, Inc. Amended and Restated 2000 Key Employee Stock Company, effective March 15, 2007;	Option Plan (the "Plan") was adopted by the
WHEREAS, the Optionee performs valuable services for the Company, a Subsidiary or one of their	affiliates; and
<b>WHEREAS,</b> the Board of Directors of the Company or the committee responsible for the administrathe Optionee as provided herein;	tion of the Plan has determined to grant the Option to
<b>NOW, THEREFORE,</b> for good and valuable consideration, the receipt and sufficiency of which is hollows:	nereby acknowledged, the parties hereto agree as
1. Grant of the Option.	
<b>1.1</b> <u>Option.</u> An option to purchase shares of the Company's Common Stock, par value \$1.00 per share (the " <i>Option</i> ").	e (the "Shares"), is hereby granted to the Optionee
<b>1.2</b> Number of Shares. The number of Shares that the Optionee can purchase upon exercise of the Op	tion is set forth above.
<b>1.3</b> Option Exercise Price. The price the Optionee must pay to exercise the Option (the "Option Exer	rcise Price") is set forth above.

- **1.4** Date of Grant. The date that the Option is granted (the "Date of Grant") is set forth above.
- **1.5** Type of Option. The Option is intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code; provided, however, that nothing in this Agreement shall be interpreted as a representation, guarantee or other undertaking on the part of the Company that the Option is or will be determined to be an Incentive Stock Option within the meaning of Section 422 of the Code. To the extent this Option is not treated as an Incentive Stock Option, it will be treated as a Nonqualified Stock Option.
- **1.6** <u>Construction</u>. This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.
- **1.7** Execution of Agreement. The Option is evidenced by this Agreement. If the Optionee does not execute this Agreement within thirty (30) days of receiving the Agreement, the Committee may in its discretion cancel the Option and this Agreement.

#### 2. Duration.

The Option shall be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Date of Grant (the "*Exercise Term*"); provided, however, that the Exercise Term may end earlier as provided in Sections 5 and 13 hereof.

#### 3. Vesting.

The Option shall vest and become exercisable in accordance with the vesting schedule specified in <u>Exhibit B</u>. The Optionee may exercise the Option to the extent it is vested during the Exercise Term, subject to any limitations on exercise contained in Section 7 hereof.

#### 4. Manner of Exercise and Payment.

**4.1** <u>Delivery</u>. To exercise the Option, the Optionee must deliver a completed copy of the Option Exercise Form, attached hereto as <u>Exhibit A</u> and incorporated herein by reference, to the address indicated on such Form or such other address designated by the Company from time to time. The Committee may establish a minimum number of Shares (e.g., 100) for which the Option may be exercised at a particular time. Contemporaneously with the delivery of the Option Exercise Form, the Optionee shall tender to the Company the aggregate Option Exercise Price for the Shares as to which the Optionee is exercising the Option by (i) cash, check, or wire transfer, (ii) delivering or properly attesting to ownership of Shares with a Fair Market Value at the date of exercise equal to the aggregate Option Exercise Price for the Shares

as to which the Optionee is exercising the Option, (iii) a broker-assisted cashless exercise transaction through a brokerage firm designated by the Optionee, or (iv) or by such other method of payment as may be acceptable to the Committee pursuant to the Plan. The Company shall deliver to the Optionee certificates evidencing the Shares as to which the Option was exercised within thirty (30) days of the date on which the Optionee delivers the Option Exercise Form and makes payment of the aggregate Option Exercise Price to the Company or shall make such Shares available for electronic delivery in the U.S. to an account the Optionee designates in writing within three (3) business days after the date on which the Optionee delivers the Option Exercise Form and makes payment of the aggregate Option Exercise Price to the Company, and in either case such Shares shall be free and clear of all liens, security interests, pledges or other claims or charges, except those provided in this Agreement or the Plan, or any other agreement affecting the Shares. Notwithstanding the foregoing, if the Optionee is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, the Optionee may not exercise any Option prior to the date that is six (6) months after the Date of Grant unless the Optionee's employment has terminated due to death, Disability, or Retirement after the Date of Grant.

**4.2** No Rights as Shareholder. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to any Shares subject to the Option until (i) the Option shall have been exercised pursuant to the terms of this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised, (ii) the Company shall have issued and delivered the Shares to the Optionee, and (iii) the Optionee's name shall have been entered as a shareholder of record on the books of the Company, whereupon the Optionee shall have full voting and other ownership rights with respect to such Shares, subject to divestment pursuant to Section 13.

#### 5. <u>Termination of Employment.</u>

- **5.1** <u>Termination of Employment for Cause</u>. If the Optionee's employment is terminated by the Company for Cause, the outstanding Option shall expire immediately, and the Optionee's right to exercise the outstanding Option (whether vested or not vested) shall terminate immediately upon the date of the Optionee's termination of employment.
  - 5.2 Termination of Employment Without Cause or For Good Reason.
- (1) If the Optionee's employment with the Company and any Subsidiary is terminated involuntarily by the Company without Cause or is terminated by the Optionee for Good Reason (as defined in subsection (2) below), the Option shall continue to vest in accordance with the original vesting schedule set forth in this Agreement (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the expiration of the term of the Option. In the event of the Optionee's death after a termination covered by this subsection 5.2, the Option shall continue to vest and be exercisable in accordance with this subsection 5.2 as if the Optionee had lived and the Option shall be exercisable by the persons described in Section 5.4.
- (2) For purposes of this Option, the Optionee shall be entitled to terminate his employment with the Company for Good Reason in the event, without the Optionee's express

written consent, of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraphs (i), (iii), or (iv) below, such act or failure to act is corrected prior to the Optionee's date of termination:

- (i) a material reduction in the Optionee's responsibilities at the Company; or
- (ii) the required relocation of the Optionee's employment to a location outside of the market area of the Company; or
- (iii) a material reduction in the levels of coverage of the Optionee under the Company's director and officer liability insurance policy or indemnification commitments; or
- (iv) a substantial reduction in the Optionee's base salary, a material reduction in his incentive compensation or the taking of any action by the Company which would, directly or indirectly, materially reduce any of the benefits provided to the Optionee under any of the Company's pension, 401(k) deferred compensation, life insurance, medical, accident or disability plans in which the Optionee is participating.

The Optionee's right to terminate employment for Good Reason shall not be affected by the Optionee's incapacity due to physical or mental illness, except for a Disability as defined in the Plan. The Optionee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- **5.3** <u>Termination of Employment Due to Retirement from the Company</u>. If the Optionee's employment with the Company is terminated upon the Retirement of the Optionee, the outstanding unvested portion of the Option shall continue to vest in accordance with the vesting schedule set forth in this Agreement (just as if the Optionee had remained employed) and the Option (whether vested or not vested as of the date of termination) shall remain exercisable at any time prior to the expiration of the term of the Option.
- **5.4** <u>Termination of Employment Due to Death.</u> If the Optionee dies while actively employed by the Company, the outstanding unvested portion of the Option shall immediately vest, and thereafter the Option shall remain exercisable at any time prior to its expiration date or for one (1) year after the date of death, whichever period is shorter, (i) by such person(s) who have acquired the Optionee's rights by will or the laws of descent and distribution, or (ii) if no such person in (i) exists, by the executor or representative of the Optionee's estate.
- **5.5** <u>Termination of Employment by Disability</u>. In the event the employment of the Optionee is terminated by reason of Disability, the outstanding unvested portion of the Option shall expire as of the date the Committee determines the definition of Disability to have been satisfied by the Optionee, and the outstanding vested portion of the Option as of that date shall remain exercisable at any time prior to its expiration date, or for one (1) year after the Committee's determination of Disability, whichever period is shorter.
- **5.6** <u>Voluntary Termination of Employment</u>. If the Optionee voluntarily terminates his or her employment with the Company (except for Good Reason or upon Retirement), the outstanding unvested portion of the Option shall expire as of the date of

termination of employment, and the vested portion of the Option as of the date of termination of employment shall remain exercisable at any time prior to its expiration date or for three (3) months after the date of termination of employment, whichever period is shorter.

**5.7** Employment by Subsidiary. For purposes of this Section and Sections 8 and 13, employment with the Company includes employment with any Subsidiary or service as a member of the Board of Directors of the Company or a Subsidiary. A change of employment between the Company and any Subsidiary or between Subsidiaries or a change in the nature of the Optionee's service relationship with the Company and the Subsidiaries (e.g., from employee to Director) without any interruption in the Optionee's provision of services is not a termination of employment under this Agreement.

#### 6. Nontransferability.

The Option shall not be transferable other than by will or by the laws of descent and distribution and during the lifetime of the Optionee. The Option shall be exercisable only by the Optionee except as provided in Section 5.4.

#### 7. Securities Laws Restrictions.

The Option may not be exercised at any time unless, in the opinion of counsel for the Company, the issuance and sale of the Shares issued upon such exercise is exempt from registration under the Securities Act of 1933, as amended, or any other applicable federal or state securities law, rule or regulation, or the Shares have been duly registered under such laws. The Company intends to register the Shares issuable upon the exercise of the Option; however, until the Shares have been registered under all applicable laws, the Optionee shall represent, warrant and agree, as a condition to the exercise of any Option, that the Shares are being purchased for investment only and without a view to any sale or distribution of such Shares and that such Shares shall not be transferred or disposed of in any manner without registration under such laws, unless it is the opinion of counsel for the Company that such a disposition is exempt from such registration. The Optionee acknowledges that an appropriate legend giving notice of the foregoing restrictions may appear conspicuously on all certificates evidencing the Shares issued upon the exercise of the Option.

#### 8. No Right to Continued Employment.

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Optionee any right with respect to continuance of employment by the Company or any Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate the Optionee's employment at any time.

#### 9. Adjustments.

In the event of a change in capitalization, the Committee shall make appropriate adjustments in accordance with the provisions of Section 4.3 of the Plan. The adjustment shall be effective and final, binding and conclusive for all purposes of the Plan and this Agreement.

#### 10. Withholding of Taxes.

10.1 Prior to the issuance of Shares to the Optionee upon exercise of the Option, the Optionee shall pay the federal, state, and local income taxes and other amounts as may be required by law to be withheld (the "Withholding Taxes") (if any) to the Company in cash or by check or wire transfer. In satisfaction of the Withholding Taxes, the Optionee may make a written election (the "Tax Election") to satisfy such withholding obligation by a broker-assisted cashless exercise transaction through a brokerage firm designated by the Optionee, by delivering Shares (that have been owned by the Optionee for at least six (6) months or such other period as may be required by the Committee) or by having the Company retain from the Shares to be delivered a number of Shares having an aggregate Fair Market Value equal to the Withholding Taxes, provided that, if the Optionee may be subject to liability under Section 16(b) of the Exchange Act, the election must comply with the requirements applicable to Share transactions by the Optionee. The Company shall have the right to deduct from any amounts payable to the Optionee for salary, bonuses or otherwise an amount equal to Withholding Taxes with respect to the Option.

**10.2** If the Optionee makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any Share or Shares issued to him pursuant to his exercise of the Option within the two-year period commencing on the day after the Date of Grant or within the one-year period commencing on the day after the date of transfer of such Share or Shares to the Optionee pursuant to such exercise, the Optionee shall, within ten (10) days of such disposition, notify the Company thereof, by delivery of written notice to the Company at its principal executive office, and immediately deliver to the Company the amount of Withholding Taxes.

#### 11. Optionee Bound by the Plan.

The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

#### 12. Modification of Agreement.

Except as expressly otherwise provided herein, this Agreement may not be modified, amended, suspended or terminated, and any terms or conditions may not be waived, except by a written instrument executed by the parties hereto.

#### 13. Cancellation and Rescission of Awards; Return of Profits.

13.1 If, during his employment with the Company or at any time during the one (1) year after the Date of Termination, the Optionee violates the restrictive covenants set forth in Section 13.2 below, then the Committee shall, notwithstanding any other provision in this Agreement to the contrary, (i) cancel any outstanding portion of the Option (whether or not vested), and (ii) repurchase any Shares issued to the Optionee pursuant to exercise of the Option during the period six (6) months prior to and one (1) year after the Date of Termination at a per Share repurchase price equal to the Option Exercise Price, and require the Optionee to pay to the Company any gain realized by Optionee from the sale of Shares issued to the Optionee pursuant to exercise of the Option during such period.

- **13.2** The Optionee will not directly or indirectly, individually, or on behalf of any Person other than the Company or a Subsidiary:
  - (i) solicit any Customers for the purpose of providing services identical to or reasonably substitutable for the Company's Business;
- (ii) solicit or induce, or in any manner attempt to solicit or induce, any Person employed by the Company to leave such employment, whether or not such employment is pursuant to a written contract with the Company or any Subsidiary or is at will;
- (iii) engage in the Company's Business within the Territory or accept employment or engagement within the Territory as a director, officer, executive, manager, or business consultant for any Person engaging in the Company's Business; or
- (iv) knowingly or intentionally damage or destroy the goodwill and esteem of the Company, any Subsidiary, the Company's Business or the Company's or any Subsidiary's suppliers, employees, patrons, customers, and others who may at any time have or have had relations with the Company or any Subsidiary.

The Optionee further agrees that he or she will not, except as necessary to carry out his duties as an employee of the Company, disclose or use Confidential Information. The Optionee further agrees that, upon termination or expiration of employment with the Company for any reason whatsoever or at any time, the Optionee will upon request by the Company deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Optionee's possession or control, relating in any way to the Company's Business, which at all times shall be the property of the Company.

- **13.3** For purposes of this Section 13, the following terms shall have the meanings specified below:
- (i) "Company's Business" means the business of operating a commercial or retail bank, savings association, mutual thrift, credit union, trust, or other business or financial services organization or entity.
- (ii) "Confidential Information" means information, without regard to form, relating to the Company's or any Subsidiary's customers, operation, finances, and business that derives economic value, actual or potential, from not being generally known to other Persons, including, but not limited to, technical or non-technical data (including personnel data), formulas, patterns, compilations (including compilations of customer information), programs, devices, methods, techniques, processes, financial data or lists of actual or potential customers (including identifying information about customers), whether or not in writing. Confidential Information includes information disclosed to the Company or any Subsidiary by third parties that the Company or any Subsidiary is obligated to maintain as confidential. Confidential Information subject to this Agreement may include information that is not a trade secret under applicable law, but information not constituting a trade secret only shall be treated as Confidential Information under this Agreement for a two (2) year period after the Date of Termination.

- (iii) "Customers" means all Persons that (1) the Optionee serviced or solicited on behalf of the Company or any Subsidiary, (2) whose dealings with the Company or any Subsidiary were coordinated or supervised, in whole or in part, by the Optionee, or (3) about whom the Optionee obtained Confidential Information, in each case during the term of this Agreement or while otherwise employed by the Company.
  - (iv) "Date of Termination" means the date upon which the Optionee's employment with the Company ceases for any reason.
- (v) "Person" means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

#### 14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

#### 15. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the United States and the laws of the State of Georgia without giving effect to the conflicts of laws principles thereof.

#### 16. Successors in Interest.

This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. This Agreement shall inure to the benefit of the Optionee's heirs and legal representatives. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Optionee's heirs, executors, administrators and successors.

#### 17. Entire Agreement.

This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto.

### 18. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement and the Plan shall be determined by the Committee. Any determination made by the Committee shall be final, binding and conclusive on the Optionee and the Company and their successors, assigns, heirs, executors, administrators and legal representatives for all purposes.

#### 19. Legal Construction.

The legal construction and interpretation of this Agreement (including, but not limited to, issues of gender, plural or singular, governing law and severability) shall be governed by the provisions of Article 19 of the Plan.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

#### UNITED COMMUNITY BANKS, INC.

By: <u>/s/</u>		
Name:		
Title:		

By signing below, the Optionee hereby accepts the Option subject to all its terms and provisions and agrees to be bound by the terms and provisions of this Agreement and the Plan. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of the Company, or the Compensation Committee or other Committee responsible for the administration of the Plan, upon any questions arising under the Plan. The Optionee authorizes the Company to withhold, in accordance with applicable law, from any compensation payable to him or her, any taxes required to be withheld by federal, state, local or foreign law as a result of the grant, existence or exercise of the Option, or subsequent sale of the Shares.

OPTIONEE	
By: /s/	
Name:	

[EXHIBITS FOLLOW]

# EXHIBIT A

# **OPTION EXERCISE FORM**

I,, do hereby exercise the Option with a Date of therewith. The number of Shares being purchased, the Exercise			
Number of Shares:		_ Shares	
Option Exercise Price Per Share	x \$	_ per Share	
Total Option Exercise Price:	= \$	<u> </u>	
The Total Option Exercise Price is included with this Form.			
Date:			Signature
Send or deliver this Form with an original signature to			
United Community Banks, Inc. P.O. Box 398, 59 Highway 515 Blairsville, GA 30512 Attn:			

# UNITED COMMUNITY BANKS, INC. AMENDED AND RESTATED 2000 KEY EMPLOYEE STOCK OPTION PLAN

# STOCK OPTION AGREEMENT (Nonqualified Stock Option — Executive Officer)

Optionee:	
Number of Shares:	Shares
Option Exercise Price:	\$ per Share
Date of Grant:	
Vesting Schedule:	Per attached Optionee Statement referred to herein as " <i>Exhibit B</i> "
Territory:	
THIS OPTION AGREEMENT (the "Agreement") is entered into as of the day of COMMUNITY BANKS, INC., a Georgia corporation (the "Company"), and the individual designated a	
<b>WHEREAS,</b> the United Community Banks, Inc. Amended and Restated 2000 Key Employee Stock Company, effective March 15, 2007;	Option Plan (the " <i>Plan</i> ") was adopted by the
WHEREAS, the Optionee performs valuable services for the Company, a Subsidiary or one of their a	ffiliates; and
<b>WHEREAS,</b> the Board of Directors of the Company or the committee responsible for the administrat the Optionee as provided herein;	ion of the Plan has determined to grant the Option to
<b>NOW, THEREFORE,</b> for good and valuable consideration, the receipt and sufficiency of which is he follows:	ereby acknowledged, the parties hereto agree as
1. Grant of the Option.	
<b>1.1</b> Option. An option to purchase shares of the Company's Common Stock, par value \$1.00 per share (the " <i>Option</i> ").	(the "Shares"), is hereby granted to the Optionee
<b>1.2</b> <u>Number of Shares</u> . The number of Shares that the Optionee can purchase upon exercise of the Opt	ion is set forth above.

- **1.3** Option Exercise Price. The price the Optionee must pay to exercise the Option (the "Option Exercise Price") is set forth above.
- **1.4** Date of Grant. The date that the Option is granted (the "Date of Grant") is set forth above.
- **1.5** <u>Type of Option</u>. The Option is intended to be a Nonqualified Stock Option. It is not intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended from time to time, or any successor provision thereto.
- **1.6** <u>Construction</u>. This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.
- **1.7** Execution of Agreement. The Option is evidenced by this Agreement. If the Optionee does not execute this Agreement within thirty (30) days of receiving the Agreement, the Committee may in its discretion cancel the Option and this Agreement.

#### 2. Duration.

The Option shall be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Date of Grant (the "Exercise Term"); provided, however, that the Exercise Term may end earlier as provided in Sections 5 and 13 hereof.

#### 3. Vesting.

The Option shall vest and become exercisable in accordance with the vesting schedule specified in <u>Exhibit B</u>. The Optionee may exercise the Option to the extent it is vested during the Exercise Term, subject to any limitations on exercise contained in Section 7 hereof.

#### 4. Manner of Exercise and Payment.

**4.1** <u>Delivery.</u> To exercise the Option, the Optionee must deliver a completed copy of the Option Exercise Form, attached hereto as Exhibit A and incorporated herein by reference, to the address indicated on such Form or such other address designated by the Company from time to time. The Committee may establish a minimum number of Shares (e.g., 100) for which the Option may be exercised at a particular time. Contemporaneously with the delivery of the Option Exercise Form, the Optionee shall tender to the Company the aggregate Option Exercise Price for the Shares as to which the Optionee is exercising the Option by (i) cash, check, or wire transfer, (ii) delivering or properly attesting to ownership of Shares with a Fair Market Value at the date of exercise equal to the aggregate Option Exercise Price for the Shares as to which the Optionee is exercising the Option, (iii) a broker-assisted cashless exercise transaction through a brokerage firm designated by the Optionee, or (iv) or by such other method of payment as may be acceptable to the Committee pursuant to the Plan. The Company shall deliver to the Optionee certificates evidencing the Shares, as to which the Option was exercised within thirty (30) days

of the date on which the Optionee delivers the Option Exercise Form and makes payment of the aggregate Option Exercise Price to the Company or shall make such Shares available for electronic delivery in the U.S. to an account the Optionee designates in writing within three (3) business days after the date on which the Optionee delivers the Option Exercise Form and makes payment of the aggregate Option Exercise Price to the Company, and in either case such Shares shall be free and clear of all liens, security interests, pledges or other claims or charges, except those provided in this Agreement or the Plan, or any other agreement affecting the Shares. Notwithstanding the foregoing, if the Optionee is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, the Optionee may not exercise any Option prior to the date that is six (6) months after the Date of Grant unless the Optionee's employment has terminated due to death, Disability, or Retirement after the Date of Grant.

**4.2** No Rights as Shareholder. The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to any Shares subject to the Option until (i) the Option shall have been exercised pursuant to the terms of this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised, (ii) the Company shall have issued and delivered the Shares to the Optionee, and (iii) the Optionee's name shall have been entered as a shareholder of record on the books of the Company, whereupon the Optionee shall have full voting and other ownership rights with respect to such Shares, subject to divestment pursuant to Section 13.

#### 5. <u>Termination of Employment.</u>

- **5.1** <u>Termination of Employment for Cause</u>. If the Optionee's employment is terminated by the Company for Cause, the outstanding Option shall expire immediately, and the Optionee's right to exercise the outstanding Option (whether or not vested) shall terminate immediately upon the date of the Optionee's termination of employment.
  - 5.2 Termination of Employment Without Cause or For Good Reason.
- (1) If the Optionee's employment with the Company and any Subsidiary is terminated involuntarily by the Company without Cause or is terminated by the Optionee for Good Reason (as defined in subsection (2) below), the Option shall continue to vest in accordance with the original vesting schedule set forth in this Agreement (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the expiration of the term of the Option. In the event of the Optionee's death after a termination covered by this subsection 5.2, the Option shall continue to vest and be exercisable in accordance with this subsection 5.2 as if the Optionee had lived and the Option shall be exercisable by the persons described in Section 5.4.
- (2) For purposes of this Option, the Optionee shall be entitled to terminate his employment with the Company for Good Reason in the event, without the Optionee's express written consent, of any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraphs (i), (iii), or (iv) below, such act or failure to act is corrected prior to the Optionee's date of termination:

- (i) a material reduction in the Optionee's responsibilities at the Company; or
- (ii) the required relocation of the Optionee's employment to a location outside of the market area of the Company; or
- (iii) a material reduction in the levels of coverage of the Optionee under the Company's director and officer liability insurance policy or indemnification commitments; or
- (iv) a substantial reduction in the Optionee's base salary, a material reduction in his incentive compensation or the taking of any action by the Company which would, directly or indirectly, materially reduce any of the benefits provided to the Optionee under any of the Company's pension, 401(k), deferred compensation, life insurance, medical, accident or disability plans in which the Optionee is participating.

The Optionee's right to terminate employment for Good Reason shall not be affected by the Optionee's incapacity due to physical or mental illness, except for a Disability as defined in the Plan. The Optionee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- **5.3** <u>Termination of Employment Due to Retirement from the Company</u>. If the Optionee's employment with the Company is terminated upon the Retirement of the Optionee, the outstanding unvested portion of the Option shall continue to vest in accordance with the vesting schedule set forth in this Agreement (just as if the Optionee had remained employed) and the Option (whether vested or not vested as of the date of termination) shall remain exercisable at any time prior to the expiration of the term of the Option.
- **5.4** <u>Termination of Employment Due to Death</u>. If the Optionee dies while actively employed by the Company, the outstanding unvested portion of the Option shall immediately vest, and thereafter the Option shall remain exercisable at any time prior to its expiration date or for one (1) year after the date of death, whichever period is shorter, (i) by such person(s) who have acquired the Optionee's rights by will or the laws of descent and distribution, or (ii) if no such person in (i) exists, by the executor or representative of the Optionee's estate.
- **5.5** <u>Termination of Employment by Disability</u>. In the event the employment of the Optionee is terminated by reason of Disability, the outstanding unvested portion of the Option shall expire as of the date the Committee determines the definition of Disability to have been satisfied by the Optionee, and the outstanding vested portion of the Option as of that date shall remain exercisable at any time prior to its expiration date or for one (1) year after the Committee's determination of Disability, whichever period is shorter.
- **5.6** <u>Voluntary Termination of Employment</u>. If the Optionee voluntarily terminates his or her employment with the Company (except for Good Reason or upon Retirement), the outstanding unvested portion of the Option shall expire as of the date of termination of

employment, and the vested portion of the Option as of the date of termination of employment shall remain exercisable at any time prior to its expiration date or for three (3) months after the date of termination of employment, whichever period is shorter.

**5.7** Employment by Subsidiary. For purposes of this Section and Sections 8 and 13, employment with the Company includes employment with any Subsidiary or service as a member of the Board of Directors of the Company or a Subsidiary. A change of employment between the Company and any Subsidiary or between Subsidiaries or a change in the nature of the Optionee's service relationship with the Company and the Subsidiaries (e.g., from employee to Director) without any interruption in the Optionee's provision of services is not a termination of employment under this Agreement.

#### 6. Nontransferability.

The Option shall not be transferable other than by will or by the laws of descent and distribution and during the lifetime of the Optionee. The Option shall be exercisable only by the Optionee except as provided in Section 5.4. Notwithstanding the foregoing, any portion or all of the Option which is vested may be transferred, in whole or in part, without consideration, to a Permitted Transferee. Appropriate evidence of any such transfer to the Permitted Transferees shall be delivered to the Company on such forms as the Committee or Company shall prescribe and shall comply with and indicate the Optionee's (if during the lifetime of the Optionee) and the Permitted Transferee's agreement to abide by the Company's then current stock option transfer guidelines. If all or part of the Option is transferred to a Permitted Transferee, the Permitted Transferee shall remain subject to all terms and conditions applicable to such Option prior to the transfer.

#### 7. Securities Laws Restrictions.

The Option may not be exercised at any time unless, in the opinion of counsel for the Company, the issuance and sale of the Shares issued upon such exercise is exempt from registration under the Securities Act of 1933, as amended, or any other applicable federal or state securities law, rule or regulation, or the Shares have been duly registered under such laws. The Company intends to register the Shares issuable upon the exercise of the Option; however, until the Shares have been registered under all applicable laws, the Optionee shall represent, warrant and agree, as a condition to the exercise of any Option, that the Shares are being purchased for investment only and without a view to any sale or distribution of such Shares and that such Shares shall not be transferred or disposed of in any manner without registration under such laws, unless it is the opinion of counsel for the Company that such a disposition is exempt from such registration. The Optionee acknowledges that an appropriate legend giving notice of the foregoing restrictions may appear conspicuously on all certificates evidencing the Shares issued upon the exercise of the Option.

#### 8. No Right to Continued Employment.

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Optionee any right with respect to continuance of employment by the Company or any Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate the Optionee's employment at any time.

#### 9. Adjustments.

In the event of a change in capitalization, the Committee shall make appropriate adjustments in accordance with the provisions of Section 4.3 of the Plan. The adjustment shall be effective and final, binding and conclusive for all purposes of the Plan and this Agreement.

### 10. Withholding of Taxes.

Prior to the issuance of Shares to the Optionee upon exercise of the Option, the Optionee shall pay the federal, state, and local income taxes and other amounts as may be required by law to be withheld (the "Withholding Taxes") (if any) to the Company in cash or by check or wire transfer. In satisfaction of the Withholding Taxes, the Optionee may make a written election (the "Tax Election") to satisfy such withholding obligation by a broker-assisted cashless exercise transaction through a brokerage firm designated by the Optionee, by delivering Shares (that have been owned by the Optionee for at least six (6) months or such other period as may be required by the Committee) or by having the Company retain from the Shares to be delivered a number of Shares having an aggregate Fair Market Value equal to the Withholding Taxes, provided that, if the Optionee may be subject to liability under Section 16(b) of the Exchange Act, the election must comply with the requirements applicable to Share transactions by the Optionee. The Company shall have the right to deduct from any amounts payable to the Optionee for salary, bonuses or otherwise an amount equal to Withholding Taxes with respect to the Option.

#### 11. Optionee Bound by the Plan.

The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

#### 12. Modification of Agreement.

Except as expressly otherwise provided herein, this Agreement may not be modified, amended, suspended or terminated, and any terms or conditions may not be waived, except by a written instrument executed by the parties hereto.

#### 13. Cancellation and Rescission of Awards; Return of Profits.

13.1 If, during his employment with the Company or at any time during the one (1) year after the Date of Termination, the Optionee violates the restrictive covenants set forth in Section 13.2 below, then the Committee shall, notwithstanding any other provision in this Agreement to the contrary, (i) cancel any outstanding portion of the Option (whether or not vested), and (ii) repurchase any Shares issued to the Optionee pursuant to exercise of the Option during the period six (6) months prior to and one (1) year after the Date of Termination at a per Share repurchase price equal to the Option Exercise Price, and require the Optionee to pay to the Company any gain realized by Optionee from the sale of Shares issued to the Optionee pursuant to exercise of the Option during such period.

13.2 The Optionee will not directly or indirectly, individually, or on behalf of any Person other than the Company or a Subsidiary:

- (i) solicit any Customers for the purpose of providing services identical to or reasonably substitutable for the Company's Business;
- (ii) solicit or induce, or in any manner attempt to solicit or induce, any Person employed by the Company to leave such employment, whether or not such employment is pursuant to a written contract with the Company or any Subsidiary or is at will;
- (iii) engage in the Company's Business within the Territory or accept employment or engagement within the Territory as a director, officer, executive, manager, or business consultant for any Person engaging in the Company's Business; or
- (iv) knowingly or intentionally damage or destroy the goodwill and esteem of the Company, any Subsidiary, the Company's Business or the Company's or any Subsidiary's suppliers, employees, patrons, customers, and others who may at any time have or have had relations with the Company or any Subsidiary.

The Optionee further agrees that he or she will not, except as necessary to carry out his duties as an employee of the Company, disclose or use Confidential Information. The Optionee further agrees that, upon termination or expiration of employment with the Company for any reason whatsoever or at any time, the Optionee will upon request by the Company deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Optionee's possession or control, relating in any way to the Company's Business, which at all times shall be the property of the Company.

- 13.3 For purposes of this Section 13, the following terms shall have the meanings specified below:
- (i) "Company's Business" means the business of operating a commercial or retail bank, savings association, mutual thrift, credit union, trust, or other business or financial services organization or entity.

- (ii) "Confidential Information" means information, without regard to form, relating to the Company's or any Subsidiary's customers, operation, finances, and business that derives economic value, actual or potential, from not being generally known to other Persons, including, but not limited to, technical or non-technical data (including personnel data), formulas, patterns, compilations (including compilations of customer information), programs, devices, methods, techniques, processes, financial data or lists of actual or potential customers (including identifying information about customers), whether or not in writing. Confidential Information includes information disclosed to the Company or any Subsidiary by third parties that the Company or any Subsidiary is obligated to maintain as confidential. Confidential Information subject to this Agreement may include information that is not a trade secret under applicable law, but information not constituting a trade secret only shall be treated as Confidential Information under this Agreement for a two (2) year period after the Date of Termination.
- (iii) "Customers" means all Persons that (1) the Optionee serviced or solicited on behalf of the Company or any Subsidiary, (2) whose dealings with the Company or any Subsidiary were coordinated or supervised, in whole or in part, by the Optionee, or (3) about whom the Optionee obtained Confidential Information, in each case during the term of this Agreement or while otherwise employed by the Company.
  - (iv) "Date of Termination" means the date upon which the Optionee's employment with the Company ceases for any reason.
- (v) "Person" means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

#### 14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

#### 15. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the United States and the laws of the State of Georgia without giving effect to the conflicts of laws principles thereof.

#### 16. Successors in Interest.

This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, reorganization, purchase of stock or assets, or otherwise, all or substantially all of the Company's assets and business. This Agreement shall inure to the benefit of the Optionee's heirs and legal representatives. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Optionee's heirs, executors, administrators and successors.

#### 17. Entire Agreement.

This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto.

#### 18. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement and the Plan shall be determined by the Committee. Any determination made by the Committee shall be final, binding and conclusive on the Optionee and the Company and their successors, assigns, heirs, executors, administrators and legal representatives for all purposes.

#### 19. Legal Construction.

The legal construction and interpretation of this Agreement (including, but not limited to, issues of gender, plural or singular, governing law and severability) shall be governed by the provisions of Article 19 of the Plan.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

#### UNITED COMMUNITY BANKS, INC.

By: <u>/s/</u>		
Name:		
Title:		

By signing below, the Optionee hereby accepts the Option subject to all its terms and provisions and agrees to be bound by the terms and provisions of this Agreement and the Plan. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of the Company, or the Compensation Committee or other Committee responsible for the administration of the Plan, upon any questions arising under the Plan. The Optionee authorizes the Company to withhold, in accordance with applicable law, from any compensation payable to him or her, any taxes required to be withheld by federal, state, local or foreign law as a result of the grant, existence or exercise of the Option, or subsequent sale of the Shares.

OPTIONEE	
By: /s/	
Name:	

[EXHIBITS FOLLOW]

## EXHIBIT A

## **OPTION EXERCISE FORM**

I,, do hereby exercise the Option with a Date therewith. The number of Shares being purchased, the Exercise			
Number of Shares:		_ Shares	
Option Exercise Price Per Share	x \$	per Share	
Total Option Exercise Price:	= \$	<u> </u>	
The Total Option Exercise Price is included with this Form.			
Date:			Signature
Send or deliver this Form with an original signature to			
United Community Banks, Inc. P.O. Box 398, 59 Highway 515 Blairsville, GA 30512 Attn:			

# UNITED COMMUNITY BANKS, INC. AMENDED AND RESTATED 2000 KEY EMPLOYEE STOCK OPTION PLAN

# RESTRICTED STOCK UNIT AWARD AGREEMENT (Executive Officer)

Grantee:	
Number of RSUs:	RSUs
Date of Grant:	
,	Per attached Statement referred to herein as " <i>Exhibit A</i> "
Territory:	
THIS AGREEMENT (the "Agreement") is entered into as of the day of, COMMUNITY BANKS, INC., a Georgia corporation (the "Company"), and the individual designated a	<del>-</del>
<b>WHEREAS</b> , the Company maintains the United Community Banks, Inc. Amended and Restated 2000 the Grantee has been selected by the Committee to receive a Restricted Stock Unit Award under the Plan;	
<b>NOW, THEREFORE, IT IS AGREED</b> , by and between the Company and the Grantee, as follows:	
1. Award of Restricted Stock Units	
1.1 The Company hereby grants to the Grantee an award of Restricted Stock Units (" <i>RSUs</i> ") in the an with, the restrictions, terms, and conditions set forth in this Agreement and the Plan. The grant date of thi <i>Grant</i> ").	• • •
1.2 This Agreement (including any appendices) shall be construed in accordance and consistent with, provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth her shall have the same definitions as set forth in the Plan.	

1.3 This Award is conditioned on the Grantee's execution of this Agreement. If this Agreement is not executed by the Grantee and returned to the

Company within two days of the Date of Grant, it may be canceled by the Committee resulting in the immediate forfeiture of all RSUs.

#### 2. Vesting and Termination of Employment

2.1 <u>Vesting.</u> Subject to Sections 2.2 through 2.4 below and Section 8, if the Grantee remains employed by the Company, the RSUs shall vest as provided for in Exhibit B. Each date on which the RSUs vest is hereinafter referred to as a "Vesting Date".

Except as otherwise provided below, on the Vesting Date, a number of Shares equal to the number of vested RSUs shall be issued to the Grantee free and clear of all restrictions imposed by this Agreement (except those imposed by Section 3.3 below). The Company shall transfer such Shares to an unrestricted account in the name of the Grantee as soon as practical after the Vesting Date. For purposes of this Agreement, employment with a Subsidiary of the Company or service as a member of the Board of Directors of the Company or a Subsidiary shall be considered employment with the Company.

- 2.2 <u>Termination for Cause</u>. If the Grantee's employment is terminated by the Company for Cause (as defined in the Plan), the unvested RSUs shall be forfeited immediately as of the date of termination of employment.
  - 2.3 Termination of Employment Without Cause or For Good Reason.
- (1) If the Grantee's employment with the Company is terminated involuntarily by the Company without Cause (as defined in the Plan) or is terminated by the Grantee for Good Reason (as defined in subsection (2) below), the unvested RSUs shall continue to vest in accordance with the original vesting schedule set forth in Exhibit A (just as if the Grantee had remained employed). In the event of the Grantee's death after a termination covered by this Section 2.3, the unvested RSUs shall continue to vest as if the Grantee had lived and upon vesting, a number of Shares equal to the number of vested RSUs shall be transferred to the Grantee's surviving spouse or, if none, to his estate.
- (2) For purposes of this Agreement, the Optionee shall be entitled to terminate his or her employment with the Company for Good Reason in the event of, without the Grantee's express written consent, any one of the following acts by the Company, or failures by the Company to act, unless, in the case of any act or failure to act described in paragraphs (i), (iii), or (iv) below, such act or failure to act is corrected prior to the Grantee's date of termination:
  - (i) a material reduction in the Grantee's responsibilities at the Company; or
  - (ii) the required relocation of the Grantee's employment to a location outside of the market area of the Company; or
  - (iii) a material reduction in the levels of coverage of the Grantee under the Company's director and officer liability insurance policy or indemnification commitments; or

(iv) a substantial reduction in the Grantee's base salary, a material reduction in his incentive compensation or the taking of any action by the Company which would, directly or indirectly, materially reduce any of the benefits provided to the Grantee under any of the Company's pension, 401(k), deferred compensation, life insurance, medical, accident or disability plans in which the Grantee is participating.

The Grantee's right to terminate employment for Good Reason shall not be affected by the Grantee's incapacity due to physical or mental illness, except for a Disability as defined in the Plan. The Grantee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- 2.4 <u>Termination of Employment Due to Retirement from the Company</u>. If the Grantee's employment with the Company is terminated due to Retirement (as defined in the Plan), the unvested RSUs shall continue to vest in accordance with the vesting schedule set forth in Exhibit A (just as if the Grantee had remained employed). In the event of the Grantee's death after Retirement, the unvested RSUs shall continue to vest as if the Grantee had lived and upon vesting, a number of Shares equal to the number of vested RSUs shall be transferred to the Grantee's surviving spouse or, if none, to his estate.
- 2.5 <u>Termination of Employment Due to Death</u>. If the Grantee's employment is terminated by the Company as a result of death, the unvested RSUs shall immediately vest, and a number of Shares equal to the number of vested RSUs shall be transferred to the Grantee's surviving spouse or, if none, to his estate.
- 2.6 <u>Termination of Employment for Other Reasons</u>. If the Grantee's employment is terminated by the Company as a result of Disability, or the Grantee voluntarily terminates his or her employment (except for Good Reason or upon Retirement), the outstanding unvested RSUs shall immediately be forfeited as of the date of termination of employment.
- 2.7 <u>Nontransferability</u>. The RSUs may not be sold, assigned, transferred, pledged, or otherwise encumbered prior to the date the Grantee becomes vested in the RSUs.

#### 3. Change in Capitalization; Deferral Rights

- 3.1 During the period the RSUs are not vested, the Grantee shall be credited with dividend equivalents or similar distributions declared on such RSUs in the manner determined by the Committee.
- 3.2 In the event of a change in capitalization, the Committee shall make appropriate adjustments in accordance with Section 4.3 of the Plan to reflect the change in capitalization, provided that any such additional Shares or additional or different shares or securities reflected in any such adjustment shall remain subject to the restrictions in this Agreement.
- 3.3 The Grantee represents and warrants that he is acquiring the Shares under this Agreement for investment purposes only, and not with a view to distribution thereof. The

Grantee is aware that the Shares may not be registered under the federal or any state securities laws and that in that event, in addition to the other restrictions on the Shares, they will not be able to be transferred unless an exemption from registration is available or the Shares are registered. By making this award of RSUs, the Company is not undertaking any obligation to register the RSUs under any federal or state securities laws.

3.4 To the extent the Grantee is eligible to participate in a deferred compensation plan established for such purpose, the Grantee may elect to defer delivery of the Shares that would otherwise be due by virtue of the lapse or waiver of the vesting requirements as set forth in Section 2. If such deferral election is made, the Committee shall, in its sole discretion, establish the rules and procedures for such deferrals.

#### 4. No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Grantee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate the Grantee's employment at any time.

#### 5. Taxes and Withholding

The Grantee shall be responsible for all federal, state, and local income taxes payable with respect to this award of RSUs and any dividends paid on unvested RSUs. The Company and the Grantee agree to report the value of the RSUs in a consistent manner for federal income tax purposes. The Company shall have the right to retain and withhold from any payment of Shares or cash the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Company may require the Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any distribution in whole or in part until the Company is so reimbursed. In lieu thereof, the Company shall have the right to withhold from any other cash amounts due to the Grantee an amount equal to such taxes required to be withheld or withhold and cancel (in whole or in part) a number of Shares having a market value not less than the amount of such taxes.

#### 6. The Grantee Bound By The Plan

The Grantee hereby acknowledges receipt of a copy of the Plan and the prospectus for the Plan, and agrees to be bound by all the terms and provisions thereof.

#### 7. Modification of Agreement; Severability

This Agreement may be modified, amended, suspended, or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

#### 8. Cancellation and Rescission of Award; Return of Shares

- 8.1 If, during his employment with the Company or at any time during the one (1) year after the Date of Termination, the Grantee violates the restrictive covenants set forth in Section 8.2 below, then the Committee shall, notwithstanding any other provision in this Agreement to the contrary, (i) cancel the outstanding RSUs that are not yet vested or with respect to which Shares have not yet been issued to the Grantee, and (ii) require the Grantee to return to the Company any Shares issued to the Grantee pursuant to vesting of the RSUs during the period six (6) months prior to and on (1) year after the Date of Termination, and require the Grantee to pay to the Company the then current value of any Shares issued to the Grantee pursuant to the RSUs during such period.
  - 8.2 The Grantee will not directly or indirectly, individually, or on behalf of any Person other than the Company or a Subsidiary:
    - (i) solicit any Customers for the purpose of providing services identical to or reasonably substitutable for the Company's Business;
  - (ii) solicit or induce, or in any manner attempt to solicit or induce, any Person employed by the Company to leave such employment, whether or not such employment is pursuant to a written contract with the Company or any Subsidiary or is at will;
  - (iii) engage in the Company's Business within the Territory or accept employment or engagement within the Territory as a director, officer, executive, manager, or business consultant for any Person engaging in the Company's Business; or
  - (iv) knowingly or intentionally damage or destroy the goodwill and esteem of the Company, any Subsidiary, the Company's Business or the Company's or any Subsidiary's suppliers, employees, patrons, customers, and others who may at any time have or have had relations with the Company or any Subsidiary.

The Grantee further agrees that he or she will not, except as necessary to carry out his duties as an employee of the Company, disclose or use Confidential Information. The Grantee further agrees that, upon termination or expiration of employment with the Company for any reason whatsoever or at any time, the Grantee will upon request by the Company deliver promptly to the Company all materials (including electronically-stored materials), documents, plans, records, notes, or other papers, and any copies in the Grantee's possession or control, relating in any way to the Company's Business, which at all times shall be the property of the Company.

- 8.3 For purposes of this Section 8, the following terms shall have the meanings specified below:
- (i) "Company's Business" means the business of operating a commercial or retail bank, savings association, mutual thrift, credit union, trust, or other business or financial services organization or entity.

- (ii) "Confidential Information" means information, without regard to form, relating to the Company's or any Subsidiary's customers, operation, finances, and business that derives economic value, actual or potential, from not being generally known to other Persons, including, but not limited to, technical or non-technical data (including personnel data), formulas, patterns, compilations (including compilations of customer information), programs, devices, methods, techniques, processes, financial data or lists of actual or potential customers (including identifying information about customers), whether or not in writing. Confidential Information includes information disclosed to the Company or any Subsidiary by third parties that the Company or any Subsidiary is obligated to maintain as confidential. Confidential Information subject to this Agreement may include information that is not a trade secret under applicable law, but information not constituting a trade secret only shall be treated as Confidential Information under this Agreement for a two (2) year period after the Date of Termination.
- (iii) "*Customers*" means all Persons that (1) the Grantee serviced or solicited on behalf of the Company or any Subsidiary, (2) whose dealings with the Company or any Subsidiary were coordinated or supervised, in whole or in part, by the Grantee, or (3) about whom the Grantee obtained Confidential Information, in each case during the term of this Agreement or while otherwise employed by the Company.
  - (iv) "Date of Termination" means the date upon which the Grantee's employment with the Company ceases for any reason.
- (v) "Person" means any individual, corporation, bank, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

#### 9. Governing Law

The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the state of Georgia without giving effect to the conflicts of laws principles thereof.

#### 10. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, whether by merger, consolidation, reorganization, sale of assets, or otherwise. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be final, binding, and conclusive upon the Grantee's heirs, executors, administrators, and successors.

#### 11. Entire Agreement

This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto.

#### 12. Resolution of Disputes

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to the interpretation, construction, or application of this Agreement and the Plan shall be determined by the Committee. Any determination made hereunder shall be final, binding, and conclusive on the Grantee and the Company and their successors, assigns, heirs, executors, administrators and legal representatives for all purposes.

#### 13. Pronouns; Including

Wherever appropriate in this Agreement, personal pronouns shall be deemed to include the other genders and the singular to include the plural. Wherever used in this Agreement, the term "including" means "including, without limitation."

[EXECUTION PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first above written.

### UNITED COMMUNITY BANKS, INC.

By:	<u>/s/</u>
	Name:
	Title:

By signing below, the Grantee hereby accepts the RSU grant subject to all its terms and provisions and agrees to be bound by the terms and provisions of this Agreement and the Plan. The Grantee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of the Company, or the Compensation Committee or other Committee responsible for the administration of the Plan, upon any questions arising under the Plan.

#### **GRANTEE**

By: /s/
Name:

[EXHIBITS FOLLOW]

8

## UNITED COMMUNITY BANKS, INC. MANAGEMENT ANNUAL INCENTIVE PLAN

Effective as of January 1, 2007

#### 1. ESTABLISHMENT AND EFFECTIVE DATE OF PLAN

United Community Banks, Inc. (the "Company") hereby adopts the United Community Banks, Inc. Management Annual Incentive Plan (the "Plan") for its executive officers and certain other executives and employees of the Company, its Subsidiaries and affiliates who are in management positions designated as eligible for participation by the Compensation Committee (the "Committee") of the Board of Directors of the Company or its designee. The Plan shall be effective as of January 1, 2007 and shall remain in effect for an indefinite term, subject to the rights of amendment and termination in Section 13. Unless the Committee determines otherwise, payments shall only be made to the Chief Executive Officer (and such other Named Executive Officers as the Committee may determine) pursuant to the Plan after the Plan is approved by the stockholders of the Company.

#### 2. PURPOSE OF THE PLAN

The purpose of the Plan is to further the growth and financial success of the Company by offering performance incentives to designated executives and other employees who have significant responsibility for such success.

#### 3. DEFINITIONS

- (a) "Base Annual Salary" means the actual base salary paid to a Participant during the applicable Plan Year, increased by the amount of any pre-tax deferrals or other pre-tax payments made by the Participant to the Company's deferred compensation or welfare plans (whether qualified or nonqualified).
- (b) "Board of Directors" means the Board of Directors of the Company.
- (c) "Change in Control" shall have the meaning ascribed to such term in the United Community Banks, Inc. 2000 Key Employee Stock Option Plan.
- (d) "Chief Executive Officer" means the chief executive officer of the Company, unless otherwise specified.
- (e) "Code" means the Internal Revenue Code of 1986, as amended.
- (f) "Committee" means the Compensation Committee of the Board of Directors or any other committee designated by the Board of Directors which is responsible for administering the Plan.
- (g) "Company" means United Community Banks, Inc., a Georgia corporation, and its successors.
- (h) "Incentive Award" or "Award" means the bonus awarded to a Participant under the terms of the Plan.

- (i) "Maximum Award" means the maximum percentage of Base Annual Salary which may be paid based upon the Relative Performance during the Plan Year.
- (j) "Named Executive Officer" means for each calendar year the Chief Executive Officer and the four other most highly compensated executive officers whose compensation would be reportable in the "summary compensation table" in the Proxy Statement, if the report was prepared as of the last day of the calendar year.
- (k) "Operating Unit" means a business operating unit of the Company with respect to which separate performance goals may be established hereunder.

  An Operating Unit may consist of one or more Subsidiaries or affiliates of the Company, or an unincorporated business unit.
- (l) "Participant" means an employee of the Company, an Operating Unit or an affiliate who is designated by the Committee or its designee to participate in the Plan.
- (m) "Plan Rules" means the guidelines established annually by the Committee pursuant to Section 4, subject, where applicable, to ratification by the Board of Directors.
- (n) "Plan Year" means the twelve month period which is the same as the Company's fiscal year. The initial Plan Year for the Plan shall be January 1, 2007 through December 31, 2007.
- (o) "Relative Performance" means the extent to which the Company, or designated Operating Unit, or both, as applicable, achieves the performance measurement criteria set forth in the Plan Rules.
- (p) "Subsidiary" means any corporation in an unbroken chain of corporations starting with the Company if each of the corporations in the chain (other than the last corporation) owns stock possessing 50% or more of the voting power of all classes of stock in one of the other corporations in such chain.
- (q) "Target Award" means the percentage (which may vary among Participants and from Plan Year to Plan Year) of Base Annual Salary which will be paid to a Participant as an Incentive Award if the performance measurement criteria applicable to the Participant for the Plan Year is achieved, as reflected in the Plan Rules for such Plan Year.
- (r) "Threshold Award" means the percentage of Base Annual Salary which corresponds to the minimum acceptable Relative Performance during the Plan Year.

#### 4. ADMINISTRATION OF THE PLAN

The Plan will be administered by the Committee, subject to its right to delegate responsibility for administration of the Plan as it applies to Participants other than the Chief Executive Officer (and such other Named Executive Officers as the Committee may determine) pursuant to Section 7. The Committee will have authority to adopt or to establish Plan Rules with respect to the following matters for each Plan Year, subject to the right of the Board of Directors to ratify such Plan Rules as provided in this Section 4:

(a) the employees of the Company, its Operating Units and affiliates who are eligible to participate in the Plan;

- (b) the Target Award, Maximum Award (if any) and Threshold Award that can be granted to each Participant and the method for determining such award, which the Committee may amend from time to time;
- (c) the performance targets and the qualitative measurement criteria to be used in determining the Company's or an Operating Unit's Relative Performance, which will include one or more of the following targets or measures, as determined by the Committee or its designee each year: net operating income or the growth in such net operating income; operating earnings per share or the growth in such operating earnings per share; annual growth in consolidated total revenue, loans and deposits; changes or increases in market share; earnings before taxes or the growth in such earnings; stock price or the growth in such price; return on equity, tangible equity, and assets or the growth on such returns; total shareholders' return or the growth in such return; level of expenses or the reduction of expenses, overhead ratios or changes in such ratios, efficiency ratios or changes in such ratios; loan quality or the changes in the level of loan quality or changes in the ratios of net charge-offs to loans or non-performing assets to assets; customer satisfaction scores or changes in scores; and/or, economic value added or changes in such value added; and
- (d) the time or times, the form of payment, and the conditions subject to which any Incentive Award may become payable.

The Plan Rules will be adopted by the Committee prior to, or as soon as practical after, the commencement of each Plan Year. Subject to the provisions of the Plan and the Committee's right to delegate its responsibilities, the Committee will also have the discretionary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, and to make all other determinations deemed necessary or advisable in administering the Plan. The determinations of the Committee on the matters referred to in paragraphs (a) through (d) of this Section 4 with respect to the Chief Executive Officer (and such other Named Executive Officers as the Committee may determine) shall be submitted at least annually to the Board of Directors for its consideration and ratification. For Participants other than the Chief Executive Officer (and such other Named Executive Officers as the Committee may determine), the Committee may in its discretion (i) establish performance measures and criteria not listed in this Section 4 without obtaining stockholder approval; and (ii) during a Plan Year revise the performance targets and measurement criteria to the extent the Committee believes necessary to achieve the purposes of the Plan in light of any unexpected or unusual circumstances.

#### 5. PARTICIPATION

Eligibility for participation in the Plan is limited to executive officers of the Company and certain other executives and employees of the Company and its Operating Units or affiliates who hold key management and staff positions. From among those eligible and based upon the recommendations of the Chief Executive Officer and other designees, the Committee will designate by name or position the Participants each Plan Year. Any employee who is a Participant in one Plan Year may be excluded from participation in any other Plan Year. If, during the Plan Year, a Participant other than the Chief Executive Officer (and such other Named Executive Officers as the Committee may determine) changes employment positions to a new position which corresponds to a different award level, the Committee may, in its discretion, adjust the Participant's award level for such Plan Year. The Committee may, in its discretion, designate employees who are hired after the beginning of the Plan Year as Participants for such Plan Year and as eligible to receive full or partial Incentive Awards for such year.

#### 6. INCENTIVE AWARDS

#### 6.1 Determination of the Amount of Incentive Awards

At the end of each Plan Year, the Committee or its designee shall certify the extent to which the performance targets and measurement criteria established pursuant to Section 4 have been achieved for such Plan Year based upon financial information provided by the Company. A Participant's Incentive Award shall be computed by the Committee based upon the achievement of the established performance targets, qualitative measurement criteria and the requirements of the Plan. In addition to any adjustments provided by the Incentive Award, the Committee, in determining whether performance targets and qualitative measures have been met, may adjust the Corporation's financial results to exclude the effect of unusual charges or income items or other events, including acquisitions or dispositions of businesses or assets, recapitalizations, reorganizations, restructurings, reductions in force, changes in accounting rules, which are distortive of results for the year (either on a segment or consolidated basis); provided, that for purposes of determining the Incentive Awards of the Chief Executive Officer (and such other Named Executive Officers as the Committee may determine), that are intended to qualify as performance-based compensation under Code Section 162(m), the Committee shall (in addition to such specific adjustments as may be provided in the award) exclude unusual items whose exclusion has the effect of increasing Relative Performance only if such items constitute "extraordinary items" under generally accepted accounting principles or are unusual or non-recurring events or items. In addition, the Committee will adjust its calculations to exclude the unanticipated effect on financial results of changes in the Code or other tax laws, or the regulations relating thereto.

The Committee may, in its discretion, decrease the amount of a Participant's Incentive Award for any reason, including the Committee's judgment that the performance targets and qualitative measures have become an inappropriate measure of achievement, a change in the employment status, position or duties of the Participant, unsatisfactory performance of the Participant, or for such other reasons as the Committee deems appropriate.

In the event that the Company's or an Operating Unit's performance is below the anticipated performance thresholds for the Plan Year and the Incentive Awards are below expectations or not earned at all, the Committee may in its discretion grant Incentive Awards (or increase the otherwise earned Incentive Awards) to deserving Participants, except for Incentive Awards to the Chief Executive Officer and other Named Executive Officers that are intended to qualify as performance-based compensation under Code Section 162(m).

The Plan Rules and Incentive Awards under the Plan shall be administered in a manner to qualify payments under the Plan to the Chief Executive Officer (and such other Named Executive Officers as the Committee may determine) for the performance-based exception under Code Section 162(m) and the regulations thereunder, except where the Compensation Committee or the Board of Directors determines such compliance is not necessary. The maximum Incentive Award that may be paid to an individual Participant for a Plan Year shall be \$2 million.

#### 6.2 Eligibility for Payment of Incentive Award

No Participant will have any vested right to receive any Incentive Award until such date as the Board of Directors has ratified the Committee's determination with respect to the payment of individual Incentive Awards, except where the Committee determines such ratification is not necessary. No Incentive Award will be paid to any Participant who is not an active employee of

the Company, an Operating Unit or an affiliate at the end of the Plan Year to which the Incentive Award relates; provided, however, at the discretion of the Committee or its designee (subject to ratification by the Board of Directors, where required, and the limitations of Code Section 162(m)), partial Incentive Awards may be paid to Participants (or their beneficiaries) who are terminated without cause (as determined by the Committee or its designee) or who retire, die or become permanently and totally disabled during the Plan Year. No Participant entitled to receive an Incentive Award shall have any interest in any specific asset of the Company, and such Participant's rights shall be equivalent to that of a general unsecured creditor of the Company.

#### 6.3 Payment of Awards

Payment of the Incentive Awards will be made as soon as practicable after their determination pursuant to Sections 6.1 and 6.2, subject to the Committee's right to allow a Participant to defer payment pursuant to an applicable deferred compensation plan of the Company, if applicable. Payment under the Plan will generally be made in a lump sum in cash, in restricted stock units, in options to purchase Common Stock of the Company (which would be in addition to any options separately granted to the Participant under the Company's 2000 Key Employee Stock Option Plan), or in a combination of cash, restricted stock units and stock options, as determined by the Committee, either at the time Awards are established or when they are paid (which may be different groups of Participants). In addition, the Committee may provide some or all of the Participants the right to elect, within the time frames provided by the Committee, to receive a portion or all of an Incentive Award in restricted stock units or in options to purchase Common Stock of the Company, rather than cash

#### 7. DELEGATION OF AUTHORITY BY THE COMMITTEE

Notwithstanding the responsibilities of the Committee set forth herein, the Committee may delegate to the Chief Executive Officer or others all or any portion of its responsibility for administration of the Plan as it relates to Participants other than the Chief Executive Officer. Such delegation may include, without limitation, the authority to designate employees who can participate in the Plan, to establish Plan Rules, to interpret the Plan, to determine the extent to which performance criteria have been achieved, and to adjust any Incentive Awards that are payable. In the case of each such delegation, the administrative actions of the delegate shall be subject to the approval of the person within the Corporation to whom the delegate reports (or, in the case of a delegation to the Chief Executive Officer, to the approval of the Committee).

#### 8. CHANGE IN CONTROL

Upon the occurrence of a Change in Control, unless the Participant otherwise elects in writing in accordance with such rules as the Committee may establish, the Participant's Incentive Award for the Plan Year during which the Change in Control occurs shall be determined as if the Target Award level of performance has been achieved (without any reductions under Section 6.1) and shall be deemed to have been fully earned for the Plan Year, provided that' the Participant shall only be entitled to a pro rata portion of the Incentive Award based upon the number of days within the Plan Year that had elapsed as of the effective date of the Change in Control. The Incentive Award amount shall be paid only in cash within thirty (30) days of the effective date of the Change in Control. The Incentive Award payable for the Plan Year during which a Change in Control occurs shall be the greater of the amount provided for under this Section 8 or the amount of the Incentive Award payable for such Plan Year to the Participant under the terms of any employment agreement or severance agreement with the Corporation, its Operating Units or affiliates, provided that the Participant shall not receive a duplicate Incentive Award for the same

Plan Year (or portion of a Plan Year). Notwithstanding the above, the Committee may provide in the Plan Rules for alternative consequences upon a Change in Control, which may apply to some or all Participants and which may vary among Participants.

#### 9. BENEFICIARY

To the extent provided by the Committee or its designee, each Participant will designate a person or persons to receive, in the event of death, any Incentive Award to which the Participant would then be entitled under Section 6.2. Such designation will be made in the manner determined by the Committee and may be revoked by the Participant in writing. If the Committee does not provide for a designation of a beneficiary or if a Participant fails effectively to designate a beneficiary, then the estate of the Participant will be deemed to be the beneficiary.

#### 10. WITHHOLDING OF TAXES

The Company shall deduct from each Incentive Award the amount of any taxes required to be withheld by any governmental authority.

#### 11. EMPLOYMENT

Nothing in the Plan or in any Incentive Award shall confer (or be deemed to confer) upon any Participant the right to continue in the employ of the Company, an Operating Unit or an affiliate, or interfere with or restrict in any way the rights of the Company, an Operating Unit or an affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause.

#### 12. SUCCESSORS

All obligations of the Company under the Plan with respect to Incentive Awards granted hereunder shall be binding upon any successor to the Corporation, whether such successor is the result of an acquisition of stock or assets of the Company, a merger, a consolidation or otherwise.

#### 13. TERMINATION AND AMENDMENT OF THE PLAN; GOVERNING LAW

The Committee, subject to the ratification rights of the Board of Directors, has the right to suspend or terminate the Plan at any time, or to amend the Plan in any respect, provided that no such action will, without the consent of a Participant, adversely affect the Participant's rights under an Incentive Award that has been approved under Section 6.2. The Plan shall be interpreted and construed under the laws of the State of Georgia.

AS APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY ON THE 14th DAY OF DECEMBER, 2006.