File No. 333-103024

As filed with the Securities and Exchange Commission on February 21, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO
FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNITED COMMUNITY BANKS, INC.

(Exact name of issuer as specified in its charter)

Georgia	**6712**	**58-1807304**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

United Community Banks, Inc.
Post Office Box 398, 63 Highway 515
Blairsville, Georgia 30512
(706) 745-2151
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jimmy C. Tallent
Post Office Box 398, 63 Highway 515
Blairsville, Georgia 30512
(706) 745-2151
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Richard R. Cheatham
Kilpatrick Stockton LLP
1100 Peachtree Street, Suite 2800
Atlanta, Georgia 30309-4530
(404) 815-6500

Walter G. Moeling, IV
Powell, Goldstein, Frazer & Murphy LLP
191 Peachtree Street, N.E.
Atlanta, Georgia 30303
(404) 572-6600

Approximate date of commencement of proposed sale to the public: The exchange of Registrant's shares for shares of common stock of First Georgia Holding, Inc. will take place upon consummation of the merger of First Georgia Holding, Inc. into the Registrant.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐_____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ _____

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $1.00 per share	1,177,382(1)	Not Applicable	$26,588,414(2)	$2,446.13(2)

(1) The number of shares of United Community Banks, Inc. common stock being registered hereunder is based upon the anticipated maximum number of such shares required to consummate the proposed merger of First Georgia Holding, Inc. into the Registrant. The Registrant will remove from registration by means of a post-effective amendment any shares being registered that are not issued in connection with such merger.

(2) In accordance with Rule 457(f)(1) and 457(f)(3), the registration fee is based upon (a) $39,378,696, (the maximum number of shares of common stock of First Georgia Holding, Inc. that may be received by the Registrant pursuant to the merger (7,751,712) multiplied by the average of the high and low price per share of First Georgia Holding, Inc. as of February 3, 2003 ($5.08)) less (b) $12,790,282 (the amount of cash to be paid by the Registrant in the merger).

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

PROPOSED MERGER OF

AND

Dear Shareholder of First Georgia Holding, Inc.:

Your board of directors has unanimously agreed on a transaction that will result in the merger of First Georgia Holding, Inc. with and into United Community Banks, Inc. You are being asked to approve the merger at a special meeting of shareholders to be held on March 27, 2003.

If the merger agreement is approved at the special meeting, First Georgia will be merged with and into United. In connection with the merger, you will receive in exchange for your shares of First Georgia common stock:

- 0.1519 shares of United common stock for each share of First Georgia common stock;
- $1.65 in cash, without interest, for each share of First Georgia common stock; and
- in lieu of any fractional share, an amount in cash equal to such fraction multiplied by $25.35.

This proxy statement/prospectus contains information regarding the merger agreement, the proposed merger, and the two companies participating in the merger. **We encourage you to read this entire document carefully. This proxy statement/prospectus also incorporates important business and financial information that is not included in or delivered with this document. This business and financial information is available without charge to all First Georgia shareholders upon written or oral request made to: G. F. Coolidge III, Secretary, First Georgia Holding, Inc., 1703 Gloucester Street, Brunswick, Georgia 31521, telephone number (912) 267-7283. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than March 20, 2003.**

Consummation of the merger requires that a majority of the shareholders of First Georgia approve the merger agreement. Whether or not you plan to attend the special meeting of shareholders of First Georgia, please take the time to complete and return your enclosed proxy card. If you do not return your proxy card, the effect will be a vote against the proposed merger. If you sign, date, and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the proposed merger. **If your shares are held by a broker in "street name," and you wish to vote your shares, you must instruct your broker regarding the manner in which you wish to vote.**

After careful consideration, the board of directors of First Georgia has determined that the merger is in the best interests of its shareholders, and unanimously recommends voting FOR the merger. The board of directors of First Georgia strongly supports this strategic combination between United and First Georgia and appreciates your prompt attention to this very important matter.

Henry S. Bishop
Chairman and Chief Executive Officer
First Georgia Holding, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense. Shares of common stock of United Community Banks, Inc. are equity securities and are not savings accounts or deposits. An investment in shares of United common stock is not insured by the Federal Deposit Insurance Corporation or any other government agency.

The date of this proxy statement/prospectus is February 24, 2003, and it is expected to be first mailed to shareholders on or about February 24, 2003.

1703 Gloucester Street
Brunswick, Georgia 31521

Notice Of Special Meeting Of Shareholders
To Be Held On March 27, 2003

A special meeting of shareholders of First Georgia Holding, Inc. will be held on March 27, 2003, at 10:00 a.m., at the main offices at 1703 Gloucester Street, Brunswick, Georgia, for the following purposes:

(1) to consider and vote on an Agreement and Plan of Reorganization, under which First Georgia Holding, Inc. will merge with and into United Community Banks, Inc., a Georgia corporation, as more particularly described in the enclosed proxy statement/prospectus; and

(2) to transact such other business as may properly come before the special meeting or any adjournments of the special meeting.

If First Georgia shareholders approve the merger agreement, First Georgia will be merged with and into United. In connection with the merger, First Georgia shareholders will receive in exchange for their shares of First Georgia common stock:

- 0.1519 shares of United common stock for each share of First Georgia common stock; and
- $1.65 in cash, without interest, for each share of First Georgia common stock.

Approval of the merger agreement will require the approval of the holders of at least a majority of the First Georgia common stock entitled to vote at the special meeting. Only shareholders of record of First Georgia common stock at the close of business on February 19, 2003 will be entitled to vote at the special meeting or any adjournments thereof. First Georgia's board of directors has unanimously adopted a resolution approving the merger and the merger agreement, and unanimously recommends that First Georgia shareholders vote for the proposal to approve the merger agreement.

The accompanying proxy statement/prospectus incorporates important business and financial information that is not included in or delivered with this document. This business and financial information is available without charge to all First Georgia shareholders upon written or oral request made to: G. F. Coolidge III, Secretary, First Georgia Holding, Inc., 1703 Gloucester Street, Brunswick, Georgia 31521. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than March 20, 2003.

If the merger is completed, First Georgia shareholders who dissent with respect to the merger will be entitled to be paid the "fair value" of their shares of First Georgia common stock in cash if they comply with certain statutory provisions of Article 13 of the Georgia Business Corporation Code regarding the rights of dissenting shareholders, all as more fully explained under the heading "Details of the Proposed Merger–Rights of Dissenting Shareholders" (page 20) and in Appendix B to the attached proxy statement/prospectus.

A proxy statement/prospectus and form of proxy card are enclosed. To ensure representation at the special meeting, each First Georgia shareholder is requested to sign, date, and return the proxy card promptly in the enclosed, stamped envelope. A previously submitted proxy may be revoked by notifying G. F. Coolidge III, Secretary, in writing, or by submitting an executed, later-dated proxy prior to the special meeting to First Georgia Holding, Inc., 1703 Gloucester Street, Brunswick, Georgia 31521. A previously submitted proxy also may be

revoked by attending the special meeting and requesting the right to vote in person. A properly signed and returned proxy card, if not revoked, will be voted at the special meeting in the manner specified by the duly submitted proxy.

By Order of the Board of Directors,

February 24, 2003
Brunswick, Georgia

Henry S. Bishop
Chairman

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will I receive in the merger?

A: You will receive (a) 0.1519 shares of United common stock and (b) $1.65 in cash, without interest, for each share of First Georgia common stock you own on the effective date of the merger. United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive based upon $25.35 a share of United common stock. *For example*: If you own 100 shares of First Georgia common stock, you would receive 15 shares of United common stock and a cash payment of $169.82, which includes $4.82 (.19 x $25.35) for your fractional share.

Q: What am I being asked to approve?

A: You are being asked to approve the Agreement and Plan of Reorganization by and between First Georgia and United, by which First Georgia will be merged with and into United. Approval of the merger agreement requires the affirmative vote of more than 50% of the outstanding shares of First Georgia common stock. **The First Georgia board of directors has unanimously approved and adopted the Agreement and Plan of Reorganization and recommends voting FOR approval of this merger agreement.**

Q: What should I do now?

A: Indicate on the enclosed proxy card how you want to vote with respect to the proposed merger, and sign and mail the proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the meeting. If you sign and send in a proxy card but do not indicate how you want to vote, your proxy will be voted in favor of the proposal to approve and adopt the merger agreement. A special shareholders meeting will take place at 10:00 a.m. on March 27, 2003 at the First Georgia main office at 1703 Gloucester Street, Brunswick, Georgia, to vote on the proposal.

You may attend the meeting and elect to vote your shares in person, rather than voting by proxy. In addition, you may withdraw your proxy up to and including the day of the special meeting by notifying G. F. Coolidge III, Secretary, prior to the meeting, in writing, or by submitting an executed, later-dated proxy to: G. F. Coolidge III, Secretary, First Georgia Holding, Inc., 1703 Gloucester Street, Brunswick, Georgia 31521.

Q: What information should I consider?

A: We encourage you to read this entire document carefully. You should also review the factors considered by each company's board of directors discussed in "Details of the Proposed Merger–Background of and Reasons for the Merger" beginning on page 12.

Q: When is the merger expected to be completed?

A: We plan to complete the merger during the second quarter of 2003.

Q: What are the tax consequences of the merger to me?

A: We expect that the exchange of shares of First Georgia common stock for United common stock by First Georgia shareholders generally will be tax-free to First Georgia shareholders for federal income tax purposes. However, First Georgia shareholders will have to pay taxes at either capital gains or ordinary income rates, depending upon individual circumstances, on cash received in exchange for their shares of First Georgia common stock, or in lieu of fractional shares. To review the tax consequences to First Georgia shareholders in greater detail, see "Details of the Proposed Merger–Material Federal Income Tax Consequences of the Merger and Opinion of Tax Counsel" beginning on page 22.

Your tax consequences will depend on your personal situation. You should consult your tax adviser for a full understanding of the tax consequences of the merger to you.

Q: If my shares are held in "street name" by my broker, will my broker vote my shares and complete my form of election for me?

A: Your broker will vote your shares of common stock only if you provide instructions on how to do so. Following the directions your broker provides, you should instruct your broker how to vote your shares, and how to complete your form of election. If you do not provide instructions to your broker, your shares will not be voted, which will have the effect of a vote against the merger agreement.

Q: Should I send in my stock certificates now?

A: **No**. After the merger is completed, you will receive written instructions from United for exchanging your First Georgia common stock certificates for United common stock certificates and cash.

Q: Who should I call with questions about the merger?

A: You should call G. F. Coolidge III, Secretary, of First Georgia, at (912) 267-7283.

SUMMARY OF TERMS OF THE MERGER

This summary highlights selected information from this proxy statement/prospectus regarding the proposed merger. This summary may not contain all of the information that is important to you as you consider the proposed merger and related matters. For a more complete description of the terms of the proposed merger, you should carefully read the entire proxy statement/prospectus, and the related documents to which it refers. The Agreement and Plan of Reorganization and the Amendment to the Agreement and Plan of Reorganization, which are the legal documents that govern the proposed merger, are incorporated by reference into this document, and are attached as Appendix A and Appendix D, respectively.

In addition, the sections entitled "Where You Can Find More Information," on page 40, and "Incorporation of Certain Documents By Reference," on page 41, contain references to additional sources of information about United and First Georgia.

- **The Companies (see pages 33 and 37)**

United Community Banks, Inc.
63 Highway 515
Blairsville, Georgia 30512
(706) 745-2151

United is a bank holding company based in Blairsville, Georgia. Substantially all of United's activities are conducted through its two wholly-owned subsidiaries, United Community Bank, a Georgia bank and United Community Bank, a North Carolina bank. United's subsidiaries operate 17 community banks with fifty-three locations throughout North Georgia, metro Atlanta and western North Carolina. United's banks provide customary types of banking services, such as checking accounts, savings accounts, and time deposits. They also engage in commercial and consumer lending, make secured and unsecured loans, and provide other financial services.

United also operates, as a division of its Georgia bank subsidiary, The Mortgage People Company, a full-service retail mortgage lending company approved as a seller/servicer for the Federal National Mortgage Association and the Federal Home Mortgage Corporation, and Brintech, Inc., a New Smyrna Beach, Florida based consulting firm to the financial services industry. Brintech provides consulting and other advisory and implementation services in the areas of strategic planning, profitability improvement, technology, efficiency, setwork, networking, Internet banking, website development, marketing, core processing, and telecommunications.

At September 30, 2002, United had total consolidated assets of approximately $3.1 billion, total consolidated loans of approximately $2.3 billion, total consolidated deposits of approximately $2.4 billion, and total consolidated stockholders' equity of approximately $215 million.

First Georgia Holding, Inc.
1703 Gloucester Street
Brunswick, Georgia 31521
(912) 267-7283

First Georgia is a one-bank holding company based in Brunswick, Georgia, and is the parent company of First Georgia Bank. First Georgia Bank is a full service commercial bank with

its main office in Brunswick, Georgia. First Georgia Bank operates in six locations in coastal Georgia. First Georgia Bank provides customary types of banking services such as checking accounts, savings accounts, and time deposits. It also engages in commercial and consumer lending, makes secured and unsecured loans, and provides other financial services.

At September 30, 2002, First Georgia had total consolidated assets of approximately $260.9 million, total consolidated loans of approximately $215.1 million, total consolidated deposits of approximately $226.0 million, and total consolidated shareholders' equity of approximately $20.9 million.

At December 31, 2002, First Georgia had total consolidated assets of approximately $258.0 million, total consolidated loans of approximately $216.6 million, total consolidated deposits of approximately $224.9 million, and total consolidated shareholders equity of approximately $20.5 million.

- **The Terms of the Merger (see page 13)**

If the merger is approved, First Georgia will be merged with and into United, with United being the surviving company. First Georgia Bank will be merged with and into United Community Bank, a wholly-owned Georgia bank subsidiary of United, and United Community Bank will be the surviving bank.

As a result of the merger, you will be entitled to receive:

- 0.1519 shares of United common stock for each share of First Georgia common stock you own on the effective date of the merger; and
- $1.65 in cash, without interest, for each share of First Georgia common stock you own on the effective date of the merger.

You will also receive a cash payment for any United fractional shares to which you would otherwise be entitled in an amount equal to the fraction multiplied by $25.35.

- **The Reasons Management of Both Companies Support the Merger (see page 12)**

The boards of directors of First Georgia and United support the merger and believe that it is in the best interests of both companies, and their respective shareholders. The board of directors of First Georgia believes the merger will permit First Georgia shareholders to have an equity interest in a resulting financial institution that has greater financial resources and a larger shareholder base, which may increase liquidity and marketability of the equity investment of First Georgia shareholders. The board of directors of United believes that First Georgia provides United with an expansion opportunity into an attractive new market area. Both boards of directors also believe that the terms of the merger are fair and equitable. In addition, both boards of directors believe that following the merger, the size of the combined organization is sufficiently large to take advantage over time of significant economies of scale, but is still small enough to maintain the competitive advantages of community-oriented banks.

- **Shareholders' Meeting**

  The special meeting of shareholders of First Georgia will be held on March 27, 2003 at 10:00 a.m., at the offices of First Georgia Bank, at 1703 Gloucester Street, Brunswick, Georgia 31521, for the purpose of voting on approval of the merger agreement.

- **Record Date (see page 16)**

  You are entitled to vote at the shareholders' meeting if you owned shares of First Georgia common stock on February 19, 2003.

- **Vote Required (see page 16)**

  Approval by holders of a majority of the First Georgia common stock outstanding on February 19, 2003, is required to approve the merger agreement.

  As of January 31, 2003, 7,751,712 shares of First Georgia common stock were issued and outstanding, each of which is entitled to one vote per share. There are 3,412,047 shares, or 44.02%**,** of First Georgia common stock held by its directors, executive officers, principal shareholders and their respective affiliates, all of which are entitled to vote on this merger. All of the directors, executive officers and principal shareholders of First Georgia have agreed to vote their shares in favor of the merger.

- **Conditions, Termination, and Effective Date (see page 14)**

  The merger will not occur unless certain conditions are met, and United or First Georgia can terminate the merger agreement if specified events occur or fail to occur. The merger must be approved by the First Georgia shareholders, the Board of Governors of the Federal Reserve System, and the Department of Banking and Finance of the State of Georgia. Simultaneously with the merger, First Georgia's bank subsidiary, First Georgia Bank, will be merged into United's Georgia bank subsidiary, United Community Bank. The bank merger must be approved by the Federal Deposit Insurance Corporation and the Department of Banking and Finance of the State of Georgia.

  The closing of the merger will occur after the merger agreement is approved by First Georgia shareholders and the foregoing regulators and after the articles of merger are filed as required under Georgia law.

- **Rights of Dissenting Shareholders (see page 20)**

  You are entitled to dissent from the merger and to demand payment of the "fair value" of your First Georgia common stock in cash if you follow certain statutory provisions regarding the rights of dissenting shareholders under Article 13 of the Georgia Business Corporation Code.

- **Federal Income Tax Consequences (see page 22)**

  First Georgia will receive an opinion from Kilpatrick Stockton LLP stating that, assuming the merger is completed as currently anticipated, First Georgia will not recognize any gain or loss for federal income tax purposes, and shareholders of First Georgia to the extent they acquire United stock will not recognize any gain or loss for federal income tax purposes. The cash you receive as a result of the exchange, as well as any cash you receive for any fractional

interests or as payment after exercising your right to dissent, will be treated as amounts distributed in redemption of your First Georgia common stock, and that amount will be taxable under the Internal Revenue Code as either ordinary income or capital gain or loss, depending upon your particular circumstances. Neither United nor First Georgia has requested a ruling to this effect from the Internal Revenue Service.

- **Accounting Treatment (see page 20)**

  The merger will be accounted for as a purchase for financial reporting and accounting purposes.

- **Opinion of Financial Adviser (see page 23)**

  The Carson Medlin Company has rendered an opinion to First Georgia that based on and subject to the procedures, matters, and limitations described in its opinion and other matters it considered relevant, as of the date of its opinion, the terms of the merger are fair from a financial point of view to the shareholders of First Georgia. A summary of Carson Medlin's opinion begins on page 23 and the full opinion is attached as Appendix C to this proxy statement/prospectus. Shareholders of First Georgia are encouraged to read the opinion.

- **Markets for Capital Stock**

  United's common stock began trading on the Nasdaq Stock Market on March 18, 2002 under the symbol "UCBI." The following table sets forth the high and low quarterly sales prices per share of United common stock as quoted on Nasdaq since March 18, 2002 (amounts have been restated to reflect the proforma effect of United's two for one stock split effective May 29, 2002):

2002	High	Low
First Quarter (since March 18)	$28.60	$2.50
Second Quarter	$30.00	$23.96
Third Quarter	$29.55	$23.15
Fourth Quarter	$27.00	$21.73

The following table sets forth certain information regarding trades of United common stock since 2001 prior to its quotation on Nasdaq (adjusted to reflect May 29, 2002 stock split):

Quarterly Period	High	Low
January 1 - March 31, 2001	$19.50	$14.50
April 1 - June 30, 2001	$19.00	$15.00
July 1 - September 30, 2001	$22.50	$17.50
October 1 - December 31, 2001	$20.00	$17.50
January 1 - March 17, 2002	$28.60	$19.00

On January 22, 2003, immediately prior to the public announcement of the merger, the high and low sales prices per share of United common stock were $25.06 and $24.75, respectively.

First Georgia's common stock trades on the Nasdaq Stock Market under the symbol "FGHC." The following table sets forth high and low quarterly prices per share of First Georgia common as quoted on Nasdaq since October 1, 2000:

Quarterly Period	High	Low
October 1 – December 31, 2000	$4.50	$3.63
January 1 – March 31, 2001	$4.36	$3.64
April 1 – June 30, 2001	$6.24	$3.40
July 1 – September 30, 2001	$5.20	$3.85
October 1 – December 31, 2001	$4.25	$3.66
January 1 – March 31, 2002	$4.20	$3.07
April 1 – June 30, 2002	$4.25	$2.50
July 1 – September 30, 2002	$4.99	$3.06
October 1 – December 31, 2002	$4.00	$3.46

On January 22, 2003, immediately prior to the public announcement of the merger, the high and low sales price per share of First Georgia were $4.00 and $3.99, respectively.

There were 342 shareholders of record of First Georgia common stock as of January 31, 2003.

- **Dividends (see page 19)**

On December 19, 2002, United declared a cash dividend of $.075 per share to be paid on April 1, 2003. United paid aggregate cash dividends of $.25 per share in 2002, $.20 per share in 2001, $.15 per share in 2000, and $.10 per share in 1999. United intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by United's board of directors after consideration of earnings, capital requirements, and the financial condition of United, and will depend on cash dividends paid to it by its subsidiary banks. The ability of those subsidiaries to pay dividends to United is restricted by certain regulatory requirements.

First Georgia paid aggregate cash dividends of $0.05 per share in 2002, $0.08 per share in 2001, $0.08 per share in 2000 and $0.08 per share in 1999. First Georgia is prohibited under the merger agreement from paying cash dividends prior to the closing of the transaction without the prior written consent of United other than its regular, semi-annual dividend of $0.05 per share.

- **There are Some Differences in Shareholders' Rights Between First Georgia and United (see page 17)**

If you own shares of First Georgia common stock, following the merger, your rights as a shareholder will no longer be governed by First Georgia's articles of incorporation and bylaws. Instead, First Georgia shareholders will automatically become United shareholders, and their rights as United shareholders will be governed by United's articles of incorporation and bylaws. Your rights as a First Georgia shareholder and the rights of a United shareholder are different in certain ways, including the following:

- First Georgia's bylaws provide for a board of directors consisting of between seven and fifteen members, while United's bylaws provide for a board of directors consisting of at least seven members.

- First Georgia's articles of incorporation divide the members of its board of directors into three different classes, with the classes serving staggered three-year terms. United's articles of incorporation and bylaws do not divide the members of its board of directors into classes. Instead, all members of United's board of directors serve one-year terms.

- The bylaws of First Georgia set forth different requirements for removal of directors and amendment of the articles of incorporation and bylaws than do the articles of incorporation and bylaws of United.

- First Georgia and United each have special procedures in their articles of incorporation for the approval of certain business transactions.

- The bylaws of United provide that a special meeting may be called by a fewer number of shareholders than the bylaws of First Georgia.

- **Interests of Directors and Officers of First Georgia in the Merger (see page 17)**

Some of the directors and officers of First Georgia have interests in the merger in addition to their interests as shareholders generally, including the following:

- In connection with the merger agreement, United has agreed to provide generally to officers and employees of First Georgia who continue employment with United or its subsidiaries employee benefits under employee benefit plans, on terms and conditions substantially similar to those currently provided to similarly situated United officers and employees.

- As a condition to closing of the merger, Henry S. Bishop, the current chairman and chief executive officer of First Georgia, will be paid $1.2 million pursuant to a change in control agreement that is currently in place with First Georgia, $700,000 in consideration of his release of any and all claims for retirement and other benefits as set forth in a settlement agreement dated February 20, 2003 by and between United and Mr. Bishop, and $100,000 for a three year agreement to not compete with United in Glynn County, Georgia as set forth in a noncompetition agreement dated February 20, 2003, by and between United and Mr. Bishop. The settlement agreement and noncompetition agreement shall be effective upon the completion of the merger.

- G.F. Collidge, III, the current chief financial officer of First Georgia, will be paid $322,734 pursuant to a change in control agreement that is currently in place with First Georgia.

- Following the merger, United will generally indemnify and provide liability insurance to the present directors and officers of First Georgia.

- **Recent Developments of United (see page 37)**

On December 23, 2002, United entered into an agreement to acquire First Central Bancshares, Inc., Lenoir City, Tennessee, in exchange for 545,538 shares of United common stock and $8,978,683 in cash.

COMPARATIVE SHARE DATA REGARDING
UNITED AND FIRST GEORGIA

We have summarized below the per share reported results information for United and First Georgia on an historical, pro forma combined and equivalent basis. You should read this information in conjunction with the financial information included elsewhere herein and in the annual and quarterly reports and other documents United and First Georgia have filed with the Securities and Exchange Commission. The pro forma combined information gives effect to the merger accounted for as a purchase, assuming all transactions contemplated in this proxy statement/prospectus had been effective for the periods indicated. Pro forma equivalent of one First Georgia common share amounts are calculated by multiplying the pro forma combined basic and diluted earnings per share, United historical per share dividend and the pro forma combined shareholders' equity by an assumed exchange ratio of 0.1519 shares of United common stock so that the per share amounts equate to the respective values for one share of First Georgia's common stock. The pro forma information shown below gives no consideration to the cash payment of $1.65 per share that First Georgia shareholders will receive as part of the transaction. You should not rely on the pro forma information as being indicative of the historical results that we would have had if we had been combined or the future results that we will experience after the merger, nor should you rely on the nine-month information as being indicative of results expected for the entire year or for any future interim period. First Georgia's fiscal year-end is September 30th, and its historical financial information below has been presented on a calendar year basis. United's year-end is December 31st.

	For the Period Ended September 30, 2002	For the Period Ended December 31, 2001[f]
Net earnings per common share (basic)		
United Historical	$ 1.13	$ 1.28
First Georgia Historical[g]	.16	.23
United and First Georgia Pro Forma Combined[a] [e]	1.12	1.29
First Georgia Pro Forma Equivalent[b] [e]	.17	.20
Net earnings per common share (diluted)		
United Historical	1.09	1.25
First Georgia Historical[g]	.16	.23
United and First Georgia Pro Forma Combined[a] [e]	1.09	1.27
First Georgia Pro Forma Equivalent[b] [e]	.17	.19
Cash Dividends Per Common Share		
United Historical	.1875	.2000
First Georgia Historical[g]	.05	.08
United and First Georgia Pro Forma Combined[a] [c]	.1875	.2000
First Georgia Pro Forma Equivalent[d]	.0285	.0304
Book Value Per Common Share (Period End)		
United Historical	10.01	8.97
First Georgia Historical[g]	2.70	2.59
United and First Georgia Pro Forma Combined[a]	10.79	9.80
First Georgia Pro Forma Equivalent[b]	1.64	1.49

(a) Computed giving effect to the merger.
(b) Computed based on the First Georgia per share exchange ratio of 0.1519 shares of United common stock for each share of First Georgia common stock designated for the purposes of this computation.
(c) Represents historical dividends paid by United, and assumes United will not change its dividend policy as a result of the merger.
(d) Represents historical dividends paid per share by United multiplied by the exchange ratio of 0.1519 shares of United common stock for each share of First Georgia common stock designated for purposes of this computation.
(e) The proforma amounts presented above do not include assumed cost savings expected from elimination of duplicate back office functions.
(f) Per share amounts presented above for United for the year ended December 31, 2001 have been restated to reflect the two for one stock split effective May 29, 2002.
(g) For purposes of this presentation, First Georgia's historical financial information has been presented on a calendar year basis.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

We are providing the following information to help you analyze the financial aspects of the merger. We derived this information from United's and First Georgia's audited financial statements for 1997 through 2002. This information is only a summary, and you should read it in conjunction with our historical financial statements (and related notes), and the historical financial statements (and related notes) of United and First Georgia contained herein and in the annual and quarterly reports and other documents that we have filed with the Securities and Exchange Commission. You should not rely on the nine-month information for United as being indicative of results expected for the entire year or for any future interim period.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF UNITED
(In thousands, except per share amounts and ratios)

	Nine Months ended Sept. 30,		As of and For the Years Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
United Community Banks, Inc. and Subsidiaries Historical Financial Information							
GAAP Results							
Net interest revenue (taxable equivalent)	$ 89,960	$ 80,432	$ 109,162	$ 96,524	$ 80,969	$ 68,042	$ 54,168
Net income	24,220	20,610	27,231	14,517	16,098	15,650	13,370
Basic earnings per share[(1)]	1.13	.97	1.28	.70	.80	.78	.70
Diluted earnings per share[(1)]	1.09	.95	1.25	.69	.78	.77	.69
Cash dividends declared per share[(1)]	.1875	.15	.20	.15	.10	.075	.05
Book value per share[(1)]	10.01	8.67	8.97	7.40	5.91	5.86	5.11
Total assets	3,142,393	2,561,368	2,749,257	2,528,879	2,384,678	1,813,004	1,410,596
Basic average shares outstanding[(1)]	21,402	21,063	21,127	20,600	20,158	19,998	19,178
Diluted average shares outstanding[(1)]	22,227	21,648	21,749	21,194	20,842	20,610	19,634
Operating Results [(2)]							
Net income	$ 24,220	$ 20,610	$ 28,315	$ 21,747	$ 17,253	$ 15,650	$ 13,370
Basic earnings per share[(1)]	1.13	.97	1.33	1.05	.86	.78	.70
Diluted earnings per share[(1)]	1.09	.95	1.30	1.03	.84	.77	.69

(1) Per share amounts and weighted average shares outstanding for periods presented above prior to May 29, 2002 have been restated to reflect the two for one stock split that was effective May 29, 2002.

(2) Excludes pre-tax merger related charges of $1.6 million, $10.6 million and $1.8 million for the years ended December 31, 2001, 2000 and 1999. These charges decreased net income by $1.1 million, $7.2 million and $1.2 million, and diluted earnings per share by $.05, $.34 and $.06, respectively.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF FIRST GEORGIA
(In thousands, except per share amounts and ratios)

	Three Months Ended December 31,		As Of and For the Years Ended September 30,				
	2002	**2001**	**2002**	**2001**	**2000**	**1999**	**1998**
First Georgia Holding, Inc. and Subsidiaries Historical Financial Information							
Net interest revenue	$ 2,345	$ 2,041	$ 8,845	$ 9,954	$ 10,397	$ 8,213	$ 7,246
Net income (loss)	(1,488)	336	1,567	2,008	1,432	2,220	2,014
Basic earnings per share	-	.04	.20	.26	.20	.31	.28
Diluted earnings per share	-	.04	.20	.26	.19	.29	.27
Cash dividends declared per share	.05	-	.05	.08	.08	.08	.04
Book value per share	2.65	2.59	2.70	2.55	2.38	2.41	2.18
Total assets	258,044	260,873	260,873	245,468	239,185	204,296	190,463
Basic average shares outstanding	7,752	7,714	7,735	7,714	7,316	7,198	7,113
Diluted average shares outstanding	7,752	7,733	7,749	7,746	7,583	7,532	7,488

DETAILS OF THE PROPOSED MERGER

Background of and Reasons for the Merger

As early as the second quarter of 2001, management of First Georgia began to assess potential market interest in First Georgia. Several potential buyers were contacted and conversations were held. However, no indications of interest were received which, in the opinion of management, merited continued dialog. In the third quarter of 2002, a potential buyer contacted First Georgia's management, asking to be considered should the Company decide to evaluate its continued independence. Based on this expression of interest, management engaged Leonard Robinett as a consultant to assist with the evaluation of the Company's strategic alternatives and to conduct a process to determine if an attractive offer could be received and acceptable merger terms negotiated with a potential partner. In November 2002, five potential merger partners were contacted, and information about First Georgia was sent to the three which expressed an interest. All parties were informed that letters of intent must be received by December 16, 2002. On this date, First Georgia received two letters of intent. The letter of intent from United offered the best price for the shareholders. Based on this letter of intent, negotiations were instituted with United, and on January 22, 2003, the parties reached a final agreement.

Without assigning any relative or specific weights, the board of directors of First Georgia considered the following material factors in approving the merger:

- the value of the consideration to be received by First Georgia shareholders relative to the book value and earnings per share of First Georgia common stock;
- certain information concerning the financial condition, results of operations and business prospects of United;
- the financial terms of recent business combinations in the financial services industry and a comparison of the multiples of selected combinations with the terms of the proposed transaction with United;
- the alternatives to the merger, including remaining an independent institution;
- the competition and regulatory environment for financial institutions generally;
- the fact that the merger will enable First Georgia shareholders to exchange a portion of their shares of First Georgia common stock, in a tax-free transaction, for shares of common stock of a larger company, the stock of which is more widely held and more liquid than that of First Georgia; and
- the opinion of The Carson Medlin Company that the consideration to be received by the shareholders as a result of the merger is fair from a financial point of view.

The board of directors of First Georgia believes the merger is in the best interest of its shareholders because the merger will permit them to exchange their ownership in First Georgia for cash and an equity interest in United, which has greater financial resources than First Georgia. The board of directors of First Georgia also believes that the terms of the merger, including the basis of exchange, $1.65 in cash and 0.1519 shares of United common stock for each share of First Georgia common stock, which was determined through arms-length negotiations between United and First Georgia, are fair and equitable and take into account the relative earning power of United and First Georgia, historic and

anticipated operations, the economies of scale to be achieved through the merger, the trading prices of the shares of the respective companies, and other pertinent factors.

The board of directors of First Georgia believes that in the current regulatory and competitive environment, larger organizations with greater economies of scale, including the ability to spread largely fixed costs over a larger revenue base and the ability to attract management talent able to compete in a more sophisticated financial services environment, will be more successful than smaller organizations. Management of United and First Georgia believe that there is a future for community banks in the banking industry, but that community banks will be required to achieve a critical size to maintain above-average economic performance.

The Merger Agreement

The material features of the merger agreement are summarized below:

Effective Date

The merger agreement provides that the merger will be effective on the date the Certificates of Merger reflecting the proposed merger become effective with the Secretary of State of the State of Georgia. The merger also is subject to approval by the Board of Governors of the Federal Reserve System and the Department of Banking and Finance of the State of Georgia. Management of United and First Georgia anticipate that the merger will become effective during the second quarter of 2002.

Terms of the Merger

Holders of shares of First Georgia common stock will receive, in exchange for the shares of First Georgia common stock they own on the effective date of the merger:

- 0.1519 shares of United common stock for each share of First Georgia common stock; and
- $1.65 in cash, without interest, for each share of First Georgia common stock.

United will not issue fractional shares of United common stock in connection with the merger, and an outstanding fractional share interest will not entitle the owner thereof to vote, receive dividends, or exercise any rights as a shareholder of United with respect to that fractional interest. Instead of issuing any fractional shares of United common stock to a First Georgia shareholder, United will pay in cash an amount (computed to the nearest cent) equal to that fraction multiplied by $25.35 per share.

United shareholders will continue to hold their existing shares of United common stock. If, prior to the merger closing, the outstanding shares of United common stock or First Georgia common stock are increased through a stock dividend, stock split, reverse stock split, subdivision, recapitalization, or reclassification of shares, or are combined into a lesser number of shares by reclassification, recapitalization, or reduction of capital, the number of shares of United common stock and cash to be delivered pursuant to the merger in exchange for a share of First Georgia common stock will be proportionately adjusted.

If the merger is completed, shareholders of First Georgia will become shareholders of United, and First Georgia will be merged with and into United. Following the merger, the articles of incorporation, bylaws, corporate identity, and existence of United will not be changed, and First Georgia will cease to exist as a separate entity. First Georgia Bank will be merged with and into United Community Bank, a Georgia bank and wholly-owned subsidiary of United, and United Community Bank will be the surviving entity.

Registration of United Common Stock

United has agreed, prior to the closing of the merger, to register the shares of United common stock to be exchanged for shares of First Georgia common stock with the Securities and Exchange Commission, and to use its reasonable best efforts to maintain the effectiveness of such registration through the date of closing of the merger. Such registration will not cover resales of United common stock by any former holders of First Georgia common stock, and United is under no obligation to maintain the effectiveness of such registration, or to prepare and file any post-effective amendments to such registration, after the date of closing of the merger.

Termination and Conditions of Closing

The merger agreement may be terminated and the merger abandoned at any time either before or after approval of the merger agreement by the shareholders of First Georgia, but not later than the effective date of the merger:

- by either party, if a material adverse change in the financial condition or business of the other party has occurred, which change would reasonably be expected to have a material adverse affect on the market price of such party's common stock; or if material loss or damage to the other party's properties or assets has occurred, which change, loss or damage materially affects or impairs such party's ability to conduct its business;

- by either party, if the other party has not substantially complied with, or substantially performed, the terms, covenants or conditions of the merger agreement, and such non-compliance has not otherwise been waived;

- by either party, if such party learns of any fact or conditions not disclosed by the other party in the merger agreement, the other party's disclosure memorandum or audited financial statements, which fact or conditions were required to be disclosed, and which has a material adverse affect on the other party;

- by either party, if any action, suit or proceeding is instituted or threatened against either party seeking to restrain, prohibit or obtain substantial damages in respect of the merger agreement or the consummation of the merger, which, in the good faith opinion of the terminating party makes consummation of the merger inadvisable;

- by either party, if the merger has not occurred on or before June 30, 2003;

- by United, if the holders of more than 5% of the outstanding shares of First Georgia common stock elect to exercise statutory dissenters' rights;

- by either party, if the First Georgia shareholders do not approve the merger agreement; or

- by United, if it learns of any potential liability arising from noncompliance with any federal, state or local environmental law by First Georgia, or any potential liability of First Georgia arising from any environmental condition of the properties or assets of First Georgia, including any properties or assets in which First Georgia holds a security interest.

First Georgia must pay to United a termination fee of $1.5 million, plus all of United's expenses, if:

- either party terminates the agreement because the First Georgia shareholders did not approve the merger, or

- if First Georgia terminates the agreement or otherwise causes the merger not to occur while a competing offer for First Georgia by a party other than United is outstanding or has been accepted by First Georgia.

The following are some of the required conditions of closing:

- the accuracy of the representations and warranties of all parties contained in the merger agreement and related documents as of the date when made and the effective date;
- the performance of all agreements and conditions required by the merger agreement;
- the delivery of officers' certificates, resolutions, and legal opinions to First Georgia and United;
- approval of the merger by at least a majority of the First Georgia shareholders;
- authorizations of governmental authorities, and the expiration of any regulatory waiting periods;
- effectiveness of the registration statement of United relating to the shares of United common stock to be issued to First Georgia shareholders in the merger, of which this document forms a part;
- the receipt by United of a letter from Deloitte & Touche LLP representing that the First Georgia financial statements are fairly stated;
- the issuance of certificate of merger by the Secretary of State of the State of Georgia;
- the receipt by United of evidence that Henry S. Bishop's change in control agreement has been terminated;
- the receipt by United of a settlement agreement executed by Henry S. Bishop, in a form satisfactory to United;
- the receipt by First Georgia of an update and reconfirmation to the fairness opinion of The Carson Medlon Company;
- the receipt by First Georgia of the opinion of Kilpatrick Stockton LLP as to the tax consequences of the merger to First Georgia shareholders.

Surrender of Certificates

Shortly after the effective date of the merger, each holder of First Georgia common stock (as of that date) will be required to deliver such holder's shares of First Georgia common stock to United's exchange agent, SunTrust Bank. After delivering his, her, or its shares of First Georgia common stock, the holder will receive a stock certificate for 0.1519 shares of United common stock and a cash payment of $1.65 per share of First Georgia common stock that such holder owned on the effective date of the merger, without interest. In lieu of a fractional share, a cash payment, without interest, for any fractional interest in United common stock. Until a holder delivers his or her shares of First Georgia common stock to United, he or she will not receive payment of any dividends or other distributions on shares of United common stock into which his, her, or its shares of First Georgia common stock have been converted, if any, and will not receive any notices sent by United to its shareholders with respect to, or to vote, those shares. After delivering the shares to United, the holder will then be entitled to receive any dividends or other distributions, without interest, which shall become payable after the merger but prior to the holder's delivery of the certificates to United.

Required Shareholder Approval

The holders of a majority of the outstanding shares of First Georgia common stock entitled to vote at the special meeting must approve the merger agreement for the merger to be completed. Abstentions from voting and broker non-votes will be included in determining whether a quorum is present and will have the effect of a vote against the merger agreement.

As of February 19, 2003, the record date for determining the shareholders entitled to notice of, and to vote at, the special meeting, the outstanding voting securities of First Georgia consisted of 7,751,712 shares of First Georgia common stock, with each registered holder of First Georgia common stock being entitled to one vote per share. All of the directors and executive officers of First Georgia have entered into agreements with United to vote their shares of First Georgia common stock in favor of the merger. There are 3,412,047 shares of First Georgia common stock held or controlled by First Georgia's directors, executive officers, and their affiliates, which is approximately 44.02% of the outstanding shares of First Georgia common stock.

Expenses

All expenses incurred by United in connection with the merger agreement, including all fees and expenses of its agents, representatives, counsel and accountants and the fees and expenses related to filing this proxy statement/prospectus and all regulatory applications with state and federal authorities shall be paid by United. All expenses incurred by First Georgia in connection with the merger agreement, including all fees and expenses of its agents, representatives, counsel and accountants for First Georgia shall be paid by First Georgia. The cost of reproducing and mailing this proxy statement/prospectus shall be shared by the parties, with each party paying fifty percent (50%).

Conduct of Business of First Georgia Pending Closing

The merger agreement provides that, pending consummation of the merger, First Georgia will, except with the written consent of United:

- operate its business in the ordinary course, without the creation of any indebtedness for borrowed money;
- maintain its properties and assets in good operating condition, ordinary wear and tear excepted;
- maintain and keep in full force and effect all required insurance;
- preserve its capital structure and make no change in its authorized or issued capital stock or other securities, and grant no right or option to purchase or otherwise acquire any of its capital stock or securities;
- declare or make any dividend, distribution or payment in respect of its common stock other than its regular, semi-annual dividend of $0.05 per share;
- make no amendment to its articles of incorporation or bylaws, and preserve its corporate existence and powers;
- acquire no business, corporation, partnership, association or other entity or division thereof, and no assets which are material, in the aggregate, to it;
- not sell, mortgage, lease, buy or otherwise acquire, transfer or dispose of any real property or interest therein, or any tangible or intangible asset (other than in the ordinary course of business);

- make no change in its banking and safe deposit arrangements;
- enter into no material contracts, other than renewals of existing contracts or contracts for the substitution of vendors in existing contracts;
- maintain all books and records in the usual, regular and ordinary course;
- file all reports required to be filed with any regulatory or governmental agencies, and deliver copies of such reports to United promptly after they are filed; and
- adopt no new severance plan and grant no severance or termination payments to any officer, director or employee, other than in accordance with existing agreements.

In addition, the merger agreement provides that First Georgia will promptly advise United, orally and in writing, of any change or event having, or which the First Georgia management believes could have, a material adverse effect on the assets, liabilities, business, operations or financial condition of First Georgia.

Interest of Management in the Transaction

Except as set forth below, no director or officer of First Georgia, or any of their associates, has any direct or indirect material interest in the merger, except that those persons may own shares of First Georgia common stock which will be converted in the merger into United common stock and cash. United and First Georgia do not anticipate that the merger will result in any material change in compensation to employees of First Georgia.

United has agreed in the merger agreement to provide employee benefits to First Georgia employees that are substantially similar to those currently provided by United to its employees.

As a condition to closing of the merger, Henry S. Bishop, the current chairman and chief executive officer of First Georgia, will be paid $1.2 million for the termination of his change in control agreement that is currently in place with First Georgia, $700,000 in consideration of his release of any and all claims for retirement and other benefits as set forth in a settlement agreement dated February 20, 2003 by and between United and Mr. Bishop, and $100,000 for a three year agreement to not compete with United in Glynn County, Georgia as set forth in a noncompetition agreement dated February 20, 2003 by and between United and Mr. Bishop. The settlement agreement and noncompetition agreement shall be effective upon the completion of the merger.

G.F. Coolidge III, the current chief financial officer of First Georgia, will be paid $322,734 pursuant to a change in control agreement that is currently in place with First Georgia.

United will generally indemnify and provide liability insurance to the present directors and officers of First Georgia.

There are 2,880,842 shares, or 36.05%, of First Georgia common stock held by its directors, executive officers, and their affiliates, all of which are entitled to vote on this merger. All of the directors and executive officers of First Georgia have agreed to vote their shares in favor of the merger.

Comparison of the Rights of First Georgia and United Shareholders

Upon completion of the merger, holders of First Georgia common stock on the effective date of the merger, other than dissenting shareholders, will become shareholders of United. Although the organizations are relatively similar, differences arise when comparing provisions of each corporation's

respective charter documents and bylaws. The following is a comparison between various provisions of United's and First Georgia's articles of incorporation and bylaws.

Composition of Board of Directors

The bylaws of First Georgia provide that its board of directors will consist of no fewer than seven and no more than fifteen members. The bylaws of United provide that its board of directors will consist of at least seven members.

First Georgia's articles of incorporation provide for three classes of directors on First Georgia's board of directors. In such case, the total number of directors making up the board is evenly divided, as close as possible, into three classes. Each class is elected for three year terms at every third annual shareholders' meeting, with only one class being elected at any such meeting. The effect of such classification is to prevent the election of an entirely new board at one annual meeting.

United's board of directors is not divided into classes. All directors of United are elected at the annual shareholders' meeting and serve one year terms.

Removal of Directors

The articles of incorporation of First Georgia provide that directors may be removed without cause upon the affirmative vote of the holders of two-thirds of the issued and outstanding shares entitled to vote on the removal, and that directors may be removed with cause upon the affirmative vote of the holders of a majority of the issued and outstanding shares entitled to vote thereon.

The articles of incorporation of United provide that directors may be removed only for cause and only upon the affirmative vote of the holders of two-thirds of the issued and outstanding shares entitled to vote on the removal.

Approval of Certain Business Transactions

The articles of incorporation of First Georgia provide that in order to effect a merger, consolidation, or any sale, transfer or disposition of all or substantially all of the assets of First Georgia to any holder of five percent or more of the issued and outstanding shares of First Georgia, such business transaction must be approved by either (a) the affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock of First Georgia, or (b) the affirmative vote of two-thirds of the directors of First Georgia then in office.

The articles of incorporation of United provide that in order engage in, with any holder of ten percent or more of the issued and outstanding shares of United, a merger, consolidation, sale or transfer or disposition of all or substantially all of the assets of United, sale of $1 million or more in securities, a plan of liquidation, or any transaction that would increase the percentage ownership of such shareholder, such transaction must be approved by either (a) a resolution adopted by at least three-fourths of the directors then in office, or (b) the affirmative vote of the holders of at least 75% of the outstanding shares of common stock of United and the separate affirmative vote of at least 75% of the outstanding shares of common stock, excluding those shares held by such shareholder.

Shareholders' Meetings and Action Without a Meeting

The bylaws of First Georgia provide that a special meeting of shareholders may be called upon the written request of three or more holders of an aggregate not less than 25% of all shares entitled to vote at the meeting. The bylaws of United provide that a special meeting of shareholders may be called upon

the written request of the holders of shares representing at least 25% of the votes that would be entitled to be cast on each issue proposed to be considered at the special meeting.

Amendments to Articles of Incorporation and Bylaws

The bylaws of First Georgia may be amended by the affirmative vote of a majority of the members of the board of directors or the holders of a majority of the shares issued and outstanding; provided that an affirmative vote of two-thirds of the members of the board of directors or two-thirds the holders of the issued and outstanding stock is required to amend the bylaws to change the number of directors.

Except for the provisions of articles of incorporation pertaining to the classification of the board of directors, amendment of the bylaws, removal of directors, and approval of certain business combinations, which the articles of incorporation of First Georgia provide may only be amended by the affirmative vote of holders of two-thirds of the issued and outstanding shares of First Georgia, the articles of incorporation of First Georgia do not specify how they may be amended. The Georgia Business Corporation Code provides that a corporation's articles of incorporation may be amended by the directors to make certain amendments related to deleting the name or address of the initial incorporators, the directors, the registered agent or office, or the principal office; effect certain stock split transactions; to extend the duration if the corporation was incorporated at a time when limited duration was required, or to change par value. All other amendments to the articles of incorporation require the approval of a majority of the shareholders.

The articles of incorporation of United provide that its articles of incorporation, or the bylaws of United, may be amended only by the affirmative vote of holders of two-thirds of the shares of United capital stock then issued and outstanding and entitled to vote.

Dividends

On December 19, 2002, United declared a cash dividend of $.075 per share to be paid on April 1, 2003. United paid aggregate cash dividends of $.25 per share in 2002, $.20 per share in 2001, $.15 per share in 2000 and $.10 per share in 1999. United intends to continue paying cash dividends but the amount and frequency of cash dividends, if any, will be determined by United's board of directors after consideration of earnings, capital requirements, and the financial condition of United, and will depend on cash dividends paid to it by its subsidiary banks. The ability of those subsidiaries to pay dividends to United is restricted by certain regulatory requirements, as is more fully discussed in the "Business - Supervision & Regulation" section of United's 10-K for the fiscal year ended December 31, 2001, which is incorporated by reference.

First Georgia paid aggregate cash dividends of $0.05 per share in 2002, $0.08 per share in 2001, $0.08 per share in 2000 and $0.08 per share in 1999. First Georgia is prohibited under the merger agreement from paying cash dividends prior to the closing of the transaction without the prior written consent of United other than its regular, semi-annual dividend of $0.05 per share.

Whether the First Georgia shareholders approve the merger agreement, and regardless of whether the merger is completed, the future dividend policies of United and First Georgia will depend upon each company's respective earnings, financial condition, appropriate legal restrictions, and other factors relevant at the time the respective boards of directors consider whether to declare dividends.

Accounting Treatment

The merger will be accounted for as a purchase for financial reporting and accounting purposes. After the merger, the results of operations of First Georgia will be included in the consolidated financial statements of United. The purchase price will be allocated based on the fair values of the assets acquired and the liabilities assumed. Any excess of cost over fair value of the net tangible and identified intangible assets of First Georgia acquired will be recorded as goodwill. Any identified intangible asset may be amortized by charges to operations under general accepted accounting principles.

Resales of United Common Stock by Directors and Executive Officers of First Georgia

Although United, through this proxy statement/prospectus, will register the United common stock to be issued in the merger under the Securities Act of 1933, the former directors, executive officers, and ten percent shareholders of First Georgia (such persons are deemed to be affiliates of United) and certain other affiliates of United (as defined in Section 405 of the Securities Act) may not resell the United common stock received by them unless those sales are made pursuant to an effective registration statement under the Securities Act of 1933, or under Rules 144 and 145 of the Securities Act, or another exemption from registration under the Securities Act. Rules 144 and 145 limit the amount of United common stock or other equity securities of United that those persons may sell during any three month period, and require that certain current public information with respect to United be available and that the United common stock be sold in a broker's transaction or directly to a market maker in United common stock.

Regulatory Approvals

The Board of Governors of the Federal Reserve System will be required to approve the merger. In determining whether to grant that approval, the Federal Reserve will consider the effect of the merger on the financial and managerial resources and future prospects of the companies and banks concerned and the convenience and needs of the communities to be served.

The Georgia Department of Banking and Finance must also approve the merger. **The Department of Banking and Finance's review of the application will not include an evaluation of the proposed transaction from the financial perspective of the individual shareholders of First Georgia. Further, no shareholder should construe an approval of the application by the Department of Banking and Finance to be a recommendation that the shareholders vote to approve the proposal. Each shareholder entitled to vote should evaluate the proposal to determine the personal financial impact of the completion of the proposed transaction. Shareholders not fully knowledgeable in such matters are advised to obtain the assistance of competent professionals in evaluating all aspects of the proposal including any determination that the completion of the proposed transaction is in the best financial interest of the shareholder.**

Rights of Dissenting Shareholders

First Georgia is a corporation organized under the laws of the State of Georgia, and its principal place of business and executive offices are in the State of Georgia. Georgia law confers rights upon shareholders of corporations organized under Georgia law to, in certain circumstances, demand payment for the fair value of all or a portion of their shares, and it establishes procedures for the exercise of those rights. These shareholder rights are referred to within this document as "dissenters' rights."

In general, if the merger is completed, under Article 13 of the Georgia Business Corporation Code, a First Georgia shareholder who dissents from the merger, and who otherwise complies with the

provisions of Article 13, is entitled to demand and receive payment in cash of an amount equal to the fair value of all, but not less than all, of such holder's shares of First Georgia common stock.

For the purpose of determining the amount to be received in connection with the exercise of statutory dissenters' rights under the Georgia Business Corporation Code, Georgia law provides that the fair value of a dissenting First Georgia shareholder's common stock equals the value of the shares immediately before the effective date of the merger, excluding any appreciation or depreciation in anticipation of the merger.

A dissenting shareholder of First Georgia must exercise his or her dissenters' rights with respect to all of the shares he or she owns of record, other than those shares registered in the dissenting shareholder's name but beneficially owned by another person. If a dissenting shareholder of First Georgia has shares registered in his or her name that are beneficially owned by another person, the dissenting shareholder may assert dissenters' rights for less than all of the shares registered in his or her name, but only if he or she notifies First Georgia in writing of the name and address of each person on whose behalf he or she asserts dissenters' rights.

A First Georgia shareholder who chooses to dissent from the merger and to receive payment of the fair value of his or her shares of First Georgia common stock in accordance with the requirements of the Georgia Business Corporation Code must:

- deliver to First Georgia, prior to the time the shareholder vote on the merger agreement is taken, a written notice of his or her intent to demand payment for his or her shares registered in his or her name if the merger is completed; and

- not vote the shares registered in his or her name in favor of the merger agreement.

Any filing of a written notice of intent to dissent with respect to the merger should be sent to: G. F. Coolidge III, Secretary, First Georgia Holding, Inc., 1703 Gloucester Street, Brunswick, Georgia 31521. **A vote against the merger agreement alone will not satisfy the requirements for compliance with Article 13 of the Georgia Business Corporation Code. A shareholder who wishes to dissent from the merger must, as an initial matter, separately comply with <u>all</u> of applicable conditions listed above.**

Within ten days after the vote of First Georgia shareholders is taken at the special meeting, First Georgia will provide to each shareholder who timely submitted a written notice of intent to dissent, and who did not vote in favor of the merger at the special meeting, a dissenters' notice that:

- states where the dissenting shareholder is to send his, her, or its payment demand, and where and when the certificates for the dissenting shareholder's shares, if any, are to be deposited;

- informs holders of uncertificated shares of First Georgia common stock as to what extent transfer of the shares will be restricted after the payment demand is received;

- sets a date by which First Georgia must receive the dissenting shareholder's payment demand; and

- is accompanied by a copy of Article 13 of the Georgia Business Corporation Code.

Following receipt of the dissenters' notice from First Georgia, each dissenting First Georgia shareholder must deposit his or her First Georgia share certificates and demand payment from First Georgia in accordance with the terms of the dissenters' notice. **A dissenting shareholder who does not deposit his or her share certificate and demand payment from First Georgia by the date set forth in**

the dissenters' notice will forfeit his or her right to payment under Article 13 of the Georgia Business Corporation Code.

Within ten days after the later of the date that the vote of First Georgia shareholders is taken at the special meeting, or the date on which First Georgia receives a payment demand, First Georgia will send a written offer to each shareholder who complied with the provisions set forth in the dissenters' notice to pay each such shareholder an amount that First Georgia estimates to be the fair value of his or her shares, plus accrued interest. The offer of payment will be accompanied by:

- First Georgia's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of making an offer, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;
- an explanation of how any interest was calculated;
- a statement of the dissenting shareholder's right to demand payment of a different amount under Section 14-2-1327 of the Georgia Business Corporation Code; and
- a copy of Article 13 of the Georgia Business Corporation Code.

If the dissenting shareholder chooses to accept First Georgia's offer of payment, he, she or it must do so by written notice to First Georgia within 30 days after receipt of First Georgia's offer of payment. A dissenting shareholder will be deemed to have accepted the offer of payment if he or she does not respond to that offer within the 30-day period. First Georgia must make payment to each shareholder who responds to the offer of payment within 60 days after the making of the offer of payment, or the effective date of the merger, whichever is later. Upon payment, the dissenting shareholder will cease to have any interest in his, her, or its shares of First Georgia common stock.

If within 30 days after First Georgia offers payment for the shares of a dissenting shareholder, the dissenting shareholder does not accept the estimate of fair value of his, her, or its shares and interest due thereon and demands payment of his, her, or its own estimate of the fair value of the shares and interest due thereon, then First Georgia, within 60 days after receiving the payment demand of a different amount from a dissenting shareholder, must file an action in the Superior Court in Glynn County, Georgia, requesting that the fair value of those shares be determined. First Georgia must make all dissenting shareholders whose demands remain unsettled parties to the proceeding. If First Georgia does not commence the proceeding within that 60-day period, it will be required to pay each dissenting shareholder whose demand remains unsettled the amount demanded by the dissenting shareholder.

First Georgia urges its shareholders to read all of the dissenter's rights provisions of the Georgia Business Corporation Code, which are reproduced in full in Appendix B to this proxy statement/prospectus and which are incorporated by reference into this proxy statement/prospectus.

Material Federal Income Tax Consequences of the Merger and Opinion of Tax Counsel

First Georgia has received an opinion from Kilpatrick Stockton LLP to the effect that, assuming the merger is completed in accordance with the terms of the merger agreement:

- the merger and the issuance of shares of United common stock in connection therewith, as described in the merger agreement, will constitute a tax-free reorganization under Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended;

- no gain or loss will be recognized by holders of First Georgia common stock upon the exchange of such stock for United common stock as a result of the merger;

- gain or loss will be recognized pursuant to Section 302 of the Internal Revenue Code of 1986, as amended, by holders of First Georgia common stock upon their receipt of cash for their shares of First Georgia common stock, upon their receipt of cash in lieu of the cash payment and fractional shares of United common stock, and upon their exercise of dissenters' rights;

- no gain or loss will be recognized by First Georgia as a result of the merger;

- the aggregate tax basis of United common stock received by shareholders of First Georgia pursuant to the merger will be the same as the tax basis of the shares of First Georgia common stock exchanged therefor, (i) decreased by any portion of such tax basis allocated to fractional shares of United common stock that are treated as redeemed by United, (ii) decreased by the amount of cash received by a shareholder in the merger (with respect to shares other than fractional shares), and (iii) increased by the amount of gain recognized by a shareholder in the merger (with respect to shares other than fractional shares); and

- the holding period of the shares of United common stock received by the shareholders of First Georgia will include the holding period of the shares of First Georgia common stock exchanged therefor, provided that the common stock of First Georgia is held as a capital asset on the date of the consummation of the merger.

No ruling will be requested from the Internal Revenue Service with respect to any Federal income tax consequences of the merger.

The foregoing tax opinion and the preceding discussion relate to the material federal income tax consequences of the merger to First Georgia shareholders. First Georgia shareholders are advised to consult their own tax advisors as to any state, local, or other tax consequences of the merger.

Opinion of Financial Adviser

First Georgia has engaged The Carson Medlin Company to serve as its financial adviser and to render its opinion as to the fairness, from a financial point of view, of the consideration received by the shareholders of First Georgia pursuant to the merger agreement. First Georgia selected The Carson Medlin Company as its financial adviser on the basis of its experience in advising community banks in similar transactions. The Carson Medlin Company is an investment banking firm which specializes in the securities of financial institutions located in the southeastern and western United States. As part of its investment banking activities, The Carson Medlin Company is regularly engaged in the valuation of financial institutions and transactions relating to their securities, including mergers and acquisitions. Neither The Carson Medlin Company nor any of its affiliates has a material relationship with First Georgia or United or any material financial interest in First Georgia or United.

Representatives of The Carson Medlin Company provided analysis to First Georgia's board of directors at a meeting held on January 22, 2003, during which the terms of the transaction were discussed and approved. At that meeting, The Carson Medlin Company delivered its written opinion to the effect that the consideration provided for in the merger agreement is fair, from a financial point of view, to the shareholders of First Georgia. The Carson Medlin Company subsequently reconfirmed its January 22, 2003 written opinion by issuing a second written opinion dated as of February 17, the most recent practicable date prior to the printing of this proxy statement and a copy of which is attached as Appendix C.

You should consider the following when reading the discussion of The Carson Medlin Company opinion in this document:

- The summary of the opinion of The Carson Medlin Company set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion that is attached as Appendix C to this document. You should read the opinion in its entirety for a full discussion to the procedures followed, assumptions made, matters considered and qualification and limitation on the review undertaken by The Carson Medlin Company in connection with its opinion.

- The Carson Medlin Company's opinion does not address the merits of the merger relative to other business strategies, whether or not considered by First Georgia's board, nor does it address the decision by First Georgia's board to proceed with the merger.

- The Carson Medlin Company's opinion to First Georgia's board of directors rendered in connection with the merger does not constitute a recommendation to any First Georgia shareholder as to how he or she should vote at the special meeting.

No limitations were imposed by First Georgia's board of directors or its management upon The Carson Medlin Company with respect to the investigations made or the procedures followed by The Carson Medlin Company in rendering its opinion.

The preparation of a financial fairness opinion involves various determinations as to the most appropriate methods of financial analysis and the application of those methods to the particular circumstances. It is therefore not readily susceptible to partial analysis or summary description. In connection with rendering its opinion, The Carson Medlin Company performed a variety of financial analyses. The Carson Medlin Company believes that its analyses must be considered together as a whole and that selecting portions of its analyses and the facts considered in its analyses, without considering all other factors and analyses, could create an incomplete or inaccurate view of the analyses and the process underlying the rendering of The Carson Medlin Company's opinion.

In performing its analyses, The Carson Medlin Company made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which are beyond the control of First Georgia and United and may not be realized. Any estimates contained in The Carson Medlin Company's analyses are not necessarily predictive of future results or values, which may be significantly more or less favorable than the estimates. Estimates of values of companies do not purport to be appraisals or necessarily reflect the prices at which the companies or their securities may actually be sold. Except as described below, none of the analyses performed by The Carson Medlin Company was assigned a greater significance by The Carson Medlin Company than any other. The relative importance or weight given to these analyses by The Carson Medlin Company is not necessarily reflected by the order of presentation of the analyses herein (and the corresponding results). The summaries of financial analyses include information presented in tabular format. The tables should be read together with the text of those summaries.

The Carson Medlin Company has relied, without independent verification, upon the accuracy and completeness of the information it reviewed for the purpose of rendering its opinion. The Carson Medlin Company did not undertake any independent evaluation or appraisal of the assets and liabilities of First Georgia or United, nor was it furnished with any appraisals.

The Carson Medlin Company is not an expert in the evaluation of loan portfolios, including under-performing or non-performing assets, charge-offs or the allowance for loan losses; it has not

reviewed any individual credit files of First Georgia or United; and it has assumed that the allowances of First Georgia and United are in the aggregate adequate to cover potential losses. The Carson Medlin Company's opinion is necessarily based on economic, market and other conditions existing on the date of its opinion, and on information as of various earlier dates made available to it which is not necessarily indicative of current market conditions.

In rendering its opinion, The Carson Medlin Company made the following assumptions:

- that the merger will be accounted for as a purchase in accordance with generally accepted accounting principles;
- that all material governmental, regulatory and other consents and approvals necessary for the consummation of the merger would be obtained without any adverse effect on First Georgia, United or on the anticipated benefits of the merger;
- that First Georgia had provided it with all of the information prepared by First Georgia or its other representatives that might be material to The Carson Medlin Company in its review; and
- that the financial projections it reviewed were reasonably prepared on a basis reflecting the best currently available estimates and judgement of the management of First Georgia as to the future operating and financial performance of First Georgia.

In connection with its opinion dated January 22, 2003, The Carson Medlin Company reviewed:

- drafts of the merger agreement dated January 22, 2003;
- the audited financial statements of United for the five years ended December 31, 2001;
- the audited financial statements of First Georgia for the five years ended September 30, 2002;
- the unaudited interim financial statements of United for the nine months ended September 30, 2002;
- the unaudited interim financial statements of First Georgia for the three months ended December 31, 2002; and
- certain financial and operating information with respect to the business, operations and prospects of United and First Georgia.

In addition, The Carson Medlin Company:

- held discussions with members of management of United and First Georgia regarding the historical and current business operations, financial condition and future prospects of their respective companies;
- reviewed the historical market prices and trading activity for the common stock of United and compared them with those of certain publicly-traded companies which it deemed relevant;
- compared the results of operations of United and First Georgia with those of certain publicly-traded financial institutions which it deemed to be relevant;

- compared the results of operations of United and First Georgia with those of certain banking companies which we deemed to be relevant;
- compared the financial terms of the merger with the financial terms, to the extent publicly available, of certain other recent business combinations of commercial banking organizations; and
- conducted such other studies, analyses, inquiries and examinations as The Carson Medlin Company deemed appropriate.

Valuation Methodologies

The following is a summary of all material analyses performed by The Carson Medlin Company in connection with its written opinion provided to First Georgia's board of directors as of January 22, 2003. The summary does not purport to be a complete description of the analyses performed by The Carson Medlin Company.

Summary of Merger and Analysis

The Carson Medlin Company reviewed the terms of the proposed merger, including the form of consideration, the exchange ratio, the price per share of United's common stock and the price paid to First Georgia shareholders pursuant to the merger agreement. Under the terms of the merger agreement, United will issue 1,177,282 shares of its stock and $12,790,282 in cash for all of the outstanding common stock of First Georgia.

The Carson Medlin Company calculated that the indicated consideration paid to First Georgia shareholders represented:

- $5.50 per share (based on United's January 22, 2003 10-day average stock price of $25.35 per share);
- a 38% premium to First Georgia's market value one week prior to announcement and a 59% premium to First Georgia's market value three months prior to announcement;
- 203.7% of First Georgia's stated book value at September 30, 2002;
- 27.5 times First Georgia's earnings for the trailing 12 months ended September 30, 2002;
- 16.3% of First Georgia's total assets at September 30, 2002;
- 18.9% of First Georgia's total deposits at September 30, 2002; and
- a 10.4% premium on First Georgia's core deposits at September 30, 2002.

Industry Comparative Analysis

In connection with rendering its opinion, The Carson Medlin Company compared selected operating results of First Georgia to those of 54 publicly-traded community commercial banks in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West

Virginia, which are listed in the *Southeastern Independent Bank Review*, a proprietary research publication prepared by The Carson Medlin Company quarterly since 1991.

The banks reviewed by The Carson Medlin Company range in asset size from $166 million to $2.5 billion and in shareholders' equity from approximately $14 million to $182 million. The Carson Medlin Company considers this group of financial institutions more comparable to First Georgia than larger, more widely traded regional financial institutions. The Carson Medlin Company compared, among other factors, profitability, capitalization, asset quality and operating efficiency of First Georgia to these financial institutions. The Carson Medlin Company noted the following performance based on results at or for the nine months ended September 30, 2002 (most recent available) and stock prices as of January 20, 2003:

	First Georgia	Average for Peer Group
Return on Average Assets	**0.65%**	**1.17%**
Return on Average Equity	**8.0%**	**12.7%**
Net Interest Margin	**3.88%**	**4.43%**
Equity to Assets	**8.0%**	**9.3%**
Efficiency Ratio	**77.8%**	**60.7%**
Non-Performing Assets (defined as 90 days past due, nonaccrual loans and other real estate) to Total Loans, net of unearned income and other real estate	**2.81%**	**1.09%**
Price to Book Value (January 20, 2003)	**148.2%**	**172.9**%
Price to Trailing 12 months Earnings (January 20, 2003)	**19.8**	**15.1**

The Carson Medlin Company noted that First Georgia's financial performance was below the peer group for profitability, asset quality and operating efficiency. Its equity to assets ratio and net interest margin were also lower than the peer group. First Georgia's common stock traded at a discount to the peer group average on a book value basis and a premium to the peer group based on trailing twelve months' earnings.

The Carson Medlin Company also compared selected operating results of United to a peer group of banks in the Southeast with assets from $1 billion to $5 billion. The United selected peer group consists of First Charter Corporation, Alabama National BanCorporation, Republic Bancshares, Inc., Capital City Bank Group, Inc., First Community Bancshares, Inc., Banc Corporation, Main Street Banks, Inc., ABC Bancorp, Seacoast Banking Corp. of Florida, First Bancorp, First National Corp., Union Bankshares Corp., Virginia Financial Group, Inc., and Fidelity National Corp. The Carson Medlin Company considers this group of financial institutions more comparable to United than the smaller, less liquid financial institutions listed in the *Southeastern Independent Bank Review* and to the larger, more liquid, regional holding companies. The Carson Medlin Company compared, among other factors, profitability, capitalization, asset quality and operating efficiency of United to these financial institutions. The Carson Medlin Company noted the following performance based on results at or for the nine months ended September 30, 2002 (or most recent available) and stock prices as of January 20, 2003:

	United	Average for Peer Group
Return on Average Assets	**1.11%**	**1.14%**
Return on Average Equity	**15.8%**	**12.7%**
Net Interest Margin	**4.43%**	**4.39%**
Equity to Assets	**6.9%**	**8.8%**
Efficiency Ratio	**60.5%**	**62.5%**
Non-Performing Assets (defined as 90 days past due, nonaccrual loans and other real estate) to Total Loans, net of unearned income and other real estate	**0.30%**	**0.53%**
Price to Book Value (January 20, 2003)	**252.3%**	**186.0%**
Price to Trailing 12 months Earnings (January 20, 2003)	**16.6**	**14.4**

The Carson Medlin Company noted that United's financial performance was above the peer group for return on average equity, net interest margin, operating efficiency and asset quality. Its equity to assets ratio and return on average assets were lower than the peer group. United's common stock traded at a premium to the peer group average on a book value basis as well as a premium to the peer group based on trailing twelve months' earnings.

Comparable Transaction Analysis

The Carson Medlin Company reviewed certain information related to the following selected merger transactions, or Peer Group A, involving commercial banks and thrifts in the United States announced since January 1, 2002 with assets between $100 million and $300 million and a return on average assets of between 0.50% and 1.00%. The Carson Medlin Company also reviewed selected merger transactions involving the same criteria as Peer Group A but isolated to the southeastern United States region, or Peer Group B. Those transactions are listed in the following tables.

Peer Group A

Seller	State	Buyer	State
Rowan Bancorp, Inc.	NC	FNB Corp.	NC
Kerman State Bank	CA	Westamerica Bancorporation	CA
Massachusetts Fincorp, Inc.	MA	Abington Bancorp, Inc.	MA
CFS Bancshares, Inc.	AL	Citizens Bancshares Corporation	GA
Fortress Bancshares, Inc.	WI	Merchants and Manufacturers	WI
Southwest Bank Holding Company	TX	Prosperity Bancshares, Inc.	TX
Security Acadia Bancshares, Inc.	LA	Financial Corp. of Louisiana	LA
Family Savings Bank, FSB	CA	Boston Bank of Commerce	MA
MetroBanCorp	IN	First Indiana Corporation	IN
Murfreesboro Bancorp, Inc.	TN	First South Bancorp, Inc.	TN
First Commerce Corporation	NC	Bank of Granite Corporation	NC
First Central Bancshares, Inc.	TN	United Community Banks, Inc.	GA

Peer Group B

Seller	State	Buyer	State
Rowan Bancorp, Inc.	NC	FNB Corp.	NC
CFS Bancshares Inc.	AL	Citizens Bancshares Corporation	GA
Murfreesboro Bancorp, Inc.	TN	First South Bancorp, Inc.	TN
First Commerce Corporation	NC	Bank of Granite Corporation	NC
First Central Bancshares, Inc.	TN	United Community Banks, Inc.	GA

The Carson Medlin Company also reviewed certain information related to all merger transactions involving commercial banks and thrifts in the United States announced since January 1, 2002, or Peer Group C. In evaluating these peer groups, The Carson Medlin Company considered, among other factors, capital level, asset size and quality of assets of the acquired financial institutions. The Carson Medlin Company compared the price to trailing twelve months' earnings, price to book value, price to total assets, price to total deposits and core deposit premium for the three peer groups to the proposed merger at the time it was announced. These comparisons are discussed below.

Comparable Transaction Analysis - Peer Group A

Other Pricing Multiples	First Georgia Indicator	Comparable Transactions Average	High	Low
Purchase Price % of Stated Book Value	203.7%	168.7%	239.1%	100.7%
Purchase Price as a Multiple of LTM Earnings	27.5	20.9	42.9	10.9
Purchase Price % of Total Assets	16.3%	14.7%	22.6%	7.9%
Purchase Price % of Total Deposits	18.9%	18.0%	28.9%	12.2%
Core Deposit Premium	10.4%	9.9%	19.6%	0.2%

The Carson Medlin Company calculated that the indicated consideration to be paid to First Georgia shareholders represented $5.50 per share or 203.7% of stated book value (based on United's January 22, 2003 10-day average stock price of $25.35 per share). This consideration is higher than the average of the range for the comparable transactions in Peer Group A. The indicated consideration represented 27.5 times trailing twelve months' earnings. This consideration is higher than the average of the range for the comparable transactions in Peer Group A. The purchase price as a percentage of total assets implied by the merger is 16.3%, which is higher than the average of the range for Peer Group A's comparable transactions. The price as a percentage of total deposits implied by the merger is 18.9%, which is higher than the average of the comparable transactions. The core deposit premium implied by the merger is 10.4%, which is higher than the average of the comparable transactions in Peer Group A.

Comparable Transaction Analysis - Peer Group B

Other Pricing Multiples	First Georgia Indicator	Comparable Transactions Average	High	Low
Purchase Price % of Stated Book Value	203.7%	179.1%	239.1%	100.7%
Purchase Price as a Multiple of LTM Earnings	27.5	18.8	22.7	13.5
Purchase Price % of Total Assets	16.3%	14.9%	19.6%	8.9%
Purchase Price % of Total Deposits	18.9%	18.0%	22.6%	12.2%
Core Deposit Premium	10.4%	10.5%	15.6%	0.2%

The Carson Medlin Company noted that the indicated consideration to be paid exceeded the average of the comparable transactions in Peer Group B for certain indicators (price to stated book value, price to earnings, price to total assets and price to total deposits) but was slightly below the average for Peer Group B's comparable transactions for the core deposit premium.

Comparable Transaction Analysis - Peer Group C

Other Pricing Multiples	First Georgia Indicator	Comparable Transactions Average
Purchase Price % of Stated Book Value	203.7%	184.6%
Purchase Price as a Multiple of LTM Earnings	27.5	18.1
Purchase Price % of Total Assets	16.3%	16.6%
Purchase Price % of Total Deposits	18.9%	20.6%
Core Deposit Premium	10.4%	12.0%

The Carson Medlin Company noted that the indicated consideration to be paid was higher than the average of the comparable transactions in Peer Group C for certain indicators (price to stated book value and price to earnings) but was at or below the average for Peer Group C's comparable transactions for price to total assets, price to total deposits and core deposit premium. None of these comparisons failed to support The Carson Medlin Company's determination that the consideration to be received by First Georgia's shareholders in the merger is fair from a financial point of view.

No company or transaction used in The Carson Medlin Company's analyses is identical to First Georgia or the proposed merger. Accordingly, the results of these analyses necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of First Georgia and other factors that could affect the value of the companies to which they have been compared.

Present Value Analysis

The Carson Medlin Company calculated the present value of First Georgia assuming that First Georgia remained an independent bank. For purposes of this analysis, The Carson Medlin Company utilized certain projections of First Georgia's future growth of assets, earnings and dividends and assumed a terminal price to book value multiple from 150% to 250% times. The Carson Medlin Company based their projections on First Georgia's historic growth rates, management estimates, as well as expected industry trends over the period analyzed with an expected average growth rate of approximately 5%. It was estimated that dividends would be paid over the period analyzed consistent with First Georgia's historical dividend policy. The average return on assets (ROA) for the projections is 0.62% and is based on First Georgia's historical ROA and management estimates. The price to book value multiples were based on The Carson Medlin Company's experience in similar merger transactions over the past several years and those multiples observed in other transactions as exhibited by the comparable transactions described above. The values were then discounted to present value utilizing discount rates of 14% to 16%. These rates were selected because, in The Carson Medlin Company's experience, they represent the rates that investors in securities such as First Georgia's common stock would demand in light of the potential appreciation and risks as observed in expected returns for alternative investments. The Carson Medlin Company also noted that these rates are frequently cited for other merger transactions in the banking industry.

Range of Values - Price to Book Value Basis

	1.50	1.75	2.00	2.25	2.50
14.0%	$2.97	$3.42	$3.87	$4.32	**$4.77**
15.0%	$2.84	$3.28	**$3.71**	$4.14	$4.57
16.0%	**$2.73**	$3.14	$3.56	$3.97	$4.39

On the basis of these assumptions, The Carson Medlin Company calculated that the present value of First Georgia as an independent bank ranged from $2.73 per share to $4.77 per share. The indicated consideration to be paid to First Georgia shareholders was $5.50 per share (based on United's January 22, 2003 10-day average stock price of $25.35 per share) which is above the range indicated under the present value analysis.

Range of Values - Price to Earnings Basis

	16.0	17.0	18.0	19.0	20.0
14.0%	$2.30	$2.43	$2.56	$2.68	**$2.81**
15.0%	$2.21	$2.33	**$2.45**	$2.57	$2.70
16.0%	**$2.12**	$2.23	$2.35	$2.47	$2.59

The Carson Medlin Company also calculated the present value of First Georgia assuming terminal price to earnings value multiples from 16.0 to 20.0 times. The price to earnings value multiples were based on The Carson Medlin Company's experience in similar merger transactions over the past several years and those multiples observed in other transactions as exhibited by the comparable transactions described above. The present value of First Georgia as an independent bank ranged from $2.12 per share to $2.81 per share. The indicated consideration to be paid to First Georgia shareholders was $5.50 per share (based on United's January 22, 2003 10-day average stock price of $25.35 per share), which is above the range indicated under the present value analysis.

The Carson Medlin Company noted that it included present value analysis because it is a widely used valuation methodology, but also noted that the results of this methodology are highly dependent upon the numerous assumptions that must be made, including assets and earnings growth rates, dividend payout rates, terminal values and discount rates. This analysis is one of several methods of financial analysis used in determining the fairness of the transaction and, therefore, this analysis cannot be considered without considering all other factors described in this section.

Historical Stock Performance Analysis

The Carson Medlin Company reviewed and analyzed the historical trading prices and volumes of First Georgia and United common stock over recent periods. United's stock was listed on the Nasdaq's National Market System in March 2002. United's stock traded as high as $29.40 shortly after its Nasdaq listing and under speculation that it would be added to the Russell 2000 Index. After it was added to this index in June 2002, United's stock dropped from this peak and has recently traded around $25.00. United's stock was trading at $25.40 per share immediately prior to the merger announcement. United's stock trading volume has been steady since its Nasdaq listing and has averaged more than 15,000 shares per day over the last three months.

First Georgia's stock also trades on the Nasdaq National Market System and was trading at $4.00 per share immediately prior to the merger announcement. First Georgia's stock has traded around $4.00 per share since early 2000, although it briefly traded as high as $5.43 in May 2001. First Georgia's stock trading volume has been very modest and has averaged only about 1,000 shares per day over the last year.

The Carson Medlin Company compared recent trading prices of United's stock to the recent market values of the selected peer group of Southeastern banks with assets from $1 billion to $5 billion. This comparison shows that United's stock currently trades, and has generally traded over the three year period examined, at a premium based on book value multiples. United's stock also currently trades at a premium based on earnings multiples to the selected peer group and has traded at a premium for most of

the last three years. At January 20, 2003, United's common stock traded at 252% of book value compared to 186% for the selected peer group. On a price to trailing earnings basis, United's common stock traded at 16.6 times earnings compared to the 14.4 times earnings for the selected peer group.

The Carson Medlin Company compared recent trading prices of First Georgia's stock to those of the 54 publicly-traded community commercial banks listed on the *Southeastern Independent Bank Review.* This comparison shows that First Georgia has traded at a discount based on book value multiples since the fourth quarter of 2001. First Georgia trades at a premium based on earnings multiples to the selected peer group and has traded at a premium for most of the last three years. However, these higher price to earnings multiples can be attributed mostly to the lower profitability compared to its peers. At January 20, 2003, First Georgia common stock traded at 148% of book value compared to 173% for the selected peer group. On a price to trailing earnings basis, First Georgia's common stock traded at 19.8 times earnings compared to the 15.1 times earnings for the selected peer group.

Miscellaneous

The opinion expressed by The Carson Medlin Company was based upon market, economic and other relevant considerations as they existed and could be evaluated as of the date of the opinion. Events occurring after the date of issuance of the opinion, including but not limited to, changes affecting the securities markets, the results of operations or material changes in the assets or liabilities of First Georgia or United, could materially affect the assumptions used in preparing the opinion.

In connection with its updated opinion, dated as of the date of this Proxy Statement, The Carson Medlin Company confirmed the appropriateness of its reliance on the analyses used to render its January 22, 2003 opinion by performing procedures to update certain of such analyses and reviewing the assumptions on which its analyses were based and the factors considered in connection therewith. It was The Carson Medlin Company's opinion, therefore, that the consideration to be received by First Georgia's shareholders, as provided for in the merger agreement, was fair from a financial point of view.

INFORMATION ABOUT UNITED COMMUNITY BANKS, INC.

The following is a summary of material provisions of United's outstanding securities:

General

The authorized capital stock of United currently consists of 50,000,000 shares of common stock, $1.00 par value per share and 10,000,000 shares of preferred stock, $1.00 par value per share. As of January 31, 2003, 21,199,377 shares of common stock were issued and outstanding (exclusive of 606,547 shares held as treasury shares), 280,000 shares were deemed outstanding pursuant to outstanding debentures, 1,457,664 shares of common stock were reserved for issuance upon the exercise of outstanding options, and 127,100 shares of Series A Non-Cumulative Preferred Stock were issued and outstanding.

Common Stock

All voting rights are vested in the holders of the common stock. Each holder of common stock is entitled to one vote per share on any issue requiring a vote at any meeting. The shares do not have cumulative voting rights. Subject to the right of holders of United's Series A Non-Cumulative Preferred Stock to receive dividends, all shares of United common stock are entitled to share equally in any dividends that United's board of directors may declare on United common stock from sources legally available for distribution. The determination and declaration of dividends is within the discretion of United's board of directors. Upon liquidation, holders of United common stock will be entitled to receive on a pro rata basis, after payment or provision for payment of all debts and liabilities of United, and after all distributions payments are made to holders of United's Series A Non-Cumulative Preferred Stock, all assets of United available for distribution, in cash or in kind.

The outstanding shares of United common stock are, and the shares of United common stock to be issued by United in connection with the merger will be, duly authorized, validly issued, fully paid, and nonassessable.

Preferred Stock

United is authorized to issue 10,000,000 shares of preferred stock, issuable in specified series and having specified voting, dividend, conversion, liquidation, and other rights and preferences as United's board of directors may determine. The preferred stock may be issued for any lawful corporate purpose without further action by United shareholders. The issuance of any preferred stock having conversion rights might have the effect of diluting the interests of United's other shareholders. In addition, shares of preferred stock could be issued with certain rights, privileges, and preferences which would deter a tender or exchange offer or discourage the acquisition of control of United.

On September 29, 2000, by filing articles of amendment to United's articles of incorporation, United's board of directors designated 287,411 of the 10,000,000 authorized shares of preferred stock as "Series A Non-Cumulative Preferred Stock." The Series A stock has a stated value of $10.00 per share, and holders of Series A stock are entitled to a preferential annual dividend of 6%, payable quarterly on each January 1, April 1, July 1 and October 1. The declaration of dividends with respect to the Series A stock is within the discretion of United's board of directors.

In addition, holders of the Series A stock are entitled to receive, on a pro rata basis, distributions upon liquidation prior to any payment by United to the holders of its common stock, in an amount equal to the stated value per share of the Series A stock, plus any accrued but unpaid dividends. The Series A stock has no voting rights, except as required under the Georgia Business Corporation Code, and is not

convertible into shares of common stock or other securities of United. United may, at its option, redeem all or part of the Series A stock outstanding by paying cash for such shares in an amount equal to the stated value per share, plus any accrued but unpaid dividends.

Subordinated Notes

Subordinated notes in the principal amount of $31.5 million, due on December 15, 2012, are outstanding as of December 19, 2002. These notes bear 6.75% interest per annum, payable semi-annually in arrears in cash on June 15 and December 15 of each year.

The notes may not be redeemed prior to their maturity. No sinking fund is provided for the notes. The notes are general unsecured obligations of United, subordinated to all existing and future secured and senior indebtedness, and payment of principal of the notes may be accelerated only in the case of bankruptcy, insolvency, receivership, convertorship or reorganization of United or one of United's bank subsidiaries.

Convertible Subordinated Debentures

Debentures in the principal amount of $3.5 million that are due on December 31, 2006, are outstanding as of December 19, 2002. These debentures bear interest at the rate of one quarter of one percentage point over the prime rate per annum as quoted in The Wall Street Journal, payable on April 1, July 1, October 1, and January 1 of each year commencing on April 1, 1998, to holders of record at the close of business on the 15th day of the month immediately preceding the interest payment date. Interest is computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable. Interest on the debentures is payable, at the option of the board of directors of United, in cash or in an additional debenture with the same terms as the outstanding debentures.

The debentures may be redeemed, in whole or in part, from time to time on or after January 1, 1999, at the option of United upon at least 20 days and not more than 60 days notice, at a redemption price equal to 100% of the principal amount of the debentures to be redeemed plus interest accrued and unpaid as of the date of redemption. The holder of any debentures not called for redemption will have the right, exercisable at any time up to December 31, 2006, to convert those debentures at the principal amount thereof into shares of United common stock at the conversion price of $12.50 per share, subject to adjustment for stock splits and stock dividends. The debentures are unsecured obligations of United and are subordinate in right of payment to all obligations of United to its other creditors, except obligations ranking on a parity with or junior to the debentures. The debentures were not issued pursuant to an indenture, and no trustee acts on behalf of debenture holders.

Trust Preferred Securities

United formed three wholly owned statutory trusts, which issued guaranteed preferred interests in United's junior subordinated deferrable interest debentures. The debentures represent the sole asset of the trusts. These debentures qualify as Tier I capital under Federal Reserve Board guidelines. All of the common securities of the trusts are owned by United. United has entered into contractual arrangements which, taken collectively, fully and unconditionally, guarantee payment of: (i) accrued and unpaid distributions required to be paid on the securities; (ii) the redemption price with respect to any securities called for redemption by the respective trust; and (iii) payments due upon a voluntary or involuntary dissolution, winding up or liquidation of the respective trust. The following is a description of each trust preferred security.

10.60% Trust Preferred Securities

In September 2000, United formed a wholly owned Connecticut statutory business trust, United Community Statutory Trust I ("United Statutory Trust"), which issued $5 million of guaranteed preferred beneficial interests in United's junior subordinated deferrable interest debentures. The proceeds from the issuance of the securities were used by United Statutory Trust to purchase $5.2 million of junior subordinated debentures of United, which carry a fixed interest rate of 10.60%. The securities accrue and pay distributions semiannually at a fixed rate of 10.60% per annum of the stated liquidation value of $1,000 per capital security and are mandatorily redeemable upon maturity of the debentures on September 7, 2030, or upon earlier redemption as provided in the indenture. United has the right to redeem the debentures purchased by United Statutory Trust in whole or in part, on or after September 7, 2010. As specified in the indenture, if the debentures are redeemed prior to maturity, the redemption price will be the principal amount, any accrued but unpaid interest, plus a premium ranging from 5.3% in 2010 to .53% in 2019.

11.295% Trust Preferred Securities

In July 2000, United formed a wholly owned Delaware statutory business trust, United Community Capital Trust II ("United Trust II"), which issued $10 million of guaranteed preferred beneficial interests in United's junior subordinated deferrable interest debentures. The proceeds from the issuance of the securities were used by United Trust II to purchase $10.3 million of junior subordinated debentures of United, which carry a fixed rate of 11.295%. The securities accrue and pay distributions at a fixed rate of 11.295% per annum of the stated liquidation value of $1,000 per capital security. The securities are mandatorily redeemable upon maturity of the debentures on July 19, 2030, or upon earlier redemption as provided in the indenture. United has the right to redeem the debentures purchased by United Trust II in whole or in part, on or after July 2010. As specified in the indenture, if the debentures are redeemed prior to maturity, the redemption price will be the principal amount, any accrued but unpaid interest, plus a premium ranging from 2.824% in 2010 to .565% in 2019.

8.125% Trust Preferred Securities

In July 1998, United formed a wholly owned Delaware statutory business trust, United Community Capital Trust ("United Trust"), which issued $21 million of guaranteed preferred beneficial interests in United's junior subordinated deferrable interest debentures. The proceeds from the issuance of the securities were used by United Trust to purchase $21.7 million of junior subordinated debentures of United that carry a fixed interest rate of 8.125%. The securities accrue and pay distributions semiannually at a fixed rate of 8.125% per annum of the stated liquidation value of $1,000 per capital security. The securities are mandatorily redeemable upon maturity of the debentures on July 15, 2028, or upon earlier redemption as provided in the indenture. United has the right to redeem the debentures purchased by United Trust: (i) in whole or in part, on or after July 15, 2008, and (ii) in whole (but not in part) at any time within 90 days following the occurrence and during the continuation of a tax event, investment company event or capital treatment time (as defined in the offering circular). As specified in the indenture, if the debentures are redeemed prior to maturity, the redemption price will be the principal amount, any accrued but unpaid interest, plus a premium ranging from 4.06% in 2008 to .41% in 2017.

Transfer Agent and Registrar

The Transfer Agent and Registrar for United's common stock and the debentures is SunTrust Bank, Room 2000, 58 Edgewood Avenue, Atlanta, Georgia 30303.

Certain Provisions of United's Articles of Incorporation and Bylaws Regarding Change of Control

Ability to Consider Other Constituencies

United's articles of incorporation permit its board of directors, in determining what is believed to be in the best interest of United and its shareholders, to consider the interests of its employees, customers, suppliers and creditors, the communities in which its offices and establishments are located and all other factors that they consider pertinent, in addition to considering the effects of any actions on United and its shareholders. This provision permits United's board of directors to consider numerous judgmental or subjective factors affecting a proposal, including some non-financial matters, and on the basis of these considerations may oppose a business combination or some other transaction which, viewed exclusively from a financial perspective, might be attractive to some, or even a majority, of its shareholders.

Amendments to Articles of Incorporation and Bylaws

United's articles of incorporation specifically provide that the neither the articles of incorporation nor the bylaws of United may be amended without the affirmative vote the holders of two-thirds of the shares issued and outstanding and entitled to vote thereon, except for provisions relating to increasing the number of authorized shares of common and preferred stock of United. This provision could allow the holders of 33.4% of the outstanding capital stock of United to exercise an effective veto over a proposed amendment to the articles or bylaws, despite the fact that the holders of 66.6% of the shares favor the proposal. This provision protects, among other things, the defensive measures included in United's articles of incorporation and bylaws by making more difficult future amendments to the articles of incorporation and bylaws that could result in the deletion or revision of such defensive measures.

Supermajority Approval of Interested Business Combinations

United's articles of incorporation provide that if a proposed business combination between United and any interested shareholder is not approved by three-fourths of all directors of United then in office, the business combination must be approved by the affirmative vote of the holders of at least 75% of the outstanding shares of United's common stock, including the affirmative vote of the holders of at least 75% of the outstanding shares of common stock held by shareholders other than the interested shareholder. This provision may discourage attempts by other corporations or groups to acquire control of United, without negotiation with management, through the acquisition of a substantial number of shares of United's stock followed by a forced merger. This provision may also enable a minority of the shareholders of United to prevent a transaction favored by a majority of the shareholders, and may discourage tender offers or other non-open market acquisitions of United's common stock because of the potentially higher vote requirements for shareholder approval of any subsequent business combination. Additionally, in some circumstances, United's board of directors could, by withholding its consent to such a transaction, cause the 75%/75% shareholder vote to be required to approve a business combination, thereby enabling management to retain control over the affairs of United and their present positions with United.

Removal of Directors

United's articles of incorporation provide that a member of United's board of directors may only be removed for cause, and only upon the affirmative vote of two-thirds of the outstanding shares of capital stock of United entitled to vote thereon. This provision may prevent a significant shareholder from avoiding board scrutiny of a proposed business combination by merely removing directors with conflicting views, and may encourage individuals or groups who desire to propose takeover bids or similar transactions to negotiate with the board of directors. However, outside of the context of an acquisition attempt, it may serve as an impediment to a more legitimate need to remove a director.

Recent Developments of United

On December 23, 2002, United entered into an agreement to acquire First Central Bancshares, Inc., Lenior City, Tennessee, in exchange for 545,538 shares of United common stock and $8,978,683 in cash. First Central is a one-bank holding company with total consolidated assets of approximately $149.9 million, total consolidated loans of approximately $98.4 million, total consolidated deposits of approximately $135.7 million, and total consolidated shareholders' equity of approximately $12.8 million. Management anticipates the transaction will be complete by the end of the first quarter of 2002, subject to required shareholder and regulatory approvals.

INFORMATION ABOUT FIRST GEORGIA HOLDING, INC.

Description of Business

First Georgia was incorporated under the laws of the State of Georgia in 1987. The primary activity of First Georgia is to own and operate First Georgia Bank.

At September 30, 2002, First Georgia had total consolidated assets of approximately $260.9 million, total consolidated loans approximately $215.1 million, total consolidated deposits of approximately $226.0 million, and total consolidated shareholder equity of approximately $20.9 million.

At December 31, 2002, First Georgia had total consolidated assets of approximately $258.0 million, total consolidated loans of approximately $216.6 million, total consolidated deposits of approximately $224.9 million, and total consolidated shareholders equity of approximately $20.5 million.

Financial and other information relating to First Georgia are set forth in First Georgia's Form 10-KSB for the year ended September 30, 2002 and Form 10-QSB for the quarter ended December 31, 2002, copies of which accompany this proxy statement/proxy.

Recent Developments of First Georgia

During the quarter ended December 31, 2002, First Georgia Bank recorded $780,000 in its provision for loan losses based upon management's analysis of the loan portfolio and current economic conditions. For further information, please refer to First Georgia's Form 10-QSB for the quarter ended December 31, 2002.

Voting and Principal Shareholders

The following table sets forth the number and percentage ownership of shares of common stock of First Georgia beneficially owned (as defined by rules of the Securities and Exchange Commission) by (a) directors and officers of First Georgia, (b) persons known to First Georgia to own more than five percent of the outstanding common stock of First Georgia, and (c) all directors and officers of the company as a group as of December 2, 2002.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class (1)
Henry S. Bishop 1703 Gloucester Street Brunswick, GA 31520	768,062(2)	9.91%
James A. Bishop 77 Gloucester Street, Suite 401 Brunswick, GA 31520	771,205	9.95%
B.W. Bowie 16 Kings Way St. Simons Island, GA 31522	491,599(3)	6.34%
G. F. Collidge III 1703 Gloucester Street Brunswick, GA 31520	149,847(4)	1.93%
Terry K. Driggers 112 River Way Brunswick, GA 31520	202,906	2.62%
Roy K. Hodnett Box 1 St. Simons Island, GA 31522	847,594(5)	10.93%
E. Raymond Mock 4003 Riverside Drive Brunswick, GA 31520	63,652	0.82%
James D. Moore P.O. Box 1078 Brunswick, GA 31520	55,670	0.72%
D. Lamont Shell P.O. Box 1279 Brunswick, GA 31521	9,312	0.12%
William J. Stembler 500 Sea Island Road St. Simons Island, GA 31522	52,100	0.67%
All directors, executive officers and principal shareholders as a group (9 persons, all of whom are also shareholders)	3,412,047(6)	44.02

(1) Percentages are calculated based on 7,751,712 total outstanding shares.

(3) Consists of 485,960 shares held of record by Mr. Bowie and 5,639 shares held of record by his minor child.

(2) Consists of 750,762 shares held of record by Mr. Bishop and 17,300 held by a company in which Mr. Bishop has a controlling interest. Mr. Bishop's presently exercisable options to purchase an aggregate of 180,000 shares are not included because the exercise price of the options is materially higher than the transaction price.

(4) Mr. Collidge's presently exercisable options to purchase an aggregate of 60,000 shares are not included because the exercise price of the options is materially higher than the transaction price.

(5) Consists of 709,968 shares held of record jointly by Mr. Hodnett, 32,898 held of record by Synovus as Trustee for Mr. Hodnett's IRA/HR10 accounts, 90,000 held of record by the Roy and Anne Hodnett Family Trust, and 14,728 held of record by Synovus as Trustee for Mr. Hodnett's spouse's IRA.

(6) Does not include an aggregate of 240,000 shares subject to presently exercisable options because the exercise price of the options is materially higher than the transaction price.

INTEREST OF CERTAIN PERSONS IN THE MERGER

Interests of executive officers and directors of First Georgia in the proposed merger are discussed above under the heading "Details of the Proposed Merger–Interest of Management in the Transaction," at page 17.

LEGAL MATTERS

Kilpatrick Stockton LLP, counsel to United, has provided an opinion as to the legality of the United common stock to be issued in connection with the merger and the income tax consequences of the merger. As of the date of this proxy statement/prospectus, members of Kilpatrick Stockton LLP participating in this matter own an aggregate of 10,224 shares of United common stock.

EXPERTS

The audited consolidated financial statements of United and its subsidiaries included or incorporated by reference in this proxy statement/prospectus and elsewhere in the registration statement have been audited by Porter Keadle Moore LLP, independent certified public accountants, as indicated in its related audit reports, and are included on the authority of that firm as experts in giving those reports.

The financial statements of First Georgia Holding, Inc. and subsidiary, as of September 30, 2002 and 2001, and for each of the three years in the period ended September 30, 2002 included and incorporated by reference in this proxy statement/prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is included and incorporated by reference herein, and has been so included and incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

OTHER MATTERS

Management of First Georgia knows of no other matters which may be brought before the special shareholders' meeting. If any matter other than the proposed merger or related matters should properly come before the special meeting, however, the persons named in the enclosed proxies will vote proxies in accordance with their judgment on those matters.

WHERE YOU CAN FIND MORE INFORMATION

United and First Georgia are subject to the information requirements of the Securities Exchange Act of 1934, which means that they are required to file certain reports, proxy statements, and other information, all of which are available at the Public Reference Section of the Securities and Exchange Commission at Room 1024, 450 Fifth Street, NW, Washington, D.C. 20549. You may also obtain copies of the reports, proxy statements, and other information from the Public Reference Section of the SEC, at prescribed rates, by calling 1-800-SEC-0330. The SEC maintains a World Wide Web site on the Internet at http://www.sec.gov where you can access reports, proxy, information and registration statements, and other information regarding registrants that file electronically with the SEC through the EDGAR system.

United has filed a registration statement on Form S-4 to register the United common stock to be issued to the First Georgia shareholders in the merger. This proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of United in addition to being a proxy statement of First Georgia for the special meeting of First Georgia shareholders to be held on March __, 2003, as described herein. As allowed by SEC rules, this proxy statement/prospectus does not contain all of the information you can find in the registration statement or the exhibits to the registration statement. This proxy statement/prospectus summarizes some of the documents that are exhibits to the registration statement, and you should refer to the exhibits for a more complete description of the matters covered by those documents.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This document incorporates important business and financial information about United and First Georgia which is not included in or delivered with this proxy statement/prospectus. The following documents previously filed by United under the Securities Exchange Act of 1934 are incorporated by reference into this proxy statement/prospectus:

- United's Form 10-K for the fiscal year ended December 31, 2001;
- United's Form 10-Q for the quarter ended March 31, 2002;
- United's Form 10-Q for the quarter ended June 30, 2002;
- United's Form 10-Q for the quarter ended September 30, 2002;
- United's Proxy Statement for the 2002 Annual Meeting;
- All other reports filed by United pursuant to Sections 13(a) or 15(d) of the Exchange Act since December 31, 2001 and prior to the date the merger is completed; and
- All documents subsequently filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the date the merger is completed.

The following documents previously filed by First Georgia under the Securities Exchange Act of 1934 are incorporated by reference into this proxy statement/prospectus.

- First Georgia's 10-KSB for the fiscal year ended September 30, 2002;
- First Georgia's Annual Report for the fiscal year ended September 30, 2002;
- First Georgia's 10-QSB for the quarter ended December 31, 2002;
- All other reports filed by First Georgia pursuant to Sections 13(a) or 15(d) of the Exchange Act since September 30, 2002 and prior to the date the merger is completed; and
- All documents subsequently filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the date the merger is completed.

Documents incorporated by reference are available from United without charge, excluding all exhibits, unless an exhibit has been specifically incorporated by reference in this proxy statement/prospectus. First Georgia shareholders may obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from G. F. Coolidge III, Secretary, First Georgia Holding, Inc., at 1703 Gloucester Street, Brunswick,

Georgia 31521; telephone number (912) 267-7283. If you would like to request documents, please do so by March 20, 2003 to receive them before the special shareholders meeting.

Copies of First Georgia's Form 10-KSB and Annual Report for the fiscal year ended September 30, 2002 and Form 10-QSB for the quarter ended December 31, 2002 accompany this proxy statement/proxy.

All information concerning United and its subsidiaries has been furnished by United, and all information concerning First Georgia and its subsidiaries has been furnished by First Georgia. First Georgia shareholders should rely only on the information contained or incorporated by reference in this proxy statement/prospectus in making a decision to vote on the merger. No person has been authorized to provide First Georgia shareholders with information that is different from that contained in this proxy statement/prospectus.

This proxy statement/prospectus is dated February 24, 2003. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date, and neither the mailing of this proxy statement/prospectus to shareholders nor the issuance of United common stock in the merger shall create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is not lawful to make any such offer or solicitation in such jurisdiction. Neither the delivery of this proxy statement/prospectus nor any distribution of securities made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of United or First Georgia since the date hereof, or that the information herein is correct as of any time subsequent to its date.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

Some of the statements made in this proxy statement/prospectus (and in other documents to which it refers) are "forward-looking statements." When used in this document, the words "anticipate," "believe," "estimate," and similar expressions generally identify forward-looking statements. These statements are based on the beliefs, assumptions, and expectations of United's and First Georgia's management, and on information currently available to those members of management. They are expressions based on historical fact, but do not guarantee future performance. Forward-looking statements include information concerning possible or assumed future results of operations of United after the proposed merger. Forward-looking statements involve risks, uncertainties, and assumptions, and certain factors could cause actual results to differ from results expressed or implied by the forward-looking statements, including:

- economic conditions (both generally, and more specifically in the markets where United and First Georgia operate);
- competition from other companies that provide financial services similar to those offered by United and First Georgia;
- government regulation and legislation;
- changes in interest rates;
- unexpected changes in the financial stability and liquidity of United's and First Georgia's credit customers;

- combining the businesses of United and First Georgia may cost more or take longer than expected;
- integrating the businesses and technologies of United and First Georgia may be more difficult than expected;
- retaining key personnel of United and First Georgia may be more difficult than expected;
- revenues of the combined entity following the merger may be lower than expected, and the operating costs of the combined entity may be higher than expected;
- expected cost savings resulting from the merger may not be fully realized, or may not be realized as soon as expected; and
- technological changes may increase competitive pressures and increase costs.

We believe these forward-looking statements are reasonable. You should not, however, place undue reliance on these forward-looking statements, because the future results and shareholder values of United following completion of the merger may differ materially from those expressed or implied by these forward-looking statements.

Appendix A

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION (the "***Agreement***") is made and entered into as of this 22nd day of January, 2003, by and between **FIRST GEORGIA HOLDING, INC.**, a Georgia business corporation (hereinafter "***First Georgia***" and, unless the context otherwise requires, the term "First Georgia" shall include First Georgia Holding, Inc. and First Georgia Bank, a Georgia bank) and **UNITED COMMUNITY BANKS, INC.**, a Georgia business corporation (hereinafter "***United*** " and, unless the context otherwise requires, the term "United" shall include its subsidiaries).

R E C I T A L S:

WHEREAS, the respective boards of directors of First Georgia and United deem it advisable and in the best interests of each such entity and their respective shareholders that First Georgia merge with United (the "***Merger***"), with United being the surviving corporation and with each of the issued and outstanding shares of common stock, $1.00 par value per share, of First Georgia ("***First Georgia Stock***") being converted into 0.1519 shares of the authorized common stock, $1.00 par value per share, of United ("***United Stock***") and $1.65 in cash, all upon the terms and conditions hereinafter set forth and as set forth in the Agreement and Plan of Merger attached hereto as Exhibit A and incorporated herein by reference (the "***Merger Agreement***");

WHEREAS, the respective boards of directors of First Georgia and United deem it advisable and in the best interests of each such entity and their respective shareholders that First Georgia Bank merge with United's Georgia banking subsidiary, United Community Bank ("***UCB Georgia***"), with UCB Georgia being the surviving bank (the "***Bank Merger***"), all upon the terms hereinafter set forth and as set forth in the Agreement and Plan of Merger attached hereto as Exhibit B and incorporated herein by reference (the "***Bank Merger Agreement***"); and

WHEREAS, the boards of directors of the respective entities believe that the merger of First Georgia and United and their subsidiary banks and the synergies produced thereby will enhance and strengthen the franchises and future prospects of both companies and banks;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which as legally sufficient consideration are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

CLOSING

The transactions contemplated herein shall be consummated (the "***Closing***") at the offices of Kilpatrick Stockton LLP, Suite 2800, 1100 Peachtree Street, Atlanta, Georgia, on the first business day following receipt of all approvals from any governmental authorities having

jurisdiction over the transactions contemplated by this Agreement, the Merger Agreement and the Bank Merger Agreement, and the expiration of any waiting or similar period required by applicable law (the "***Closing Date***"), or at such other time and place as may be mutually satisfactory to the parties hereto.

ARTICLE II

MERGER

Pursuant to the terms and conditions provided herein, on the Closing Date First Georgia shall be merged with and into United in accordance with and in the manner set forth in the Merger Agreement, and First Georgia Bank shall be merged with and into UCB Georgia in accordance with and in the manner set forth in the Bank Merger Agreement. The surviving corporation following the Merger will operate under the articles of incorporation of United. Upon the terms and conditions of this Agreement and the Merger Agreement, United shall make available on or before the Effective Date (as defined in the Merger Agreement) for delivery to the holders of First Georgia Stock: (a) 1,177,282 shares of United Stock to be issued upon conversion of the shares of First Georgia Stock; and (b) $12,790,282 to make cash payments, and payments in lieu of the issuance of fractional shares as provided in the Merger Agreement, *provided*, *however*, that unless and until a holder of First Georgia Stock entitled to receive United Stock and cash payments pursuant to the Merger shall have surrendered his First Georgia Stock certificate(s) or unless otherwise required by law, the holder of such certificate(s) shall not have any right to receive payment of any dividends or other distributions on the shares of United Stock or receive any notices sent by United to its shareholders or to vote such shares. If any First Georgia Stock certificate shall have been lost, stolen or destroyed, United may, in its reasonable discretion and as a condition precedent to the issuance of any United Stock or cash payment, require the owner of such lost, stolen or destroyed First Georgia Stock certificate to provide a bond and an appropriate affidavit and indemnity agreement (reasonably satisfactory to United) as indemnification against any claim that may be made against United with respect to such First Georgia Stock certificate.

ARTICLE III

OTHER AGREEMENTS

3.1 **Registration of United Stock**. United agrees to file with the Securities and Exchange Commission (the "***SEC***") as soon as reasonably practicable a registration statement (the "***United Registration Statement***") under the Securities Act of 1933, as amended (the "***1933 Act***"), on Form S-4 or some other appropriate form covering the issuance of the shares of United Stock to the shareholders of First Georgia pursuant to this Agreement and the Merger Agreement and to use its reasonable best efforts to cause the United Registration Statement to become effective and to remain effective through the Closing Date. United agrees to take any action required to be taken under the applicable state securities laws in connection with the issuance of shares of United Stock upon consummation of the Merger. First Georgia agrees to provide United reasonable assistance as necessary in the preparation of the United Registration Statement, including, without limitation, providing United with all material facts regarding the

operations, business, assets, liabilities and personnel of First Georgia, together with the audited financial statements of First Georgia, all as and to the extent required by the 1933 Act and the rules, regulations and practices of the SEC, for inclusion in the United Registration Statement. The United Registration Statement shall not cover resales of United Stock by any of the shareholders of First Georgia, and United shall have no obligation to cause the United Registration Statement to continue to be effective after the Closing or to prepare or file any post-effective amendments to the United Registration Statement after the Closing.

3.2 **Meeting of Shareholders of First Georgia**. First Georgia shall call a special meeting of its shareholders (the "***Special Meeting***") to be held not more than thirty (30) days after the United Registration Statement becomes effective under the 1933 Act for the purpose of submitting the Merger Agreement to such shareholders for their approval. In connection with the Special Meeting, United and First Georgia shall prepare and submit to the First Georgia shareholders a notice of meeting, proxy statement and proxy (the "***First Georgia Proxy Materials***"), which shall include the final prospectus from the United Registration Statement in the form filed with the SEC.

3.3 **Absence of Brokers**. Except for Leonard R. Robinett, Jr., who has provided consulting services to First Georgia, and Sandler, O'Neill & Partners, L.P., who has provided financial advisory services to United, each party hereto represents and warrants to the other that no broker, finder or other financial consultant has acted on its behalf in connection with this Agreement or the transactions contemplated hereby. Each party agrees to indemnify the other and hold and save it harmless from any claim or demand for commissions or other compensation by any broker, finder, financial consultant or similar agent claiming to have been employed by or on behalf of such party.

3.4 **Access to Properties, Books, Etc.** Each party hereto shall allow the other party and its authorized representatives full access during normal business hours from and after the date hereof and prior to the Closing Date to all of the respective properties, books, contracts, commitments and records of such party and its subsidiaries and shall furnish the other party and its authorized representatives such information concerning its affairs and the affairs of its subsidiaries as the other party may reasonably request provided that such request shall be reasonably related to the transactions contemplated by this Agreement and shall not interfere unreasonably with normal operations. Each party shall cause its and its subsidiaries' personnel, employees and other representatives to assist the other party in making any such investigation. During such investigation, the investigating party and its authorized representatives shall have the right to make copies of such records, files, tax returns and other materials as it may deem advisable and shall advise the other party of those items of which copies are made. No investigation made heretofore or hereafter by either party and its authorized representatives shall affect the representations and warranties of either such party hereunder.

3.5 **Confidentiality**. Prior to consummation of the Merger, the parties to this Agreement will provide one another with information which may be deemed by the party providing the information to be confidential. Each party agrees that it will hold confidential and protect all information provided to it by the other party to this Agreement or such party's affiliates, except that the obligations contained in this Section 3.5 shall not in any way restrict the

rights of any party or person to use information that: (a) was known to such party prior to the disclosure by the other party; (b) is or becomes generally available to the public other than by breach of this Agreement; (c) is provided by one party for disclosure concerning such party in the United Registration Statement; or (d) otherwise becomes lawfully available to a party to this Agreement on a non-confidential basis from a third party who is not under an obligation of confidence to the other party to this Agreement. If this Agreement is terminated prior to the Closing, each party hereto agrees to return all documents, statements and other written materials, whether or not confidential, and all copies thereof, provided to it by or on behalf of the other party to this Agreement. The provisions of this Section 3.5 shall survive termination, for any reason whatsoever, of this Agreement, and, without limiting the remedies of the parties hereto in the event of any breach of this Section 3.5, the parties hereto will be entitled to seek injunctive relief against the other party in the event of a breach or threatened breach of this Section 3.5.

3.6 **Full Cooperation**. The parties shall cooperate fully with each other in connection with any acts or actions required to be taken as part of their respective obligations under this Agreement.

3.7 **Expenses**. All of the expenses incurred by United in connection with the authorization, preparation, execution and performance of this Agreement and the Merger Agreement including, without limitation, all fees and expenses of its agents, representatives, counsel and accountants and the fees and expenses related to filing the United Registration Statement and all regulatory applications with state and federal authorities in connection with the transactions contemplated hereby and thereby (the "***United Expenses***"), shall be paid by United. All expenses incurred by First Georgia in connection with the authorization, preparation, execution and performance of this Agreement, the Merger Agreement and the Bank Merger Agreement, including, without limitation, all fees and expenses of its agents, representatives, counsel and accountants, shall be paid by First Georgia. The cost of reproducing and mailing the First Georgia Proxy Materials shall be shared by the parties, with each party paying fifty percent (50%).

3.8 **Preservation of Goodwill**. Each party hereto shall use its best efforts to preserve its business organization and the business organization of its subsidiaries, to keep available the services of its present employees and of the present employees of its subsidiaries, and to preserve the goodwill of customers and others having business relations with such party or its subsidiaries.

3.9 **Approvals and Consents**. Each party hereto represents and warrants to and covenants with the other that it will use its best efforts, and will cause its officers, directors, employees and agents and its subsidiaries and any subsidiary's officers, directors, employees and agents to use their best efforts, to obtain as soon as is reasonably practicable all approvals and consents of state and federal departments or agencies required or deemed necessary for consummation of the transactions contemplated by this Agreement, the Merger Agreement and the Bank Merger Agreement.

3.10 **Agreement by First Georgia Executive Officers and Directors**. Each of the directors and executive officers of First Georgia will, contemporaneously with the execution of this Agreement, execute and deliver to United an agreement, the form of which is attached hereto

as Exhibit C, pursuant to which each of them agrees: (a) to recommend, subject to their fiduciary duty, to First Georgia shareholders approval of the Merger; (b) to vote the capital stock of First Georgia owned or controlled by them in favor of the Merger; and (c) to transfer or assign shares of United Stock received by them in connection with the Merger only in compliance with the 1933 Act, applicable state securities laws and the rules and regulations promulgated under either.

3.11 Press Releases. Prior to the Effective Date, First Georgia and United shall agree with each other as to the form and substance of any press release or other public disclosure materially related to this Agreement or any other transaction contemplated hereby; *provided*, *however,*that nothing in this Section 3.11 shall be deemed to prohibit any party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such party's disclosure obligations imposed by law.

3.12 Employee Benefits and Contracts. Following the Effective Date, United shall provide generally to officers and employees of First Georgia who continue employment with United employee benefits on terms and conditions which, when taken as a whole, are substantially similar to those then currently provided by United to its other similarly situated officers and employees. For purposes of eligibility to participate and any vesting determinations in connection with the provision of any such employee benefits, service with First Georgia prior to the Effective Date shall be counted. Except for that certain Change in Control Agreement, dated as of November 18, 2002, between First Georgia and Henry S. Bishop, which shall be terminated prior to closing pursuant to Section 7.9 hereof, United shall also honor in accordance with their terms all employment, severance, consulting, option and other contracts of a compensatory nature to the extent disclosed in the First Georgia Disclosure Memorandum between First Georgia and any current or former director, officer or employee thereof and no other contracts of the types described that are not so disclosed shall be deemed to be assumed by United by reason of this Section 3.12. If, during the calendar year in which falls the Effective Date, United shall terminate any "*group health plan*", within the meaning of Section 4980B(g)(2) of the Internal Revenue Code, in which one or more First Georgia employees participated immediately prior to the Effective Date (a "***First Georgia Plan***"), United shall cause any successor group health plan to waive any underwriting requirements; to give credit for any such First Georgia employee's participation in the First Georgia Plan prior to the Effective Date for purposes of applying any pre-existing condition limitations set forth therein; and to give credit for covered expenses paid by any such First Georgia employee under a First Georgia Plan prior to the Effective Date towards satisfaction of any annual deductible limitation and out-of pocket maximum applied under such successor group health plan. United also shall be considered a successor employer for and shall provide to "*qualified beneficiaries*", determined immediately prior to the Effective Date, under any First Georgia Plan appropriate "*continuation coverage*" (as those terms are defined in Section 4980B of the Internal Revenue Code) following the Effective Date under either the First Georgia Plan or any successor group health plan maintained by United.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF FIRST GEORGIA

As an inducement to United to enter into this Agreement and to consummate the transactions contemplated hereby, First Georgia represents, warrants, covenants and agrees as follows:

4.1 First Georgia Disclosure Memorandum. By January 24, 2003, First Georgia will deliver to United a memorandum (the "***First Georgia Disclosure Memorandum***") containing certain information regarding First Georgia as indicated at various places in this Agreement. All information set forth in the First Georgia Disclosure Memorandum or in documents incorporated by reference in the First Georgia Disclosure Memorandum is true, correct and complete, does not omit to state any fact necessary in order to make the statements therein not misleading, and shall be deemed for all purposes of this Agreement to constitute part of the representations and warranties of First Georgia under this Article IV. The information contained in the First Georgia Disclosure Memorandum shall be deemed to be part of and qualify all representations and warranties contained in this Article IV and the covenants in Article V to the extent applicable. All information in each of the documents and other writings furnished to United pursuant to this Agreement or the First Georgia Disclosure Memorandum is or will be true, correct and complete and does not and will not omit to state any fact necessary in order to make the statements therein not misleading. First Georgia shall promptly provide United with written notification of any event, occurrence or other information necessary to maintain the First Georgia Disclosure Memorandum and all other documents and writings furnished to United pursuant to this Agreement as true, correct and complete in all material respects at all times prior to and including the Closing. First Georgia agrees that upon receipt of the First Georgia Disclosure Memorandum, United shall have until January 31, 2003 to review the First Georgia Disclosure Memorandum and to terminate this Agreement if in good faith United reasonably believes that proceeding with the Merger or Bank Merger in light of the content of such memorandum would be materially detrimental to United. United shall not terminate this Agreement pursuant to this Section 4.1 if its Chief Executive Officer or Chief Financial Officer was actually aware of the significance of information contained in the First Georgia Disclosure Memorandum prior to the date hereof which it subsequently claims would cause proceeding with the Merger or Bank Merger to be materially detrimental to United.

4.2 Corporate and Financial.

4.2.1 Authority. Subject to the required regulatory approvals, as stated in Section 4.6.2, and the approval of First Georgia Shareholders, the execution, delivery and performance of this Agreement and the other transactions contemplated or required in connection herewith will not, with or without the giving of notice or the passage of time, or both, (a) violate any provision of federal or state law applicable to First Georgia, the violation of which could be reasonably expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of First Georgia; (b) violate any provision of the articles of incorporation or bylaws of First Georgia; (c) conflict with or result in a breach of any provision of, or termination of, or constitute a default under any instrument, license, agreement, or commitment to which First Georgia is a party, which, singly or in the aggregate, could

reasonably be expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of First Georgia; or (d) constitute a violation of any order, judgment or decree to which First Georgia is a party, or by which First Georgia or any of its assets or properties are bound. Assuming this Agreement constitutes the valid and binding obligation of United, this Agreement constitutes the valid and binding obligation of First Georgia, and is enforceable in accordance with its terms, except as limited by laws affecting creditors' rights generally and by the discretion of courts to compel specific performance.

4.2.2 **Corporate Status**. First Georgia is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia and has no direct or indirect subsidiaries other than First Georgia Bank. First Georgia Bank is a bank duly organized, validly existing, and in good standing under the laws of the State of Georgia and has no direct or indirect subsidiaries. First Georgia and First Georgia Bank have all of the requisite corporate power and authority and are entitled to own or lease their respective properties and assets and to carry on their businesses as and in the places where such properties or assets are now owned, leased or operated and such businesses are now conducted.

4.2.3 **Capital Structure**. (a) First Georgia has authorized capital stock consisting solely of 10,000,000 shares of common stock, par value $1.00 per share, of which 7,751,712shares are issued and outstanding as of the date hereof and 305,000 shares are reserved for issuance upon exercise of outstanding options (the "***First Georgia Stock Options***"). First Georgia Bank has authorized capital stock consisting solely of 1,000,000 shares of common stock, par value $5.00 per share ("***First Georgia Bank Stock***"), of which 879,436 shares are issued and outstanding as of the date hereof. All of the issued and outstanding shares of First Georgia Stock and First Georgia Bank Stock are duly and validly issued, fully paid and non-assessable and were offered, issued and sold in compliance with all applicable federal and state securities laws. No person has any right of rescission or claim for damages under federal or state securities laws with respect to the issuance of any shares of First Georgia Stock or First Georgia Bank Stock previously issued. None of the shares of First Georgia Stock or First Georgia Bank Stock has been issued in violation of any preemptive or other rights of its respective shareholders. All of the issued and outstanding shares of First Georgia Bank Stock are owned by First Georgia.

(b) Except for the First Georgia Stock Options, First Georgia does not have outstanding any securities which are either by their terms or by contract convertible or exchangeable into capital stock of First Georgia, or any other securities or debt, of First Georgia, or any preemptive or similar rights to subscribe for or to purchase, or any options or warrants or agreements or understandings for the purchase or the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock or securities convertible into its capital stock. First Georgia is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire, or to register, any shares of its capital stock.

(c) There is no agreement, arrangement or understanding to which First Georgia is a party restricting or otherwise relating to the transfer of any shares of capital stock of First Georgia.

(d) All shares of common stock or other capital stock, or any other securities or debt, of First Georgia, which have been purchased or redeemed by First Georgia have been purchased or redeemed in accordance with all applicable federal, state and local laws, rules, and regulations, including, without limitation, all federal and state securities laws and rules and regulations of any securities exchange or system on which such stock, securities or debt are, or at such time were, traded, and no such purchase or redemption has resulted or will, with the giving of notice or lapse of time, or both, result in a default or acceleration of the maturity of, or otherwise modify, any agreement, note, mortgage, bond, security agreement, loan agreement or other contract or commitment of First Georgia.

4.2.4 **Corporate Records**. The stock records and minute books of First Georgia, whether heretofore or hereafter furnished or made available to United by First Georgia: (a) fully and accurately reflect all issuances, transfers and redemptions of the Common Stock; (b) correctly show the record addresses and the number of shares of such stock issued and outstanding on the date hereof held by the shareholders of First Georgia; (c) correctly show all corporate action taken by the directors and shareholders of First Georgia (including actions taken by consent without a meeting); and (d) contain true and correct copies or originals of the respective articles of incorporation and all amendments thereto, bylaws as amended and currently in force, and the minutes of all meetings or consent actions of its directors and shareholders. No resolutions, regulations or bylaws have been passed, enacted, consented to or adopted by such directors or shareholders except those contained in the minute books. All corporate records have been maintained in accordance with all applicable statutory requirements and are complete and accurate.

4.2.5 **Tax Returns; Taxes**. (a) First Georgia has duly filed: (i) all required federal and state tax returns and reports; and (ii) all required returns and reports of other governmental units having jurisdiction with respect to taxes imposed upon its income, properties, revenues, franchises, operations or other assets or taxes imposed which might create a material lien or encumbrance on any of such assets or affect materially and adversely its business or operations. Such returns or reports are, and when filed will be, true, complete and correct, and First Georgia has paid, to the extent such taxes or other governmental charges have become due, all taxes and other governmental charges set forth in such returns or reports. All federal, state and local taxes and other governmental charges paid or payable by First Georgia have been paid, or have been accrued or reserved on its books in accordance with generally accepted accounting principles applied on a basis consistent with prior periods. Adequate reserves for the payment of taxes have been established on the books of First Georgia for all periods through the date hereof, whether or not due and payable and whether or not disputed. Until the Closing Date, First Georgia shall continue to provide adequate reserves for the payment of expected tax liabilities in accordance with generally accepted accounting principles applied on a basis consistent with prior periods. First Georgia has not received any notice of a tax deficiency or assessment of additional taxes of any kind and, to the knowledge of First Georgia, there is no threatened claim against First Georgia or any basis for any such claim, for payment of any additional federal, state, local or foreign taxes for any period prior to the date of this Agreement in excess of the accruals or reserves with respect to any such claim shown in the 2002 First Georgia Financial Statements described in Section 4.2.6 below or disclosed in the notes with respect thereto. There are no waivers or agreements by First Georgia for the extension of time for the assessment of any taxes.

The federal income tax returns of First Georgia have not been examined by the Internal Revenue Service for any period since December 31, 1997 and no tax return is currently the subject of an audit.

(b) Except as set forth in the First Georgia Disclosure Memorandum, proper and accurate amounts have been withheld by First Georgia from its employees for all periods in full and complete compliance with the tax withholding provisions of applicable federal, state and local tax laws, and proper and accurate federal, state and local tax returns have been filed by First Georgia for all periods for which returns were due with respect to withholding, social security and unemployment taxes, and the amounts shown thereon to be due and payable have been paid in full.

4.2.6 **Financial Statements**. First Georgia has delivered to United true, correct and complete copies of the audited financial statements of First Georgia for the years ended September 30, 2002, 2001 and 2000 (the audited financial statements for the year ended September 30, 2002 being herein referred to as the "***2002 First Georgia Financial Statements***"). All of such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the assets, liabilities and financial condition of First Georgia as of the dates indicated therein and the results of its operations for the respective periods then ended.

4.2.7 **Regulatory Reports**. First Georgia has made available to United for review and inspection the year-end Report of Condition and year-end Report of Income and Dividends as filed by First Georgia Bank with the Federal Deposit Insurance Corporation (the "***FDIC***") or the Office of Thrift Supervision (the "***OTS***"), as applicable, for each of the three years ended December 31, 2001, 2000 and 1999, together with all such other reports filed for the same three-year period with the Georgia Department of Banking and Finance (the "***Georgia Department***") or the OTS , as applicable, and other applicable regulatory agencies and the Form F.R. Y-6 filed by First Georgia with the Board of Governors of the Federal Reserve System (the "***Federal Reserve***") for each of the three (3) years ended December 31, 2001, 2000, and 1999 (collectively, the "***First Georgia Reports***"). All of the First Georgia Reports, as amended, have been prepared in accordance with applicable rules and regulations applied on a basis consistent with prior periods and contain in all material respects all information required to be presented therein in accordance with such rules and regulations.

4.2.8 **Accounts**. The First Georgia Disclosure Memorandum contains a list of each and every bank and other institution in which First Georgia maintains an account or safety deposit box, the account numbers, and the names of all persons who are presently authorized to draw thereon, have access thereto or give instructions regarding distribution of funds or assets therein.

4.2.9 **Notes and Obligations**. (a) Except as set forth in the First Georgia Disclosure Memorandum or as provided for in the loss reserve described in subsection (b) below, all notes receivable or other obligations owned by First Georgia or due to it shown in the 2002 First Georgia Financial Statements and any such notes receivable and obligations on the date hereof and on the Closing Date are and will be genuine, legal, valid and collectible obligations of the respective makers thereof and are not and will not be subject to any offset or counterclaim.

Except as set forth in subsection (b) below, all such notes and obligations are evidenced by written agreements, true and correct copies of which will be made available to United for examination prior to the Closing Date. All such notes and obligations were entered into by First Georgia in the ordinary course of its business and in compliance with all applicable laws and regulations.

(b) First Georgia has established a loss reserve in the 2002 First Georgia Financial Statements and as of the date of this Agreement and will establish a loan loss reserve as of the Closing Date which is adequate to cover anticipated losses which might result from such items as the insolvency or default of borrowers or obligors on such loans or obligations, defects in the notes or evidences of obligation (including losses of original notes or instruments), offsets or counterclaims properly chargeable to such reserve, or the availability of legal or equitable defenses which might preclude or limit the ability of First Georgia to enforce the note or obligation, and the representations set forth in subsection (a) above are qualified in their entirety by the aggregate of such loss reserve. Except as described in the First Georgia Disclosure Memorandum, at the Closing Date, the ratio of the loss reserve, established on such date in good faith by First Georgia, to total loans outstanding at such time shall not exceed the ratio of the loan loss reserve to the total loans outstanding as reflected in the 2002 First Georgia Financial Statements, established on or before such date in good faith by First Georgia, in accordance with generally accepted accounting principles.

4.2.10 **Liabilities**. First Georgia has no debt, liability or obligation of any kind required to be shown pursuant to generally accepted accounting principles on the consolidated balance sheet of First Georgia, whether accrued, absolute, known or unknown, contingent or otherwise, including, but not limited to: (a) liability or obligation on account of any federal, state or local taxes or penalty, interest or fines with respect to such taxes; (b) liability arising from or by virtue of the distribution, delivery or other transfer or disposition of goods, personal property or services of any type, kind or variety; (c) unfunded liabilities with respect to any pension, profit sharing or employee stock ownership plan, whether operated by First Georgia or any other entity covering employees of First Georgia; or (d) environmental liabilities, except: (i) those reflected in the 2002 First Georgia Financial Statements; and (ii) as disclosed in the First Georgia Disclosure Memorandum.

4.2.11 **Absence of Changes**. Except as specifically provided for in this Agreement or specifically set forth in the First Georgia Disclosure Memorandum, since September 30, 2002:

(a) there has been no change in the business, assets, liabilities, results of operations or financial condition of First Georgia, or in any of its relationships with customers, employees, lessors or others, other than changes in the ordinary course of business, none of which individually or in the aggregate has had, or which may have, a material adverse effect on such businesses or properties;

(b) there has been no material damage, destruction or loss to the assets, properties or business of First Georgia, whether or not covered by insurance, which has had, or which may have, an adverse effect thereon;

(c) the business of First Georgia has been operated in the ordinary course, and not otherwise;

(d) the properties and assets of First Georgia used in its business have been maintained in good order, repair and condition, ordinary wear and tear excepted;

(e) the books, accounts and records of First Georgia have been maintained in the usual, regular and ordinary manner;

(f) there has been no declaration, setting aside or payment of any dividend or other distribution on or in respect of the capital stock of First Georgia;

(g) there has been no increase in the compensation or in the rate of compensation or commissions payable or to become payable by First Georgia to any director or executive officer, or to any employee earning $35,000 or more per annum, or any general increase in the compensation or in the rate of compensation payable or to become payable to employees of First Georgia earning less than $35,000 per annum ("*general increase*" for the purpose hereof meaning any increase generally applicable to a class or group of employees, but not including increases granted to individual employees for merit, length of service, change in position or responsibility or other reasons applicable to specific employees and not generally to a class or group thereof), or any increase in any payment of or commitment to pay any bonus, profit sharing or other extraordinary compensation to any employee;

(h) there has been no change in the articles of incorporation or bylaws of First Georgia or First Georgia Bank;

(i) there has been no labor dispute, unfair labor practice charge or employment discrimination charge, nor, to the knowledge of First Georgia, any organizational effort by any union, or institution or threatened institution, of any effort, complaint or other proceeding in connection therewith, involving First Georgia, or affecting its operations;

(j) there has been no issuance, sale, repurchase, acquisition, or redemption by First Georgia of any of its capital stock, bonds, notes, debt or other securities, and there has been no modification or amendment of the rights of the holders of any outstanding capital stock, bonds, notes, debt or other securities thereof;

(k) there has been no mortgage, lien or other encumbrance or security interest (other than liens for current taxes not yet due or purchase money security interests arising in the ordinary course of business) created on or in (including without limitation, any deposit for security consisting of) any asset or assets of First Georgia or assumed by it with respect to any asset or assets;

(l) there has been no indebtedness or other liability or obligation (whether absolute, accrued, contingent or otherwise) incurred by First Georgia which would be required to be reflected on a balance sheet of First Georgia prepared as of the date hereof in accordance with generally accepted accounting principles applied on a consistent basis, except as incurred in the ordinary course of business;

(m) no obligation or liability of First Georgia has been discharged or satisfied, other than in the ordinary course of business;

(n) there have been no sales, transfers or other dispositions of any asset or assets of First Georgia, other than sales in the ordinary course of business; and

(o) there has been no amendment, termination or waiver of any right of First Georgia under any contract or agreement or governmental license, permit or permission which has had or may have an adverse effect on its business or properties.

4.2.12 **Litigation and Proceedings**. Except as set forth on the First Georgia Disclosure Memorandum, there are no actions, decrees, suits, counterclaims, claims, proceedings or governmental actions or investigations, pending or, to the knowledge of First Georgia, threatened against, by or affecting First Georgia, or any officer, director, employee or agent in such person's capacity as an officer, director, employee or agent of First Georgia or relating to the business or affairs of First Georgia, in any court or before any arbitrator or governmental agency, and no judgment, award, order or decree of any nature has been rendered against or with respect thereto by any agency, arbitrator, court, commission or other authority, nor does First Georgia have any unasserted contingent liabilities which might have an adverse effect on its assets or on the operation of its businesses or which might prevent or impede the consummation of the transactions contemplated by this Agreement.

4.2.13 **Proxy Materials**. Neither the First Georgia Proxy Materials nor other materials furnished by First Georgia to the First Georgia shareholders in connection with the transactions contemplated by this Agreement or the Merger Agreement, or in any amendments thereof or supplements thereto, will, at the times such documents are distributed to the holders of shares of First Georgia Stock and through the acquisition of shares of First Georgia Stock by United pursuant to the Merger, contain with respect to First Georgia any untrue statement of a material fact or omit to state any information required to be stated therein or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

4.2.14 **Disclosure Reports**. First Georgia has a class of securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "***1934 Act***"), and has delivered to United copies of:

(a) its Annual Report on Form 10-K for its fiscal year ended September 30, 2002 (and those portions of its 2002 Annual Report to Shareholders incorporated therein by reference) filed pursuant to Section 13 of the Act; and

(b) the Proxy Statement for its Annual Meeting of Shareholders to be held on January 21, 2003, filed pursuant to Section 14 of the Act.

The report and proxy statement noted above include all of the annual and periodic reports and proxy statements required to be filed by First Georgia with the Securities and Exchange Commission since September 30, 2002, and are herein collectively referred to as the "***First Georgia SEC Reports***". The First Georgia SEC Reports taken together correctly describe,

among other things, the business, operations and principal properties of First Georgia in accordance with the requirements of the applicable report forms of the SEC. As of the respective dates of filing (or, if amended or superceded by a filing prior to the date of this Agreement, then on the date of such amended or superceded filing), none of the First Georgia SEC Reports contained any untrue statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements contained in the First Georgia SEC Reports have been prepared in accordance with generally accepted accounting principals consistently applied and present fairly the financial condition of First Georgia as of the dates thereof and the results of operations for the periods covered thereby.

4.2.15 **No Material Adverse Change**. Since the date of its latest published financial statements included in the First Georgia SEC Reports, there has not been any change in the condition of First Georgia, any contracts entered into by First Georgia, or other changes in the operations of First Georgia which, in any case, would have a material adverse effect on First Georgia on a consolidated basis taken as a whole.

4.3 **Business Operations**.

4.3.1 **Customers**. There are no presently existing facts which could reasonably be expected to result in the loss of any material borrower or depositor or in First Georgia's inability to collect amounts due therefrom or to return funds deposited thereby, except as set forth on the First Georgia Disclosure Memorandum.

4.3.2 **Permits; Compliance with Law**. (a) First Georgia has all permits, licenses, approvals, authorizations and registrations under all federal, state, local and foreign laws required for First Georgia to carry on its business as presently conducted, and all of such permits, licenses, approvals, authorizations and registrations are in full force and effect, and no suspension or cancellation of any of them is pending or, to the knowledge of First Georgia, threatened.

(b) First Georgia has complied with all laws, regulations, ordinances, rules, and orders applicable to it or its business, except for any non-compliance which would not have a material adverse effect on First Georgia. The First Georgia Disclosure Memorandum contains a list of any known violations of such laws, regulations, ordinances, rules or orders by any present officer, director, or employee of First Georgia, and which resulted in any order, proceeding, judgment or decree which would be required to be disclosed pursuant to Item 401(f) of Regulation S-K promulgated by the Securities and Exchange Commission. No past violation of any such law, regulation, ordinance, rule or order has occurred which could impair the right or ability of First Georgia to conduct its business.

(c) Except as set forth in the First Georgia Disclosure Memorandum, no notice or warning from any governmental authority with respect to any failure or alleged failure of First Georgia to comply in any respect with any law, regulation, ordinance, rule or order has been received, nor is any such notice or warning proposed or, to the knowledge of First Georgia, threatened.

4.3.3 **Environmental**. (a) Except as set forth in the First Georgia Disclosure Memorandum, First Georgia:

(i) has not caused or permitted, and no claim exists regarding the environmental condition of the property or the generation, manufacture, use, or handling or the release or presence of, any Hazardous Material on, in, under or from any properties or facilities currently owned or leased by First Georgia or adjacent to any properties so owned or leased; and

(ii) has complied in all material respects with, and has kept all records and made all filings or reports required by, and is otherwise in compliance with all applicable federal, state and local laws, regulations, orders, permits and licenses relating to the generation, treatment, manufacture, use, handling, release or presence of any Hazardous Material on, in, under or from any properties or facilities currently owned or leased by First Georgia.

(b) Except as set forth in the First Georgia Disclosure Memorandum, neither First Georgia nor any of its officers, directors, employees or agents, in the course of such individual's employment by First Georgia, has given advice with respect to, or participated in any respect in, the management or operation of any entity or concern whose business relates in any way to the generation, storage, handling, disposal, transfer, production, use or processing of Hazardous Material, nor has First Georgia foreclosed on any property on which there is a threatened release of any Hazardous Material, or on which there has been such a release and full remediation has not been completed, or any property on which contained (not released) Hazardous Material is or was located.

(c) Except as set forth in the First Georgia Disclosure Memorandum, neither First Georgia, nor any of its officers, directors, employees, or agents, is aware of, has been told of, or has observed, the presence of any Hazardous Material on, in, under, or around property on which First Georgia holds a legal or security interest, in violation of, or creating a liability under, federal, state, or local environmental statutes, regulations, or ordinances.

(d) The term "***Hazardous Material***" means any substance whose nature, use, manufacture, or effect render it subject to federal, state or local regulation governing that material's investigation, remediation or removal as a threat or potential threat to human health or the environment and includes, without limitation, any substance within the meaning of "*hazardous substances*" under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, "*hazardous wastes*" within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. § 6921, any petroleum product, including any fraction of petroleum, or any asbestos containing materials. However, the term "***Hazardous Material***" shall not include those substances which are normally and reasonably used in connection with the occupancy or operation of office buildings (such as cleaning fluids, and supplies normally used in the day to day operation of business offices).

4.3.4 **Insurance**. The First Georgia Disclosure Memorandum contains a complete list and description (including the expiration date, premium amount and coverage thereunder) of all policies of insurance and bonds presently maintained by, or providing coverage

for, First Georgia or through First Georgia for any of its officers, directors and employees, all of which are, and will be maintained through the Closing Date, in full force and effect, together with a complete list of all pending claims under any of such policies or bonds. All terms, obligations and provisions of each of such policies and bonds have been complied with, all premiums due thereon have been paid, and no notice of cancellation with respect thereto has been received. Except as set forth in the First Georgia Disclosure Memorandum, such policies and bonds provide adequate coverage to insure the properties and businesses of First Georgia and the activities of its officers, directors and employees against such risks and in such amounts as are prudent and customary. First Georgia will not as of the Closing Date have any liability for premiums or for retrospective premium adjustments for any period prior to the Closing Date. First Georgia has heretofore made, or will hereafter make, available to United a true, correct and complete copy of each insurance policy and bond in effect since its inception with respect to the business and affairs of First Georgia.

4.4 Properties and Assets.

4.4.1 Contracts and Commitments. The First Georgia Disclosure Memorandum contains a list identifying and briefly describing all written contracts, purchase orders, agreements, security deeds, guaranties or commitments (other than loans, loan commitments and deposits made by or with First Georgia in the ordinary course of business), to which First Georgia is a party or by which it may be bound involving the payment or receipt, actual or contingent, of more than $25,000 or having a term or requiring performance over a period of more than ninety (90) days. Each such contract, agreement, guaranty and commitment of First Georgia is in full force and effect and is valid and enforceable in accordance with its terms, and constitutes a legal and binding obligation of the respective parties thereto and is not the subject of any notice of default, termination, partial termination or of any ongoing, pending, completed or threatened investigation, inquiry or other proceeding or action that may give rise to any notice of default, termination or partial termination. First Georgia has complied in all material respects with the provisions of such contracts, agreements, guaranties and commitments. A true and complete copy of each such document has been or will be made available to United for examination.

4.4.2 Licenses; Intellectual Property. First Georgia has all patents, trademarks, trade names, service marks, copyrights, trade secrets and know-how reasonably necessary to conduct its business as presently conducted and, except as described in the First Georgia Disclosure Memorandum, First Georgia is not a party, either as licensor or licensee, to any agreement for any patent, process, trademark, service mark, trade name, copyright, trade secret or other confidential information and there are no rights of third parties with respect to any trademark, service mark, trade secrets, confidential information, trade name, patent, patent application, copyright, invention, device or process owned or used by First Georgia or presently expected to be used by it in the future. All patents, copyrights, trademarks, service marks, trade names, and applications therefor or registrations thereof, owned or used by First Georgia, are listed in the First Georgia Disclosure Memorandum. First Georgia has complied with all applicable laws relating to the filing or registration of "*fictitious names*" or trade names.

4.4.3 **Personal Property**. First Georgia has good and marketable title to all of its personalty, tangible and intangible, reflected in the 2002 First Georgia Financial Statements (except as since sold or otherwise disposed of by it in the ordinary course of business), free and clear of all encumbrances, liens or charges of any kind or character, except: (a) those referred to in the notes to the 2002 First Georgia Financial Statements as securing specified liabilities (with respect to which no default exists or, to the knowledge of First Georgia, is claimed to exist); (b) those described in the First Georgia Disclosure Memorandum; and (c) liens for taxes not due and payable.

4.4.4 **First Georgia Leases**. (a) All leases (the "***First Georgia Leases***") pursuant to which First Georgia is lessor or lessee of any real or personal property (such property, the "***Leased Property***") are valid and enforceable in accordance with their terms; there is not under any of the First Georgia Leases any default or any claimed default by First Georgia, or event of default or event which with notice or lapse of time, or both, would constitute a default by First Georgia and in respect of which adequate steps have not been taken to prevent a default on its part from occurring.

(b) The copies of the First Georgia Leases heretofore or hereafter furnished or made available by First Georgia to United are true, correct and complete, and the First Georgia Leases have not been modified in any respect other than pursuant to amendments, copies of which have been concurrently delivered or made available to United, and are in full force and effect in accordance with their terms.

(c) Except as set forth in the First Georgia Disclosure Memorandum, there are no contractual obligations, agreements in principle or present plans for First Georgia to enter into new leases of real property or to renew or amend existing First Georgia Leases prior to the Closing Date.

4.4.5 **Real Property**. (a) First Georgia does not own any interest in any real property (other than as lessee) except as set forth in the First Georgia Disclosure Memorandum (such properties being referred to herein as "***First Georgia Realty***"). Except as disclosed in the First Georgia Disclosure Memorandum, First Georgia has good title to the First Georgia Realty and the titles to the First Georgia Realty are covered by title insurance policies providing coverage in the amount of the original purchase price, true, correct and complete copies of which have been or will be furnished to United with the First Georgia Disclosure Memorandum. First Georgia has not encumbered the First Georgia Realty since the effective dates of the respective title insurance policies.

(b) Except as set forth in the First Georgia Disclosure Memorandum, the interests of First Georgia in the First Georgia Realty and in and under each of the First Georgia Leases are free and clear of any and all liens and encumbrances and are subject to no present claim, contest, dispute, action or, to the knowledge of First Georgia, threatened action at law or in equity.

(c) The present and past use and operations of, and improvements upon, the First Georgia Realty and all real properties included in the Leased Properties (the "***First Georgia Leased Real Properties***") are in compliance in all material respects with all

applicable building, fire, zoning and other applicable laws, ordinances and regulations and with all deed restrictions of record, no notice of any violation or alleged violation thereof has been received, and there are no proposed changes therein that would affect the First Georgia Realty, the First Georgia Leased Real Properties or their uses.

(d) Except as set forth in the First Georgia Disclosure Memorandum, no rent has been paid in advance and no security deposit has been paid by, nor is any brokerage commission payable by or to, First Georgia with respect to any Lease pursuant to which it is lessor or lessee.

(e) First Georgia is not aware of any proposed or pending change in the zoning of, or of any proposed or pending condemnation proceeding with respect to, any of the First Georgia Realty or the First Georgia Leased Real Properties which may adversely affect the First Georgia Realty or the First Georgia Leased Real Properties or the current or currently contemplated use thereof.

(f) The buildings and structures owned, leased or used by First Georgia are, taken as a whole, in good operating order (except for ordinary wear and tear), usable in the ordinary course of business, and are sufficient and adequate to carry on the business and affairs of First Georgia.

4.5 Employees and Benefits.

4.5.1 Directors or Officers of Other Corporations. Except as set forth in the First Georgia Disclosure Memorandum, no director, officer, or employee of First Georgia serves, or in the past five years has served, as a director or officer of any other corporation on behalf of or as a designee of First Georgia or any of its subsidiaries.

4.5.2 Employee Benefits. (a) Except as set forth in the First Georgia Disclosure Memorandum, First Georgia does not provide and is not obligated to provide, directly or indirectly, any benefits for employees, including, without limitation, any pension, profit sharing, stock option, retirement bonus, hospitalization, medical, insurance, vacation or other employee benefits under any practice, agreement or understanding.

(b) The First Georgia Disclosure Memorandum lists separately any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***") sponsored by First Georgia (collectively, "***ERISA Plans***"). True, correct and complete copies of all ERISA Plans and, to the extent applicable, all related trust agreements, insurance contracts, summary plan descriptions, Internal Revenue Service determination letters and filings, the past three years of actuarial reports and valuations, annual reports and Form 5500 filings (including attachments), and any other related documents requested by United or its counsel have been, or prior to the Closing Date will be, made available to United.

(c) First Georgia is not currently and has never been in the past required to contribute to a multiemployer plan as defined in Section 3(37)(A) of ERISA. First Georgia does not maintain or contribute to, nor within the past six years has it maintained or

contributed to, an employee pension benefit plan as defined in Section 3(2) of ERISA that is or was subject to Title IV of ERISA.

(d) Each ERISA Plan has been operated and administered in all material respects in accordance with, and has been amended to comply with (unless such amendment is not yet required), all applicable laws, rules and regulations, including, without limitation, ERISA, the Internal Revenue Code of 1986, as amended ("***Code***"), and the regulations issued under ERISA and the Code. With respect to each ERISA Plan, other than routine claims for benefits submitted in the ordinary course of the benefits process, no litigation or administrative or other proceeding is pending or, to the knowledge of First Georgia, threatened involving such ERISA Plan or any of its fiduciaries. With respect to each ERISA Plan, neither First Georgia nor any of its directors, officers, employees or agents, nor, to First Georgia's knowledge, any "*party in interest*" or "*disqualified person*" (as such terms are defined in Section 3(14) of ERISA and Section 4975 of the Code) has been engaged in or been a party to any transaction relating to the ERISA Plan which would constitute a breach of fiduciary duty under ERISA or a "*prohibited transaction*" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code), unless such transaction is specifically permitted under Sections 407 or 408 of ERISA, Section 4975 of the Code or a class or administrative exemption issued by the Department of Labor. Each ERISA Plan that is a group health plan within the meaning of Section 607(l) of ERISA and Section 4980B of the Code is in material compliance with the continuation coverage requirements of Section 501 of ERISA and Section 4980B of the Code.

(e) Of the ERISA Plans, the "*employee pension benefit plans*" within the meaning of Section 3(2) of ERISA (collectively, the "***Employee Pension Benefit Plans***") are separately identified on the First Georgia Disclosure Memorandum. With respect to each Employee Pension Benefit Plan, except as set forth on the First Georgia Disclosure Memorandum: (i) such Employee Pension Benefit Plan constitutes a qualified plan within the meaning of Section 401(a) of the Code and the trust is exempt from federal income tax under Section 501(a) of the Code; (ii) all contributions required by such plan have been made or will be made on a timely basis; and (iii) no termination, partial termination or discontinuance of contributions has occurred without a determination by the IRS that such action does not affect the tax-qualified status of such plan.

(f) As of the Closing Date, with respect to each ERISA Plan, First Georgia will have provided adequate reserves, or insurance or qualified trust funds, to provide for all payments and contributions required, or reasonably expected to be required, to be made under the provisions of such ERISA Plan or required to be made under applicable laws, rules and regulations, with respect to any period prior to the Closing Date to the extent reserves are required under generally accepted accounting principles, based on an actuarial valuation satisfactory to the actuaries of First Georgia representing a projection of claims expected to be incurred under such ERISA Plan.

(g) Except as disclosed on the First Georgia Disclosure Memorandum, First Georgia does not provide and has no obligation to provide benefits, including, without limitation, death, health or medical benefits (whether or not insured) with respect to current or former employees of First Georgia beyond their retirement or other termination of service with

First Georgia other than: (i) coverage mandated by applicable Law; (ii) benefits under the Employee Pension Benefit Plans; or (iii) benefits the full cost of which is borne by the current or former employee or his beneficiary.

(h) Neither this Agreement nor any transaction contemplated hereby will: (i) entitle any current or former employee, officer or director of First Georgia to severance pay, unemployment compensation or any similar or other payment; or (ii) accelerate the time of payment or vesting of, or increase the amount of compensation or benefits due any such employee, officer or director.

4.5.3 **Labor-Related Matters**. Except as described in the First Georgia Disclosure Memorandum, First Georgia is not, and has not been, a party to any collective bargaining agreement or agreement of any kind with any union or labor organization or to any agreement with any of its employees which is not terminable at will or upon ninety (90) days notice at the election of, and without cost or penalty to, First Georgia. First Georgia has not received at any time in the past five (5) years, any demand for recognition from any union, and no attempt has been made, or will have been made as of the Closing Date, to organize any of its employees. First Georgia has complied in all material respects with all obligations under the National Labor Relations Act, as amended, the Age Discrimination in Employment Act, as amended, and all other federal, state and local labor laws and regulations applicable to employees. There are no unfair labor practice charges pending or threatened against First Georgia, and there are, and in the past three (3) years there have been, no charges, complaints, claims or proceedings, no slowdowns or strikes pending or threatened against, or involving, as the case may be, First Georgia with respect to any alleged violation of any legal duty (including but not limited to any wage and hour claims, employment discrimination claims or claims arising out of any employment relationship) by First Georgia as to any of its employees or as to any person seeking employment therefrom, and no such violations exist.

4.5.4 **Related Party Transactions**. Except for: (a) loans and extensions of credit made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by First Georgia with other persons who are not affiliated with First Georgia, and which do not involve more than the normal risk of repayment or present other unfavorable features; (b) deposits, all of which are on terms and conditions identical to those made available to all customers of First Georgia at the time such deposits were entered into; and (c) transactions specifically described in the First Georgia Disclosure Memorandum, there are no contracts with or commitments to present or former five percent (5%) or greater shareholders, directors, officers, or employees involving the expenditure of more than $60,000 as to any one individual, including with respect to any business directly or indirectly controlled by any such person, or $100,000 for all such contracts or commitments in the aggregate for all such individuals (other than contracts or commitments relating to services to be performed by any officer, director or employee as a currently-employed employee of First Georgia).

4.6 **Other Matters**.

4.6.1 **Regulatory Reports**. First Georgia will make available to United for review and inspection all applications, reports or other documents filed by it or First Georgia

Bank for each of its past three full fiscal years with any regulatory or governmental agencies. All of such applications, reports and other documents have been prepared in accordance with applicable rules and regulations of the regulatory agencies with which they were filed.

4.6.2 **Approvals, Consents and Filings**. Except for the approval of the Federal Reserve, the Georgia Department and the FDIC, or as set forth in the First Georgia Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or thereby will: (a) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority; or (b) violate any order, writ, injunction, decree, statute, rule or regulation applicable to First Georgia, or any of First Georgia's assets.

4.6.3 **Default**. (a) Except for those consents described in or set forth pursuant to Section 4.6.2 above, neither the execution of this Agreement nor consummation of the transactions contemplated herein:

(i) constitutes a breach of or default under any contract or commitment to which First Georgia is a party or by which First Georgia or its properties or assets are bound;

(ii) does or will result in the creation or imposition of any security interest, lien, encumbrance, charge, equity or restriction of any nature whatsoever in favor of any third party upon any assets of First Georgia; or

(iii) constitutes an event permitting termination of any agreement or the acceleration of any indebtedness of First Georgia.

(b) First Georgia is not in default under its articles of incorporation or bylaws or under any term or provision of any security deed, mortgage, indenture or security agreement or of any other contract or instrument to which First Georgia is a party or by which it or any of its property is bound.

4.6.4 **Representations and Warranties**. No representation or warranty contained in this Article IV or in any written statement delivered by or at the direction of First Georgia pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement, nor shall such representations and warranties taken as a whole omit any statement necessary in order to make any statement not misleading. Copies of all documents that have been or will be furnished to United in connection with this Agreement or pursuant hereto are or shall be true, correct and complete.

ARTICLE V

CONDUCT OF BUSINESS OF FIRST GEORGIA PENDING CLOSING

Except as expressly otherwise provided herein, First Georgia covenants and agrees that, without the prior written consent of United between the date hereof and the Closing Date:

5.1 **Conduct of Business**. First Georgia will conduct its business only in the ordinary course, without the creation of any indebtedness for borrowed money (other than deposit and similar accounts and customary credit arrangements between banks in the ordinary course of business).

5.2 **Maintenance of Properties**. First Georgia will maintain its properties and assets in good operating condition, ordinary wear and tear excepted.

.5.3 **Insurance**. First Georgia will maintain and keep in full force and effect all of the insurance referred to in Section 4.3.4 hereof or other insurance equivalent thereto in all material respects.

5.4 **Capital Structure**. No change will be made in the authorized or issued capital stock or other securities of First Georgia, and First Georgia will not issue or grant any right or option to purchase or otherwise acquire any of the capital stock or other securities of First Georgia.

5.5 **Dividends**. No dividend, distribution or payment will be declared or made in respect to the First Georgia Stock other than its regular semi-annual dividend of $0.05 per share and First Georgia will not, directly or indirectly, redeem, purchase or otherwise acquire any of its capital stock.

5.6 **Amendment of Articles of Incorporation or Bylaws; Corporate Existence**. First Georgia will not amend its articles of incorporation or bylaws, and First Georgia will maintain its corporate existence and powers.

5.7 **No Acquisitions**. First Georgia shall not, without the express written consent of United, acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other entity or division thereof or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to it.

5.8 **No Dispositions**. First Georgia will not sell, mortgage, lease, buy or otherwise acquire, transfer or dispose of any real property or interest therein (except for sales in the ordinary course of business) and First Georgia will not, except in the ordinary course of business, sell or transfer, mortgage, pledge or subject to any lien, charge or other encumbrance any other tangible or intangible asset.

5.9 **Banking Arrangements**. No change will be made in the banking and safe deposit arrangements referred to in Section 4.2.8 hereof.

5.10 **Contracts**. First Georgia shall not, without the express written consent of United, enter into or renew any contract of the kind described in Section 4.4.1 hereof.

5.11 **Books and Records**. The books and records of First Georgia will be maintained in the usual, regular and ordinary course.

5.12 **Advice of Changes**. First Georgia shall promptly advise United orally and in writing of any change or event having, or which could have, a material adverse effect on the assets, liabilities, business, operations or financial condition of First Georgia.

5.13 **Reports**. First Georgia shall file all reports required to be filed with any regulatory or governmental agencies between the date of this Agreement and the Closing Date and shall deliver to United copies of all such reports promptly after the same are filed.

5.14 **No Severance or Termination Payments**. First Georgia shall not grant any severance or termination pay to any director, officer or other employee, or adopt any new severance plan; provided, however, that for the purposes of complying with Sections 7.9 or 7.10, First Georgia may make the payments to Henry S. Bishop set forth in the First Georgia Disclosure Memorandum.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF UNITED

As an inducement to First Georgia to enter into this Agreement and to consummate the transactions contemplated hereby, United represents, warrants, covenants and agrees as follows:

6.1 **Corporate Status**. United is a business corporation duly organized, validly existing and in good standing under the laws of the State of Georgia and has no direct or indirect subsidiaries that are material to United other than UCB Georgia and United Community Bank of North Carolina. UCB Georgia is a bank duly organized, validly existing, and in good standing under the laws of the State of Georgia. United and UCB Georgia are entitled to own or lease its properties and to carry on its business in the places where such properties are now owned, leased or operated and such business is now conducted.

6.2 **Authority**. Subject to the required regulatory approvals, as stated in Section 4.6.2, the execution, delivery and performance of this Agreement and the other transactions contemplated or required in connection herewith will not, with or without the giving of notice or the passage of time, or both:

(a) violate any provision of federal or state law applicable to United, the violation of which could be reasonably expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of United;

(b) violate any provision of the articles of incorporation or bylaws of United;

(c) conflict with or result in a breach of any provision of, or termination of, or constitute a default under any instrument, license, agreement, or commitment to which United is a party, which, singly or in the aggregate, could reasonably be expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of United; or

(d) constitute a violation of any order, judgment or decree to which United is a party, or by which United or any of its assets or properties are bound.

Assuming this Agreement constitutes the valid and binding obligation of First Georgia, this Agreement constitutes the valid and binding obligation of United, and is enforceable in accordance with its terms, except as limited by laws affecting creditors' rights generally and by the discretion of courts to compel specific performance.

6.3 **Capital Structure**. (a) As of the date of this Agreement, United has authorized capital stock consisting solely of 50,000,000 shares of common stock, par value $1.00 per share, of which 21,263,272 shares are issued and outstanding as of the date hereof, 542,652 are issued and held as treasury shares, 280,000 shares are reserved for issuance upon conversion of United's prime plus one-quarter percent (¼%) Convertible Subordinated Debentures due December 31, 2006 (the "***2006 Debentures***") and 1,512,005 shares are reserved for issuance upon the exercise of outstanding options (the "***United Stock Options***"), and 10,000,000 shares of preferred stock, par value $1.00 per share (the "***Preferred Stock***"), of which 172,600 shares are issued and outstanding as of the date hereof. All of the issued and outstanding shares of United Stock are duly and validly issued, fully paid and nonassessable and were offered, issued and sold in compliance with all applicable federal or state securities laws. No person has any right of rescission or claim for damages under federal or state securities laws with respect to the issuance of shares of United Stock previously issued. None of the shares of United Stock have been issued in violation of the preemptive or other rights of its shareholders.

(b) Except for the 2006 Debentures and the United Stock Options, United does not have outstanding any securities which are either by their terms or by contract convertible or exchangeable into United Stock or Preferred Stock, or any other securities or debt, of United, or any preemptive or similar rights to subscribe for or to purchase, or any options or warrants or agreements or understandings for the purchase or the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock or securities convertible into its capital stock. United is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock.

(c) All shares of common stock or other capital stock, or any other securities or debt, of United, which have been purchased or redeemed by United have been purchased or redeemed in accordance with all applicable federal, state and local laws, rules, and regulations, including, without limitation, all federal and state securities laws and rules and regulations of any securities exchange or system on which such stock, securities or debt are, or at such time were, traded, and no such purchase or redemption has resulted or will, with the giving of notice or lapse of time, or both, result in a default or acceleration of the maturity of, or otherwise modify, any agreement, note, mortgage, bond, security agreement, loan agreement or other contract or commitment of United.

6.4 **Financial Statements**. United has delivered to First Georgia true, correct and complete copies of the audited financial statements of United for the years ended December 31, 2001, 2000, and 1999, and the unaudited financial statements of United for the nine (9) month period ended September 30, 2002, including balance sheets, statements of income, statements of shareholders' equity, statements of cash flows and related notes (the unaudited financial

statements for the nine (9) months ended September 30, 2002 being referred to as the "***2002 United Financial Statements***"). All of such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the assets, liabilities and financial condition of United as of the dates indicated therein and the results of its operations for the respective periods then ended.

6.5 **Permits; Compliance with Law**. (a) United has all permits, licenses, approvals, authorizations and registrations under all federal, state, local and foreign laws required for United to carry on its business as presently conducted, and all of such permits, licenses, approvals, authorizations and registrations are in full force and effect, and no suspension or cancellation of any of them is pending or, to the knowledge of United, threatened.

(b) United has complied with all laws, regulations, and orders applicable to it or its business, except for any non-compliance which would not have a material adverse effect on United.

6.6 **Default**. (a) Except for those consents described in or set forth pursuant to Section 6.2 above, neither the execution of this Agreement nor consummation of the transactions contemplated herein:

(i) constitutes a breach of or default under any contract or commitment to which United is a party or by which United or its properties or assets are bound;

(ii) does or will result in the creation or imposition of any security interest, lien, encumbrance, charge, equity or restriction of any nature whatsoever in favor of any third party upon any assets of United; or

(iii) constitutes an event permitting termination of any agreement or the acceleration of any indebtedness of United.

(b) No default exists under United's articles of incorporation or bylaws or under any term or provision of any security deed, mortgage, indenture or security agreement, or of any other contract or instrument to which United is a party or by which it or any of its property is bound, which would have a material adverse effect on its assets or on the operation of its businesses or which might prevent or impede the consummation of the transactions contemplated by this Agreement.

6.7 **Disclosure Reports**. United has a class of securities registered pursuant to Section 12(g) of the 1934 Act, and has delivered to First Georgia copies of:

(a) its Annual Report on Form 10-K for its fiscal year ended December 31, 2001 (and those portions of its 2001 Annual Report to Shareholders incorporated therein by reference) filed pursuant to Section 13 of the Act;

(b) the Proxy Statement for its Annual Meeting of Shareholders held on April 25, 2002, filed pursuant to Section 14 of the Act; and

(c) its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002, filed pursuant to Section 13 of the Act.

The report, proxy statement and quarterly reports noted above include all of the annual and periodic reports and proxy statements required to be filed by United with the Securities and Exchange Commission since December 31, 2001, and are herein collectively referred to as the "***United SEC Reports***". The United SEC Reports taken together correctly describe, among other things, the business, operations and principal properties of United in accordance with the requirements of the applicable report forms of the SEC. As of the respective dates of filing (or, if amended or superceded by a filing prior to the date of this Agreement, then on the date of such amended or superceded filing), none of the United SEC Reports contained any untrue statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements contained in the United SEC Reports have been prepared in accordance with generally accepted accounting principals consistently applied and present fairly the financial condition of United as of the dates thereof and the results of operations for the periods covered thereby.

6.8 **No Material Adverse Change**. Since the date of its latest published financial statements included in the United SEC Reports, there has not been any change in the condition of United, any contracts entered into by United, or other changes in the operations of United which, in any case, would have a material adverse effect on United on a consolidated basis taken as a whole.

6.9 **Representations and Warranties**. No representation or warranty contained in this Article VI or in any written statement delivered by or at the direction of United pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement, nor shall such representations and warranties taken as a whole omit any statement necessary in order to make any statement not misleading. Copies of all documents that have been or will be furnished to First Georgia in connection with this Agreement or pursuant hereto are or shall be true, correct and complete.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF UNITED

All of the obligations of United under this Agreement are subject to the fulfillment prior to or at the Closing Date of each of the following conditions, any one or more of which may be waived by United:

7.1 **Veracity of Representations and Warranties**. The representations and warranties of First Georgia contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, shall be true in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true in all material respects at and as of such time, except as a result of changes or events expressly permitted or contemplated herein.

7.2 **Performance of Agreements**. First Georgia shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

7.3 **Certificates, Resolutions, Opinion**. First Georgia shall have delivered to United:

(a) a certificate executed by the President and Secretary of First Georgia, dated as of the Closing Date, and certifying in such detail as United may reasonably request to the fulfillment of the conditions specified in Sections 7.1 and 7.2 hereof;

(b) duly adopted resolutions of the Board of Directors and shareholders of First Georgia certified by the Secretary thereof, dated the Closing Date: (i) authorizing and approving the execution of this Agreement (with respect to the directors of First Georgia) and the Merger Agreement (with respect to the directors and shareholders of First Georgia) and the consummation of the transactions contemplated herein and therein in accordance with their respective terms; and (ii) authorizing all other necessary and proper corporate action to enable First Georgia to comply with the terms hereof and thereof;

(c) certificates of the valid existence of First Georgia and First Georgia Bank under the laws of Georgia, executed by the Secretary of State and the Georgia Department, and dated not more than five (5) business days prior to the Closing Date;

(d) certificates from the appropriate public officials of the State of Georgia, dated not more than five (5) business days prior to the Closing Date, certifying that First Georgia has filed all corporate tax returns required by the laws of such state and has paid all taxes shown thereon to be due; and

(e) an opinion of Powell, Goldstein, Frazer & Murphy LLP, counsel for First Georgia, dated the Closing Date, in the form attached hereto as Exhibit D.

7.4 **Shareholder Approval**. The Merger Agreement shall have been approved by the vote of the holders of at least a majority of the First Georgia Stock.

7.5 **Regulatory Approvals**. United shall have received from any and all governmental authorities, bodies or agencies having jurisdiction over the transactions contemplated by this Agreement and the Merger Agreement, including, but not limited to the Federal Reserve, the Georgia Department and the FDIC, such consents, authorizations and approvals as are necessary for the consummation thereof and all applicable waiting or similar periods required by law shall have expired.

7.6 **Effective Registration Statement**. The United Registration Statement shall have been declared effective by the SEC and no stop order shall have been entered with respect thereto.

7.7 **Certificate of Merger**. The Secretary of State of the State of Georgia shall have issued a certificate of merger with regard to the Merger in accordance with the provisions of the

Georgia Business Corporation Code, and with regard to the Bank Merger, in accordance with the provisions of the Financial Institutions Code of Georgia.

7.8 **Accountants' Letter**. United shall have received a letter from Deloitte & Touche LLP, dated the Closing Date, to the effect that: At the request of First Georgia they have carried out procedures to a specified date not more than five (5) business days prior to the Closing Date, which procedures did not constitute an examination in accordance with generally accepted auditing standards, of the financial statements of First Georgia, as follows:

(a) read the unaudited balance sheets, statements of income, statements of cash flows and statements of comprehensive income of First Georgia from September 30, 2002 through the date of the most recent monthly financial statements available in the ordinary course of business;

(b) read the minutes of the meetings of shareholders and Board of Directors of First Georgia from September 30, 2002 to said date not more than five (5) business days prior to the Closing Date; and

(c) consulted with certain officers and employees of First Georgia responsible for financial and accounting matters and, based on such procedures, nothing has come to their attention which would cause them to believe that:

(i) such unaudited interim balance sheets and statements of income are not fairly presented in conformity with generally accepted accounting principles applied on a basis consistent with that of the 2002 First Georgia Financial Statements;

(ii) as of said date not more than five (5) business days prior to the Closing Date, the shareholders' equity, long-term debt, reserve for possible loan losses and total assets of First Georgia, in each case as compared with the amounts shown in the 2002 First Georgia Financial Statements, are not different except as set forth in such letter, or

(iii) for the period from September 30, 2002 to said date not more than five (5) business days prior to the Closing Date, the net interest income, total and per-share amounts of consolidated income and net income of First Georgia, as compared with the corresponding portion of the preceding twelve (12) month period, are not different except as set forth in such letter.

7.9 **Termination of Change in Control Agreement**. United shall have received evidence of the buyout and termination of that certain Change in Control Agreement, dated as of November 18, 2002, between First Georgia and Henry S. Bishop, in form and content satisfactory to United.

7.10 **Settlement Agreement**. Henry S. Bishop shall have executed a settlement agreement, whereby he releases any and all claims against the parties hereto, in form and content satisfactory to United.

ARTICLE VIII

CONDITIONS TO OBLIGATIONS OF FIRST GEORGIA

All of the obligations of First Georgia under this Agreement are subject to the fulfillment prior to or at the Closing Date of each of the following conditions, any one or more of which may be waived by it:

8.1 **Veracity of Representations and Warranties**. The representations and warranties of United contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, shall be true in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true in all material respects at and as of such time, except as a result of changes or events expressly permitted or contemplated herein.

8.2 **Performance of Agreements**. United shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

8.3 **Certificates, Resolutions, Opinion**. United shall have delivered to First Georgia:

(a) a certificate executed by the President and Secretary of United, dated the Closing Date, certifying in such detail as First Georgia may reasonably request to the fulfillment of the conditions specified in Sections 8.1 and 8.2 hereof;

(b) duly adopted resolutions of the board of directors of United, certified by the Secretary thereof, dated the Closing Date, (i) authorizing and approving the execution of this Agreement and the Merger Agreement on behalf of United, and the consummation of the transactions contemplated herein and therein in accordance with their respective terms, and (ii) authorizing all other necessary and proper corporate actions to enable United to comply with the terms hereof and thereof;

(c) a certificate of the valid existence of United, under the laws of the State of Georgia executed by the Secretary of State of the State of Georgia, dated not more than five (5) business days prior to the Closing Date;

(d) certificates from the appropriate public officials of the State of Georgia, dated not more than five (5) business days prior to the Closing Date, certifying that United has filed all corporate tax returns required by the laws of such state and has paid all taxes shown thereon to be due; and

(e) an opinion of Kilpatrick Stockton LLP, counsel for United, dated the Closing Date, in the form attached hereto as Exhibit E.

8.4 **Shareholder Approval**. The Merger Agreement shall have been approved by the vote of the holders of at least a majority of First Georgia Stock.

8.5 **Regulatory Approvals**. Any and all governmental authorities, bodies or agencies having jurisdiction over the transactions contemplated by this Agreement and the Merger Agreement, including, but not limited to the Federal Reserve, the Georgia Department and the FDIC shall have granted such consents, authorizations and approvals as are necessary for the consummation hereof and thereof, and all applicable waiting or similar periods required by law shall have expired.

8.6 **Effective Registration Statement**. The United Registration Statement shall have been declared effective by the SEC and no stop order shall have been entered with respect thereto.

8.7 **Tax Opinion**. First Georgia shall have received from Kilpatrick Stockton LLP its opinion, in form and substance reasonably satisfactory to First Georgia, to the effect that:

(a) The Merger and the issuance of shares of United Stock in connection therewith, as described herein and in the Merger Agreement, will constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code;

(b) No gain or loss will be recognized by holders of First Georgia Stock upon the exchange of such stock solely for United Stock as a result of the Merger;

(c) Gain or loss will be recognized pursuant to Section 302 of the Code by holders of First Georgia Stock upon their receipt of cash, including cash (i) as a result of the cash payment, (ii) in lieu of fractional shares of United Stock, and (iii) upon their exercise of dissenters' rights;

(d) No gain or loss will be recognized by First Georgia as a result of the Merger;

(e) The aggregate tax basis of United Stock received by shareholders of First Georgia pursuant to the Merger will be the same as the tax basis of the shares of First Georgia Stock exchanged therefor decreased by any portion of such tax basis allocated to fractional shares of United Stock that are treated as redeemed by United; and

(f) The holding period of the shares of United Stock received by the shareholders of First Georgia will include the holding period of the shares of First Georgia Stock exchanged therefor, provided that the stock of First Georgia is held as a capital asset on the date of the consummation of the Merger.

8.8 **Certificate of Merger.** The Secretary of State of the State of Georgia shall have issued a certificate of merger with regard to the Merger in accordance with the provisions of the Georgia Business Corporation Code, and with regard to the Bank Merger, in accordance with the provisions of the Financial Institutions Code of Georgia.

8.9 **Settlement Agreement**. Henry S. Bishop shall have executed a settlement agreement, whereby he releases any and all claims against the parties hereto, in form and content satisfactory to United.

8.10 **Termination of Change in Control Agreement**. United shall have received evidence of the buyout and termination of that certain Change in Control Agreement, dated as of November 18, 2002, between First Georgia and Henry S. Bishop, in form and content satisfactory to United.

8.11 **Fairness Opinion**. First Georgia has received an opinion from The Carson Medlin Company that the consideration to be received by the First Georgia shareholders in connection with the Merger is fair from a financial point of view, which opinion shall have been updated and reconfirmed within five (5) business days prior to the date of the mailing of the First Georgia Proxy Materials for the Special Meeting.

ARTICLE IX

WARRANTIES, NOTICES, ETC.

9.1 **Warranties**. All statements contained in any certificate or other instrument delivered by or on behalf of First Georgia or United pursuant hereto or in connection with the transactions contemplated hereby shall be deemed representations and warranties hereunder by them. Unless the context otherwise requires, the representations and warranties required of First Georgia shall be required to be made, and shall be considered made, on behalf of First Georgia and First Georgia Bank, and the representations and warranties required of United shall be required to be made, and shall be considered made, on behalf of United and its subsidiaries.

9.2 **Survival of Representations**. All representations, warranties, covenants, and agreements made by either party hereto in or pursuant to this Agreement or in any instrument, exhibit, or certificate delivered pursuant hereto shall be deemed to have been material and to have been relied upon by the party to which made, but, except as set forth hereafter or specifically stated in this Agreement, such representations, warranties, covenants, and agreements shall expire and be of no further force and effect upon the consummation of the Merger; *provided, however,* that the following shall survive consummation of the Merger and the transactions contemplated hereby:

(a) the opinions of counsel referred to in Sections 7.3(e) and 8.3(e) of this Agreement;

(b) any intentional misrepresentation of any material fact made by either party hereto in or pursuant to this Agreement or in any instrument, document or certificate delivered pursuant hereto; and

(c) the covenant with respect to the confidentiality of certain information contained in Section 3.5 hereof.

9.3 **Notices**. All notices or other communications required or permitted to be given or made hereunder shall be in writing and delivered personally or sent by pre-paid, first class certified or registered mail, return receipt requested, or by facsimile transmission, to the intended recipient thereof at its address or facsimile number set out below. Any such notice or communication shall be deemed to have been duly given immediately (if given or made in

person or by facsimile confirmed by mailing a copy thereof to the recipient in accordance with this Section 9.3 on the date of such facsimile), or five (5) days after mailing (if given or made by mail), and in proving same it shall be sufficient to show that the envelope containing the same was delivered to the delivery service and duly addressed, or that receipt of a facsimile was confirmed by the recipient as provided above. Either party may change the address to which notices or other communications to such party shall be delivered or mailed by giving notice thereof to the other party hereto in the manner provided herein.

(a)	To First Georgia:	First Georgia Holding, Inc. 1703 Gloucester Street Brunswick, GA 31521 Attention: Henry S. Bishop Chairman and President Facsimile: (912) 264-2448
	With copies to:	James A. Bishop P.O. Box 2257 Brunswick, GA 31521-1396 Facsimile: (912) 264-5859
		Powell, Goldstein, Frazer & Murphy LLP 191 Peachtree Street, N.E. Atlanta, GA 30303 Attention: Walter G. Moeling, IV Facsimile: (404) 572-6999
(b)	To United:	United Community Banks, Inc. P.O. Box 398 Blairsville, GA 30512 Attention: Jimmy C. Tallent President Facsimile: (706) 745-1335
	With copies to:	Kilpatrick Stockton LLP Suite 2800 1100 Peachtree Street Atlanta, GA 30309-4530 Attention: Richard R. Cheatham Facsimile: (404) 815-6555

9.4 Entire Agreement. This Agreement and the Merger Agreement supersede all prior discussions and agreements between First Georgia and United with respect to the Merger and the other matters contained herein and therein, and this Agreement and the Merger Agreement contain the sole and entire agreement between First Georgia and United with respect to the transactions contemplated herein and therein.

9.5 Waiver; Amendment. Prior to or on the Closing Date, United shall have the right to waive any default in the performance of any term of this Agreement by First Georgia, to waive or extend the time for the fulfillment by First Georgia of any or all of First Georgia's obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of United under this Agreement, except any condition which, if not satisfied, would result in the violation of any law or applicable governmental regulation. Prior to or on the Closing Date, First Georgia shall have the right to waive any default in the performance of any term of this Agreement by United, to waive or extend the time for the fulfillment by United of any or all of United's obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of First Georgia under this Agreement, except any condition which, if not satisfied, would result in the violation of any law or applicable governmental regulation. This Agreement may be amended by a subsequent writing signed by the parties hereto, *provided, however,* that the provisions of Sections 7.5 and 8.5 requiring regulatory approval shall not be amended by the parties hereto without regulatory approval.

ARTICLE X

TERMINATION

This Agreement may be terminated at any time prior to or on the Closing Date upon written notice to the other party as follows, and, upon any such termination of this Agreement, neither party hereto shall have any liability to the other except as provided in Section 10.9 and except that the provisions of Section 3.5 hereof shall survive the termination of this Agreement for any reason.

10.1 Material Adverse Change.

(a) By United, if, after the date hereof, a material adverse change in the financial condition or business of First Georgia shall have occurred which change would reasonably be expected to have a material adverse affect on the market price of First Georgia Stock, or if First Georgia shall have suffered a material loss or damage to any of its properties or assets, which change, loss or damage materially affects or impairs its ability to conduct its business.

(b) By First Georgia, if, after the date hereof, a material adverse change in the financial condition or business of United shall have occurred which change would reasonably be expected to have a material adverse affect on the market price of United Stock, or if United shall have suffered a material loss or damage to any its properties or assets, which change, loss or damage materially affects or impairs its ability to conduct its business.

10.2 Noncompliance.

(a) By United, if the terms, covenants or conditions of this Agreement to be complied with or performed by First Georgia before the Closing shall not have been substantially complied with or substantially performed at or before the Closing Date and such noncompliance or nonperformance shall not have been waived by United.

(b) By First Georgia, if the terms, covenants or conditions of this Agreement to be complied with or performed by United before the Closing shall not have been substantially complied with or substantially performed at or before the Closing Date and such noncompliance or nonperformance shall not have been waived by First Georgia.

10.3 Failure to Disclose.

(a) By United, if it learns of any fact or condition not disclosed in this Agreement, the First Georgia Disclosure Memorandum, or the 2002 First Georgia Financial Statements, which was required to be disclosed by First Georgia pursuant to the provisions of this Agreement with respect to the business, properties, assets or earnings of First Georgia which materially and adversely affects such business, properties, assets or earnings or the ownership, value or continuance thereof.

(b) By First Georgia, if it learns of any fact or condition not disclosed in this Agreement or the 2002 United Financial Statements, which was required to be disclosed by United pursuant to the provisions of this Agreement at or prior to the date of execution hereof with respect to the business, properties, assets or earnings of United which materially and adversely affect such business, properties, assets or earnings or the ownership, value or continuance thereof.

10.4 Adverse Proceedings. By either party, if any action, suit or proceeding shall have been instituted or threatened against either party to this Agreement to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the consummation of the transactions contemplated herein, which, in the good faith opinion of First Georgia or United makes consummation of the transactions herein contemplated inadvisable.

10.5 Termination Date. By either party, if the Closing Date shall not have occurred on or before June 30, 2003.

10.6 Dissenters. By United, if the holders of more than five percent (5%) shares of the outstanding First Georgia Stock elect to exercise their statutory right to dissent from the Merger and demand payment in cash for the "*fair value*" of their shares.

10.7 Shareholders Vote. By either party, if the Merger Agreement is not approved by the vote of the holders of First Georgia Stock as required by applicable law.

10.8 Environmental Liability of First Georgia. By United, if it learns of any potential liability of First Georgia arising from noncompliance with any federal, state or local environmental law by First Georgia, or any potential liability of First Georgia arising from any environmental condition of the properties or assets of First Georgia, including any properties or assets in which First Georgia holds a security interest, which would have a material adverse effect on the financial condition of First Georgia or its ability to conduct it business.

10.9 Termination Fee. (a) If either party terminates this Agreement pursuant to Section 10.7 or if First Georgia terminates this Agreement, or otherwise causes the Merger to not occur, while a Competing Offer (as defined in (b) below) is outstanding or after such an offer has

been accepted, then in such case, First Georgia shall pay, or cause to be paid to United, at the time of the termination or the act or inaction by First Georgia that otherwise causes the Merger to not occur, an amount equal to $1.5 million (the "***Termination Fee***") plus an amount equal to the United Expenses.

(b) "Competing Offer" means any inquiry, proposal or offer, whether in writing or otherwise, from anyone other than United to acquire beneficial ownership (as determined under Rule 13d-3 of the Exchange Act) of all or a material portion of the assets of First Georgia or any of its subsidiaries or 15% or more of any class of equity securities of First Georgia or any of its subsidiaries pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, sale of assets, tender offer, exchange offer or similar transaction with respect to either First Georgia or any of its subsidiaries, including any single or multi-step transaction or series of related transactions, which is structured to permit such party to acquire beneficial ownership of any material portion of the assets of, or 15% or more of the equity interest in either First Georgia of any of its subsidiaries.

ARTICLE XI

COUNTERPARTS, HEADINGS, ETC.

This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The headings herein set out are for convenience of reference only and shall not be deemed a part of this Agreement. A pronoun in one gender includes and applies to the other genders as well.

ARTICLE XII

BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; *provided, however,* that this Agreement may not be assigned by either party without the prior written consent of the other.

ARTICLE XIII

GOVERNING LAW

The validity and effect of this Agreement and the Merger Agreement and the rights and obligations of the parties hereto and thereto shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, First Georgia and United have caused this Agreement to be executed by their respective duly authorized corporate officers and their respective corporate seals to be affixed hereto as of the day and year first above written.

(CORPORATE SEAL)

ATTEST:

/s/ G. F. Coolidge, III
Secretary

FIRST GEORGIA HOLDING, INC.

By: /s/ Henry S. Bishop
Henry S. Bishop
Chairman and President

(CORPORATE SEAL)

ATTEST:

/s/ Thomas C. Gilliland
Secretary

UNITED COMMUNITY BANKS, INC.

By: /s/ Jimmy C. Tallent
Jimmy C. Tallent
President and Chief Executive Officer

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made and entered into as of this _____ day of _____, 2003, by and between UNITED COMMUNITY BANKS, INC., a Georgia corporation ("United") and FIRST GEORGIA HOLDING, INC., a Georgia corporation ("First Georgia", and together with United, the "Constituent Corporations").

R E C I T A L S:

WHEREAS, the authorized capital stock of United consists of 50,000,000 shares of Common Stock, $1.00 par value per share (the "United Stock"), of which 21,263,272 shares are issued and outstanding, and 10,000,000 shares of Preferred Stock, $1.00 par value per share, of which 172,600 shares are issued and outstanding; and

WHEREAS, the authorized capital stock of First Georgia consists of 10,000,000 shares of Common Stock, $1.00 par value per share, of which 7,751,712 shares are issued and outstanding, and no shares are subject to currently outstanding options (the "First Georgia Stock"); and

WHEREAS, the respective Boards of Directors of the Constituent Corporations deem it advisable and in the best interests of each such corporation and its shareholders that First Georgia merge with and into United, with United being the surviving corporation; and

WHEREAS, the respective Boards of Directors of the Constituent Corporations, by resolutions duly adopted, have unanimously approved and adopted this Agreement, and the Board of Directors of First Georgia, by resolution duly adopted, has directed that this Agreement be submitted to the shareholders of First Georgia for their approval; and

WHEREAS, United has agreed to issue shares of United Stock which shareholders of First Georgia will be entitled to receive, according to the terms and conditions contained herein, on or after the Effective Date (as defined herein) of the merger provided for herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which as legally sufficient consideration are hereby acknowledged, the parties hereto have agreed and do hereby agree, as follows:

1. MERGER.

Pursuant to and with the effects provided in the applicable provisions of Article 11 of the Georgia Business Corporation Code, as amended (Chapter 2 of Title 14 of the Official Code of Georgia), First Georgia (hereinafter sometimes referred to as the "Merged Corporation") shall be merged with and into United (the "Merger"). United shall be the surviving corporation

(the "Surviving Corporation") and shall continue under the name "United Community Banks, Inc." On the Effective Date (as defined herein) of the Merger, the individual existence of the Merged Corporation shall cease and terminate.

2. ACTIONS TO BE TAKEN.

The acts and things required to be done by the Georgia Business Corporation Code in order to make this Agreement effective, including the submission of this Agreement to the shareholders of the Merged Corporation and the filing of the certificate of merger in Georgia, relating hereto in the manner provided in said laws, shall be attended to and done by the proper officers of the Constituent Corporations with the assistance of counsel as soon as practicable.

3. EFFECTIVE DATE.

The Merger shall be effective upon the approval of this Agreement by the shareholders of the Merged Corporation and the filing of the certificate of merger in Georgia, relating hereto in the manner provided in the Georgia Business Corporation Code (the "Effective Date").

4. ARTICLES OF INCORPORATION AND BYLAWS OF THE SURVIVING CORPORATION.

(a) The Articles of Incorporation of United, as heretofore amended, shall on the Effective Date be the Articles of Incorporation of the Surviving Corporation.

(b) Until altered, amended or repealed, as therein provided, the Bylaws of United as in effect on the Effective Date shall be the Bylaws of the Surviving Corporation.

5. MANNER AND BASIS OF CONVERTING SHARES OF CAPITAL STOCK; CAPITAL STRUCTURE OF THE SURVIVING CORPORATION.

The manner and basis of converting the shares of capital stock of each of the Constituent Corporations into shares of the Surviving Corporation shall be as follows:

(a) In the Merger, the holders of First Georgia Stock shall receive, in exchange for their shares of First Georgia Stock, shares of United Stock and cash, and each share of First Georgia Stock outstanding immediately prior to the Effective Date shall, by virtue of the Merger, be converted upon the Effective Date into fully paid and nonassessable shares of United Stock and cash as follows, subject to any adjustments occurring after the date hereof as contemplated by Section 5(c) below:

(1) 0.1519 shares of United Stock for each outstanding share of First Georgia Stock; and

(2) $1.65 in cash, without interest, per share of First Georgia Stock.

(b) If either party should change the number of its outstanding shares as a result of a stock split, stock dividend, or similar recapitalization with respect to such shares prior to the Effective Date then the shares to be issued hereunder to holders of First Georgia Stock shall be proportionately adjusted.

(c) No scrip or fractional share certificates of United Stock shall be issued in connection with the Merger and an outstanding fractional share interest will not entitle the owner thereof to vote, to receive dividends or to have any of the rights of a shareholder with respect to such fractional interest. In lieu of any fractional interest, there shall be paid in cash, without interest, an amount (computed to the nearest cent) equal to such fraction multiplied by $25.35.

(d) Upon the Effective Date, all rights with respect to First Georgia Stock pursuant to stock options (the "First Georgia Stock Options") granted by First Georgia which are outstanding at the Effective Date, whether or not exercisable, shall be converted into and become rights with respect to United Stock, and United shall assume each First Georgia Stock Option in accordance with the terms of the stock option plan and the stock option agreement by which it is evidenced. From and after the Effective Date, (i) each First Georgia Stock Option assumed by United may be exercised solely for shares of United Stock, (ii) the number of shares of United Stock subject to such First Georgia Stock Option shall be equal to the product of the number of shares of First Georgia Stock subject to such First Georgia Stock Option immediately prior to the Effective Date multiplied by 0.1519, and (iii) the per share exercise price under each such First Georgia Stock Option shall be adjusted by dividing the per share exercise price by 0.1519 and rounding down to the nearest cent.

(e) As soon as practicable after the Effective Date, each holder as of the Effective Date of any of the shares of First Georgia Stock to be converted by such holder as above provided, upon presentation and surrender of the certificates representing such shares to United, shall be entitled to receive in exchange therefor a certificate representing the number of shares of United Stock and cash, to which such shareholder shall be entitled according to the terms of this Agreement. Until such surrender, each such outstanding certificate which prior to the Effective Date represented First Georgia Stock shall be deemed for all corporate purposes to evidence ownership of the number of shares of United Stock into which the same shall have been converted by such holder as above provided, the right to receive cash by such holder as above provided, and the right to receive payment for fractional shares.

(f) Upon the Effective Date, each share of United Stock issued and outstanding immediately prior to the Effective Date shall continue unchanged and shall continue to evidence a share of common stock of the Surviving Corporation.

6. TERMINATION OF SEPARATE EXISTENCE.

Upon the Effective Date, the separate existence of the Merged Corporation shall cease and the Surviving Corporation shall possess all of the rights, privileges, immunities, powers and franchises, as well of a public nature as of a private nature, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due on whatever account, and all other choses in action, and all and every other interest of or belonging to or due to each of the Constituent Corporations shall be taken and deemed to be transferred to and vested in the

Surviving Corporation without further act or deed, and the title to any real estate or any interest therein, vested in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the Merger. The Surviving Corporation shall thenceforth be responsible and liable for all the liabilities, obligations and penalties of each of the Constituent Corporations; and any claim existing or action or proceeding, civil or criminal, pending by or against either of said Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place, and any judgment rendered against either of the Constituent Corporations may thenceforth be enforced against the Surviving Corporation; and neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger.

7. FURTHER ASSIGNMENTS.

If at any time the Surviving Corporation shall consider or be advised that any further assignments or assurances in law or any other things are necessary or desirable to vest in said corporation, according to the terms hereof, the title to any property or rights of the Merged Corporation, the proper officers and directors of the Merged Corporation shall and will execute and make all such proper assignments and assurances and do all things necessary and proper to vest title in such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement.

8. CONDITIONS PRECEDENT TO CONSUMMATION OF THE MERGER.

This Agreement is subject to, and consummation of the Merger is conditioned upon, the fulfillment as of the Effective Date of each of the following conditions:

(a) Approval of this Agreement by the affirmative vote of the holders of a majority of the outstanding voting shares of First Georgia Stock; and

(b) All the terms, covenants, agreements, obligations and conditions of the Agreement and Plan of Reorganization (the "Acquisition Agreement") of even date herewith by and between First Georgia and United to be complied with, satisfied and performed on or prior to the Closing Date (as defined therein), shall have been complied with, satisfied and performed in all material respects unless accomplishment of such covenants, agreements, obligations and conditions has been waived by the party benefited thereby.

9. TERMINATION.

This Agreement may be terminated and the Merger abandoned in accordance with the terms of the Acquisition Agreement, at any time before or after adoption of this Agreement by the directors of either of the Constituent Corporations, notwithstanding favorable action on the Merger by the shareholders of the Merged Corporation, but not later than the issuance of the certificate of merger by the Secretary of State of Georgia with respect to the Merger in accordance with the provisions of the Georgia Business Corporation Code.

10. COUNTERPARTS; TITLE; HEADINGS.

This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The title of this Agreement and the headings herein set out are for the convenience of reference only and shall not be deemed a part of this Agreement.

11. AMENDMENTS; ADDITIONAL AGREEMENTS.

At any time before or after approval and adoption by the shareholders of First Georgia, this Agreement may be modified, amended or supplemented by additional agreements, articles or certificates as may be determined in the judgment of the respective Boards of Directors of the Constituent Corporations to be necessary, desirable or expedient to further the purposes of this Agreement, to clarify the intention of the parties, to add to or modify the covenants, terms or conditions contained herein or to effectuate or facilitate any governmental approval of the Merger or this Agreement, or otherwise to effectuate or facilitate the consummation of the transactions contemplated hereby; provided, however, that no such modification, amendment or supplement shall reduce to any extent the consideration into which shares of First Georgia Stock shall be converted in the Merger pursuant to Section 5 hereof.

IN WITNESS WHEREOF, the Constituent Corporations have each caused this Agreement to be executed on their respective behalfs and their respective corporate seals to be affixed hereto as of the day and year first above written.

(CORPORATE SEAL) **UNITED COMMUNITY BANKS, INC.**

ATTEST: By:_____
Jimmy C. Tallent
President and Chief Executive Officer

_____
Secretary

(CORPORATE SEAL) **FIRST GEORGIA HOLDING, INC.**

ATTEST: By:_____
Henry S. Bishop
Chairman and President

_____
Secretary

EXHIBIT B

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made and entered into as of this ___ day of _____ 2003, by and between United Community Bank, a Georgia bank ("UCB Georgia"), and First Georgia Bank, a Georgia bank ("First Georgia Bank", and together with United, the "Constituent Banks").

R E C I T A L S:

WHEREAS, the authorized capital stock of First Georgia Bank consists of 1,000,000 shares of common stock, $5.00 par value per share, of which 879,436 shares are issued and outstanding (the "First Georgia Bank Stock"); and

WHEREAS, the authorized capital stock of UCB Georgia consists of 100,000 shares of common stock, $10.00 par value per share, of which 85,000 shares are issued and outstanding (the "United Stock"); and

WHEREAS, the respective Boards of Directors of the Constituent Banks deem it advisable and in the best interests of each such bank and its shareholders that First Georgia Bank merge with UCB Georgia, with UCB Georgia being the surviving bank; and

WHEREAS, the respective Boards of Directors of the Constituent Banks, by resolutions duly adopted, have unanimously approved and adopted this Agreement and directed that it be submitted to the sole shareholder of each of First Georgia Bank and UCB Georgia for their approval;

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which as legally sufficient consideration are hereby acknowledged, the parties hereto have agreed and do hereby agree, as follows:

1. MERGER.

Pursuant to and with the effects provided in the applicable provisions of Article 2 of the Financial Institutions Code of Georgia, Chapter 1 of Title 7 of the Official Code of Georgia (the "Code"), First Georgia Bank (hereinafter sometimes referred to as the "Merged Bank") shall be merged with and into UCB Georgia (the "Merger"). UCB Georgia shall be the surviving bank (the "Surviving Bank") and shall continue under the name "United Community Bank.". On the Effective Date (as defined herein) of the Merger, the individual existence of the Merged Bank shall cease and terminate.

2. ACTIONS TO BE TAKEN.

The acts and things required to be done by the Code in order to make this Agreement effective, including the submission of this Agreement to the shareholders of the Constituent Banks and the filing of the articles of merger relating hereto in the manner provided in said Code, shall be attended to and done by the proper officers of the Constituent Banks with the assistance of counsel as soon as practicable.

3. EFFECTIVE DATE.

The Merger shall be effective upon the approval of this Agreement by the shareholder of the Merged Bank and the filing of the articles of merger relating hereto in the manner provided in the Code (the "Effective Date").

4. ARTICLES OF INCORPORATION AND BYLAWS OF THE SURVIVING BANK.

(a) The Articles of Incorporation of UCB Georgia, as heretofore amended, as in effect on the Effective Date shall be the Articles of Incorporation of the Surviving Bank.

(b) Until altered, amended or repealed, as therein provided, the Bylaws of UCB Georgia as in effect on the Effective Date shall be the Bylaws of the Surviving Bank.

5. DIRECTORS.

Upon the Merger contemplated herein becoming effective, the directors of the Surviving Bank shall be the individuals set forth on Attachment 1 hereto. Said persons shall hold office until the next annual meeting of the shareholder of the Surviving Bank and until their successors are elected in accordance with the Bylaws of the Surviving Bank. If on the Effective Date any vacancy shall exist on the Board of Directors of the Surviving Bank, such vacancy shall be filled in the manner specified in the Bylaws of the Surviving Bank.

6. CANCELLATION OF SHARES OF MERGED BANK; CAPITAL STRUCTURE OF THE SURVIVING BANK.

(a) Upon the Effective Date, each share of First Georgia Bank Stock outstanding on the Effective Date shall be cancelled.

(b) Upon the Effective Date, each share of the Surviving Bank issued and outstanding immediately prior to the Effective Date shall remain outstanding.

7. TERMINATION OF SEPARATE EXISTENCE.

Upon the Effective Date, the separate existence of the Merged Bank shall cease and the Surviving Bank shall possess all of the rights, privileges, immunities, powers and franchises, as well of a public nature as of a private nature, of each of the Constituent Banks; and all property, real, personal and mixed, and all debts due on whatever account, and all other choses in action,

and all and every other interest of or belonging to or due to each of the Constituent Banks shall be taken and deemed to be transferred to and vested in the Surviving Bank without further act or deed, and the title to any real estate or any interest therein, vested in either of the Constituent Banks shall not revert or be in any way impaired by reason of the Merger. The Surviving Bank shall thenceforth be responsible and liable for all the liabilities, obligations and penalties of each of the Constituent Banks; and any claim existing or action or proceeding, civil or criminal, pending by or against either of said Constituent Banks may be prosecuted as if the Merger had not taken place, or the Surviving Bank may be substituted in its place, and any judgment rendered against either of the Constituent Banks may thenceforth be enforced against the Surviving Bank; and neither the rights of creditors nor any liens upon the property of either of the Constituent Banks shall be impaired by the Merger.

8. FURTHER ASSIGNMENTS.

If at any time the Surviving Bank shall consider or be advised that any further assignments or assurances in law or any other things are necessary or desirable to vest in said bank, according to the terms hereof, the title to any property or rights of the Merged Bank, the proper officers and directors of the Merged Bank shall and will execute and make all such proper assignments and assurances and do all things necessary and proper to vest title in such property or rights in the Surviving Bank, and otherwise to carry out the purposes of this Agreement.

9. CONDITION PRECEDENT TO CONSUMMATION OF THE MERGER.

This Agreement is subject to, and consummation of the Merger is conditioned upon, the fulfillment as of the Effective Date of approval of this Agreement by the affirmative vote of the sole shareholders of each of UCB Georgia and First Georgia Bank.

10. TERMINATION.

This Agreement may be terminated and the Merger abandoned at any time before or after adoption of this Agreement by the directors of either of the Constituent Banks, notwithstanding favorable action on the Merger by the shareholders of the Merged Bank, but not later than the issuance of the certificate of merger by the Secretary of State of Georgia with respect to the Merger in accordance with the provisions of the Code.

11. COUNTERPARTS; TITLE; HEADINGS.

This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The title of this Agreement and the headings herein set out are for the convenience of reference only and shall not be deemed a part of this Agreement.

12. AMENDMENTS; ADDITIONAL AGREEMENTS.

At any time before or after approval and adoption by the shareholder of First Georgia Bank, this Agreement may be modified, amended or supplemented by additional agreements, articles or certificates as may be determined in the judgment of the respective Boards of

Directors of the Constituent Banks to be necessary, desirable or expedient to further the purposes of this Agreement, to clarify the intention of the parties, to add to or modify the covenants, terms or conditions contained herein or to effectuate or facilitate any governmental approval of the Merger or this Agreement, or otherwise to effectuate or facilitate the consummation of the transactions contemplated hereby; provided, however, that no such modification, amendment or supplement shall reduce to any extent the consideration into which shares of First Georgia Bank Stock shall be converted in the Merger pursuant to Section 6 hereof.

IN WITNESS WHEREOF, the Constituent Banks have each caused this Agreement to be executed on their respective behalfs and their respective bank seals to be affixed hereto as of the day and year first above written.

(BANK SEAL) **UNITED COMMUNITY BANK**

ATTEST: By:_____
Name:_____
_____ Title:_____
Secretary

(BANK SEAL) **FIRST GEORGIA BANK**

ATTEST: By:_____
Name:_____
_____ Title:_____
Secretary

ATTACHMENT 1

DIRECTORS

Billy M. Decker
Dr. G. David Gowder, III
Robert L. Head, Jr.
Charles E. Hill
Jack C. Lance, Sr.
W.C. Nelson, Jr.
Paul B. Owenby
Jimmy C. Tallent
Andrew M. Williams, III

EXHIBIT C

United Community Banks, Inc.

P.O. Box 398

Blairsville, GA 30512

Gentlemen:

In connection with the proposed merger (the "Merger") of First Georgia Holding, Inc. ("First Georgia") with and into United Community Banks, Inc. ("United"), pursuant to the Agreement and Plan of Reorganization of even date herewith among United and First Georgia (the "Acquisition Agreement"), the undersigned hereby covenants, represents and warrants as follows:

1. Recommendation for Merger and Voting of First Georgia Stock. The undersigned agrees to recommend to all holders of the capital stock of First Georgia ("First Georgia Stock") that they vote in favor of the Merger. In addition, the undersigned agrees to vote any and all shares of First Georgia Stock owned or controlled by him in favor of the Merger.

2. Compliance with Securities Laws. The undersigned acknowledges that he will be subject to the restrictions on resales contained in Rule 145 of the Rules and Regulations of the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, and agrees to sell, transfer or otherwise dispose of any shares of capital stock of United ("United Stock") received by him pursuant to the Merger only in compliance with the provisions of such Act and Rule. The undersigned acknowledges that United is not under any obligation to file a registration statement with the SEC covering the disposition of the undersigned's shares of United Stock to be received pursuant to the Merger.

3. Restrictive Legend. The undersigned agrees that the certificates representing shares of United Stock to be issued to the undersigned pursuant to the Merger will be stamped or otherwise imprinted with a legend in substantially the following form:

> The shares represented by this certificate may not be sold, transferred or otherwise disposed of except in a transaction covered by an effective registration statement under the Securities Act of 1933, as amended, or in accordance with Rule 145 promulgated thereunder, or in accordance with a legal opinion satisfactory to the Company that such sale or transfer is otherwise exempt from the requirements of such Act.

Sincerely,

[**Director or Executive Officer**]

EXHIBIT D

(1) First Georgia was duly organized as a corporation, and is existing and in good standing, under the laws of the State of Georgia. First Georgia Bank was duly organized as a banking corporation, and is existing and in good standing, under the laws of the State of Georgia.

(2) First Georgia has the corporate power to execute and deliver the Agreement and Plan of Reorganization Agreement (the "Acquisition Agreement") and the Agreement and Plan of Merger Agreement (the "Merger Agreement"), to perform its obligations thereunder, to own and use its assets and to conduct its business.

(3) First Georgia has duly authorized the execution and delivery of the Acquisition Agreement and the Merger Agreement and all performance by First Georgia thereunder, and has duly executed and delivered the Acquisition Agreement and the Merger Agreement.

(4) No consent, approval, authorization or other action filed by, or filing with, any governmental authority of the United States or the State of Georgia is required for First Georgia's execution and delivery of the Acquisition Agreement and the Merger Agreement and consummation of the Transaction, which consent, approval or authorization has not been previously received.

(5) The Acquisition Agreement and the Merger Agreement are enforceable against First Georgia.

(6) The authorized capital stock of First Georgia consists of 10,000,000 shares of common stock, $1.00 par value per share, of which 7,751,712 shares are issued and outstanding and 305,000 shares are reserved for issuance upon exercise of outstanding options. The authorized capital stock of First Georgia Bank consists of 1,000,000 shares of common stock, $5.00 par value per share, of which 879,436 shares are issued and outstanding. All of the issued and outstanding capital stock of First Georgia and First Georgia Bank has been duly authorized and validly issued and is fully paid and non-assessable and, to such counsel's knowledge, there are no outstanding options, warrants, rights, calls, commitments, conversion rights, plans or other agreements providing for the purchase or issuance of any authorized but unissued shares of such capital stock.

EXHIBIT E

(1) United was duly organized as a corporation, and is existing and in good standing, under the laws of the State of Georgia.

(2) United has the corporate power to execute and deliver the Agreement and Plan of Reorganization (the "Acquisition Agreement") and the Agreement and Plan of Merger (the "Merger Agreement") to perform its obligations thereunder, to own and use its Assets and to conduct its business.

(3) United has duly authorized the execution and delivery of the Acquisition Agreement and the Merger Agreement and all performance by United thereunder, and has duly executed and delivered the Acquisition Agreement and Merger Agreement:

(4) No consent, approval, authorization or other action filed by, or filing with, any governmental authority of the United States or the State of Georgia is required for United's execution and delivery of the Acquisition Agreement and the Merger Agreement and consummation of the Transaction, which consent, approval or authorization has not been previously received.

(5) The Acquisition Agreement and the Merger Agreement are enforceable against United.

(6) The shares of United Stock to be issued upon consummation of the Merger have been duly authorized and upon issuance as contemplated in the Merger Agreement, will be validly issued, fully paid and non-assessable.

APPENDIX B

GEORGIA DISSENTERS' RIGHTS STATUTE

14-2-1301. Definitions.

As used in this article, the term:

(1) "Beneficial shareholder" means the person who is a beneficial owner of shares held in a voting trust or by a nominee as the record shareholder.

(2) "Corporate action" means the transaction or other action by the corporation that creates dissenters' rights under Code Section 14-2-1302.

(3) "Corporation" means the issuer of shares held by a dissenter before the corporate action, or the surviving or acquiring corporation by merger or share exchange of that issuer.

(4) "Dissenter" means a shareholder who is entitled to dissent from corporate action under Code Section 14-2-1302 and who exercises that right when and in the manner required by Code Sections 14-2-1320 through 14- 2-1327.

(5) "Fair value," with respect to a dissenter's shares, means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action.

(6) "Interest" means interest from the effective date of the corporate action until the date of payment, at a rate that is fair and equitable under all the circumstances.

(7) "Record shareholder" means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

(8) "Shareholder" means the record shareholder or the beneficial shareholder. (Code 1981, § 14-2-1301, enacted by Ga. L. 1988, p. 1070, § 1; Ga. L. 1993, p.1231, § 16.)

14-2-1302. Right to dissent.

(a) A record shareholder of the corporation is entitled to dissent from, and obtain payment of the fair value of his shares in the event of, any of the following corporate actions:

(1) Consummation of a plan of merger to which the corporation is a party:

(A) If approval of the shareholders of the corporation is required for the merger by Code Section 14-2-1103 or 14-2-1104 or the articles of incorporation and the shareholder is entitled to vote on the merger; or

(B) If the corporation is a subsidiary that is merged with its parent under Code Section 14-2-1104;

(2) Consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan;

(3) Consummation of a sale or exchange of all or substantially all of the property of the corporation if a shareholder vote is required on the sale or exchange pursuant to Code Section 14-2-1202, but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale;

(4) An amendment of the articles of incorporation that materially and adversely affects rights in respect of a dissenter's shares because it:

(A) Alters or abolishes a preferential right of the shares;

(B) Creates, alters, or abolishes a right in respect of redemption, including a provision respecting a sinking fund for the redemption or repurchase, of the shares;

(C) Alters or abolishes a preemptive right of the holder of the shares to acquire shares or other securities;

(D) Excludes or limits the right of the shares to vote on any matter, or to cumulate votes, other than a limitation by dilution through issuance of shares or other securities with similar voting rights;

(E) Reduces the number of shares owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under Code Section 14-2-604; or

(F) Cancels, redeems, or repurchases all or part of the shares of the class; or

(5) Any corporate action taken pursuant to a shareholder vote to the extent that Article 9 of this chapter, the articles of incorporation, bylaws, or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares.

(b) A shareholder entitled to dissent and obtain payment for his shares under this article may not challenge the corporate action creating his entitlement unless the corporate action fails to comply with procedural requirements of this chapter or the articles of incorporation or bylaws of the corporation or the vote required to obtain approval of the corporate action was obtained by fraudulent and deceptive means, regardless of whether the shareholder has exercised dissenter's rights.

(c) Notwithstanding any other provision of this article, there shall be no right of dissent in favor of the holder of shares of any class or series which, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at a meeting at which a plan of merger or share exchange or a sale or exchange of property or an amendment of the articles of incorporation is to be acted on, were either listed on a national securities exchange or held of record by more than 2,000 shareholders, unless:

(1) In the case of a plan of merger or share exchange, the holders of shares of the class or series are required under the plan of merger or share exchange to accept for their shares anything except shares of the surviving corporation or another publicly held corporation which at the effective date

of the merger or share exchange are either listed on a national securities exchange or held of record by more than 2,000 shareholders, except for scrip or cash payments in lieu of fractional shares; or

(2) The articles of incorporation or a resolution of the board of directors approving the transaction provides otherwise. (Code 1981, § 14-2-1302, enacted by Ga. L. 1988, p. 1070, § 1; Ga. L. 1989, p. 946, § 58; Ga. L. 1999, p. 405, § 11.)

14-2-1303. Dissent by nominees and beneficial owners.

A record shareholder may assert dissenters' rights as to fewer than all the shares registered in his name only if he dissents with respect to all shares beneficially owned by any one beneficial shareholder and notifies the corporation in writing of the name and address of each person on whose behalf he asserts dissenters' rights. The rights of a partial dissenter under this Code section are determined as if the shares as to which he dissents and his other shares were registered in the names of different shareholders. (Code 1981, § 14-2-1303, enacted by Ga. L. 1988, p. 1070, § 1.)

14-2-1320. Notice of dissenters' rights.

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is submitted to a vote at a shareholders' meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters' rights under this article and be accompanied by a copy of this article.

(b) If corporate action creating dissenters' rights under Code Section 14- 2-1302 is taken without a vote of shareholders, the corporation shall notify in writing all shareholders entitled to assert dissenters' rights that the action was taken and send them the dissenters' notice described in Code Section 14- 2-1322 no later than ten days after the corporate action was taken. (Code 1981, § 14-2-1320, enacted by Ga. L. 1988, p. 1070, § 1; Ga. L. 1993, p. 1231, § 17.)

14-2-1321. Notice of intent to demand payment.

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is submitted to a vote at a shareholders' meeting, a record shareholder who wishes to assert dissenters' rights:

(1) Must deliver to the corporation before the vote is taken written notice of his intent to demand payment for his shares if the proposed action is effectuated; and

(2) Must not vote his shares in favor of the proposed action.

(b) A record shareholder who does not satisfy the requirements of subsection (a) of this Code section is not entitled to payment for his shares under this article. (Code 1981, § 14-2-1321, enacted by Ga. L. 1988, p. 1070, § 1.)

14-2-1322. Dissenters' notice.

(a) If proposed corporate action creating dissenters' rights under Code Section 14-2-1302 is authorized at a shareholders' meeting, the corporation shall deliver a written dissenters' notice to all shareholders who satisfied the requirements of Code Section 14-2-1321.

(b) The dissenters' notice must be sent no later than ten days after the corporate action was taken and must:

(1) State where the payment demand must be sent and where and when certificates for certificated shares must be deposited;

(2) Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;

(3) Set a date by which the corporation must receive the payment demand, which date may not be fewer than 30 nor more than 60 days after the date the notice required in subsection (a) of this Code section is delivered; and

(4) Be accompanied by a copy of this article. (Code 1981, § 14-2-1322, enacted by Ga. L. 1988, p. 1070, § 1.)

14-2-1323. Duty to demand payment.

(a) A record shareholder sent a dissenters' notice described in Code Section 14-2-1322 must demand payment and deposit his certificates in accordance with the terms of the notice.

(b) A record shareholder who demands payment and deposits his shares under subsection (a) of this Code section retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action.

(c) A record shareholder who does not demand payment or deposit his share certificates where required, each by the date set in the dissenters' notice, is not entitled to payment for his shares under this article. (Code 1981, § 14-2-1323, enacted by Ga. L. 1988, p. 1070, § 1.)

14-2-1324. Share restrictions.

(a) The corporation may restrict the transfer of uncertificated shares from the date the demand for their payment is received until the proposed corporate action is taken or the restrictions released under Code Section 14-2-1326.

(b) The person for whom dissenters' rights are asserted as to uncertificated shares retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action. (Code 1981, § 14-2-1324, enacted by Ga. L. 1988, p. 1070, § 1.)

14-2-1325. Offer of payment.

(a) Except as provided in Code Section 14-2-1327, within ten days of the later of the date the proposed corporate action is taken or receipt of a payment demand, the corporation shall by notice to each dissenter who complied with Code Section 14-2-1323 offer to pay to such dissenter the amount the corporation estimates to be the fair value of his or her shares, plus accrued interest.

(b) The offer of payment must be accompanied by:

(1) The corporation's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

(2) A statement of the corporation's estimate of the fair value of the shares;

(3) An explanation of how the interest was calculated;

(4) A statement of the dissenter's right to demand payment under Code Section 14-2-1327; and

(5) A copy of this article.

(c) If the shareholder accepts the corporation's offer by written notice to the corporation within 30 days after the corporation's offer or is deemed to have accepted such offer by failure to respond within said 30 days, payment for his or her shares shall be made within 60 days after the making of the offer or the taking of the proposed corporate action, whichever is later. (Code 1981, § 14-2-1325, enacted by Ga. L. 1988, p. 1070, § 1; Ga. L. 1989, p. 946, § 59; Ga. L. 1993, p. 1231, § 18.)

14-2-1326. Failure to take action.

(a) If the corporation does not take the proposed action within 60 days after the date set for demanding payment and depositing share certificates, the corporation shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.

(b) If, after returning deposited certificates and releasing transfer restrictions, the corporation takes the proposed action, it must send a new dissenters' notice under Code Section 14-2-1322 and repeat the payment demand procedure. (Code 1981, § 14-2-1326, enacted by Ga. L. 1988, p. 1070, § 1; Ga. L. 1990, p. 257, § 20.)

14-2-1327. Procedure if shareholder dissatisfied with payment or offer.

(a) A dissenter may notify the corporation in writing of his own estimate of the fair value of his shares and amount of interest due, and demand payment of his estimate of the fair value of his shares and interest due, if:

(1) The dissenter believes that the amount offered under Code Section 14- 2-1325 is less than the fair value of his shares or that the interest due is incorrectly calculated; or

(2) The corporation, having failed to take the proposed action, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment.

(b) A dissenter waives his or her right to demand payment under this Code section and is deemed to have accepted the corporation's offer unless he or she notifies the corporation of his or her demand in writing under subsection (a) of this Code section within 30 days after the corporation offered payment for his or her shares, as provided in Code Section 14-2-1325.

(c) If the corporation does not offer payment within the time set forth in subsection (a) of Code Section 14-2-1325:

(1) The shareholder may demand the information required under subsection (b) of Code Section 14-2-1325, and the corporation shall provide the information to the shareholder within ten days after receipt of a written demand for the information; and

(2) The shareholder may at any time, subject to the limitations period of Code Section 14-2-1332, notify the corporation of his own estimate of the fair value of his shares and the amount of interest due and demand payment of his estimate of the fair value of his shares and interest due. (Code 1981, § 14-2-1327, enacted by Ga. L. 1988, p. 1070, § 1; Ga. L. 1989, p. 946, § 60; Ga. L. 1990, p. 257, § 21; Ga. L. 1993, p. 1231, § 19.)

14-2-1330. Court action.

(a) If a demand for payment under Code Section 14-2-1327 remains unsettled, the corporation shall commence a proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the 60 day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(b) The corporation shall commence the proceeding, which shall be a nonjury equitable valuation proceeding, in the superior court of the county where a corporation's registered office is located. If the surviving corporation is a foreign corporation without a registered office in this state, it shall commence the proceeding in the county in this state where the registered office of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.

(c) The corporation shall make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the proceeding, which shall have the effect of an action quasi in rem against their shares. The corporation shall serve a copy of the petition in the proceeding upon each dissenting shareholder who is a resident of this state in the manner provided by law for the service of a summons and complaint, and upon each nonresident dissenting shareholder either by registered or certified mail or statutory overnight delivery or by publication, or in any other manner permitted by law.

(d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) of this Code section is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to it. Except as otherwise provided in this chapter, Chapter 11 of Title 9, known as the "Georgia Civil Practice Act," applies to any proceeding with respect to dissenters' rights under this chapter.

(e) Each dissenter made a party to the proceeding is entitled to judgment for the amount which the court finds to be the fair value of his shares, plus interest to the date of judgment. (Code 1981, § 14-2-1330, enacted by Ga. L. 1988, p. 1070, § 1; Ga. L. 1989, p. 946, § 61; Ga. L. 1993, p. 1231, § 20; Ga. L. 2000, p. 1589, § 3.)

14-2-1331. Court costs and counsel fees.

(a) The court in an appraisal proceeding commenced under Code Section 14- 2-1330 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court, but not including fees and expenses of attorneys and experts for the respective parties. The court shall assess the costs against the corporation, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under Code Section 14-2-1327.

(b) The court may also assess the fees and expenses of attorneys and experts for the respective parties, in amounts the court finds equitable:

(1) Against the corporation and in favor of any or all dissenters if the court finds the corporation did not substantially comply with the requirements of Code Sections 14-2-1320 through 14-2-1327; or

(2) Against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this article.

(c) If the court finds that the services of attorneys for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these attorneys reasonable fees to be paid out of the amounts awarded the dissenters who were benefited. (Code 1981, § 14-2-1331, enacted by Ga. L. 1988, p. 1070, § 1.)

14-2-1332. Limitation of actions.

No action by any dissenter to enforce dissenters' rights shall be brought more than three years after the corporate action was taken, regardless of whether notice of the corporate action and of the right to dissent was given by the corporation in compliance with the provisions of Code Section 14-2-1320 and Code Section 14-2-1322. (Code 1981, § 14-2-1332, enacted by Ga. L. 1988, p. 1070, § 1.)

APPENDIX C

FAIRNESS OPINION

February 17, 2003

Board of Directors
First Georgia Holding, Inc.
1703 Gloucester Street
Brunswick, GA 31521

Members of the Board:

You have requested our opinion as to the fairness, from a financial point of view, of the consideration to be received by the shareholders of First Georgia Holding, Inc. ("First Georgia") under the terms of a certain Agreement and Plan of Reorganization dated January 22, 2003 (the "Agreement") pursuant to which First Georgia would be merged with and into United Community Banks, Inc. ("United") (the "Merger"). Under the terms of the Agreement, each of the outstanding shares of First Georgia common stock shall be converted into 0.1519 shares of United common stock and $1.65 in cash (the “Consideration”). The foregoing summary of the Merger is qualified in its entirety by reference to the Agreement.

The Carson Medlin Company is a National Association of Securities Dealers, Inc. (NASD) member investment banking firm, which specializes in the securities of financial institutions in the United States. As part of our investment banking activities, we are regularly engaged in the valuation of financial institutions in the United States and transactions relating to their securities. We regularly publish our research on independent community banks regarding their financial and stock price performance. We are familiar with the commercial banking industry in Georgia and the major commercial banks operating in that market. We have been retained by First Georgia in a financial advisory capacity to render our opinion hereunder, for which we will receive compensation.

In reaching our opinion, we have analyzed the respective financial positions, both current and historical, of United and First Georgia. We have reviewed: (i) the Agreement; (ii) audited financial statements of United for the five years ended December 31, 2001; (iii) audited financial statements of First Georgia for the five years ended September 30, 2002; (iv) unaudited interim financial statements of United for the nine months ended September 30, 2002; (v) unaudited interim financial statements of First Georgia for the three months ended December 31, 2002; and (vi) certain financial and operating information with respect to the business, operations and prospects of United and First Georgia. We also: (a) held discussions with members of management of United and First Georgia regarding historical and current business operations, financial condition and future prospects of their respective companies; (b) reviewed the historical market prices and trading activity for the common stocks of United and First Georgia and compared them with those of certain publicly-traded companies which we deemed to be relevant;

(c) compared the results of operations of United and First Georgia with those of certain banking companies which we deemed to be relevant; (d) compared the proposed financial terms of the Merger with the financial terms, to the extent publicly available, of certain other recent business combinations of commercial banking and thrift organizations; and (e) conducted such other studies, analyses, inquiries and examinations as we deemed appropriate.

We have relied upon and assumed, without independent verification, the accuracy and completeness of all information provided to us. We have not performed or considered any independent appraisal or evaluation of the assets of United or First Georgia. The opinion we express herein is necessarily based upon market, economic and other relevant considerations as they exist and can be evaluated as of the date of this letter.

Based upon the foregoing, it is our opinion that the Consideration as provided for in the Agreement is fair, from a financial point of view, to the shareholders of First Georgia Holding, Inc.

Very truly yours,

THE CARSON MEDLIN COMPANY

APPENDIX D

AMENDMENT

TO

AGREEMENT AND PLAN OF REORGANIZATION

THIS AMENDMENT TO AGREEMENT AND PLAN OF REORGANIZATION (the "Amendment") is made and entered into as of this 12th day of February, 2003, by and between UNITED COMMUNITY BANKS, INC., a Georgia business corporation ("United"), and FIRST GEORGIA HOLDING, INC., a Georgia business corporation ("First Georgia," and together with United, the "Parties").

WHEREAS, the Parties entered into that certain Agreement and Plan of Reorganization, dated as of January 22, 2003 (the "Reorganization Agreement"), whereby, among other things, First Georgia will merge with United (the "Merger"), with United being the surviving corporation and with all of the issued and outstanding shares of common stock, $1.00 par value per share, of First Georgia being converted into the right to receive shares of the authorized common stock, $1.00 par value per share, of United, upon the terms and conditions set forth in the Reorganization Agreement;

WHEREAS, the Parties desire to revise Section 3.12 of the Reorganization Agreement to provide that United will allow employees of First Georgia the option of transferring the proceeds from any First Georgia 401(k) into a United 401(k) or a third party IRA:

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Parties hereby agree as follows:

1. Amendment to Section 3.12. The following sentence is hereby inserted between the first and second sentence of Section 3.12:

> Subject to applicable legal requirements, United will take action to enable employees of First Georgia who continue employment with United to transfer their proceeds from any First Georgia 401(k) plan into a United plan or a separate third party IRA, provided that the First Georgia board must adopt resolutions to terminate the First Georgia 401(k) plan prior to the Closing Date.

2. No Other Changes. Except as set forth in this Amendment, the other provisions of the Reorganization Agreement shall remain in full force and effect in accordance with their respective terms. Nothing contained herein shall constitute a waiver of any rights or claims of any party heretofore or hereafter arising under or related to the Reorganization Agreement.

3. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have cause this Amendment to be executed on the date first above written.

UNITED COMMUNITY BANKS, INC.

(CORPORATE SEAL)

By: /s/ Rex S. Schuette
Name: Rex S. Schuette
Title: Chief Financial Officer

Attest:

/s/ Thomas C. Gilliland
Secretary

FIRST GEORGIA HOLDING, INC.

(CORPORATE SEAL)

By: /s/ Henry S. Bishop
Name: Henry S. Bishop
Title: Chairman, President and Chief Executive Officer

Attest:

/s/ G. F. Coolidge, III
Secretary

REVOCABLE PROXY

FIRST GEORGIA HOLDING, INC.

☒ PLEASE MARK VOTES AS IN THIS EXAMPLE

THIS PROXY IS SOLICITED ON BEHALF OF
THE BOARD OF DIRECTORS OF THE COMPANY

The undersigned, being a holder of shares of common stock of First Georgia Holding, Inc. (the "Company"), acknowledges receipt of the notice of the special meeting of stockholders of the Company to be held on March 27, 2003, and the accompanying proxy statement, and appoints Roy K. Hodnett and B. W. Bowie, and either of them, the attorneys of the undersigned, with power of substitution, for and in the name of the undersigned, to vote as proxies for the undersigned to the number of shares of Company common stock the undersigned would be entitled to vote if personally present at the special meeting of the Company, as stated, and at any adjournment and adjournments thereof, and to vote all shares of Company common stock held by the undersigned and entitled to be voted upon the following matters (Management recommends a "For" vote on item No. 1):

		For	Withhold	Abstain
1.	Approval of the Agreement and Plan of Reorganization, dated as of January 22, 2002, by and between United Community Banks, Inc. and First Georgia Holding, Inc. and Amendment thereto, dated as of February 12, 2003.	☐	☐	☐
2.	Other Matters to Come Before the Meeting.			

The shares covered by this proxy will be voted in accordance with the selection indicated. **IF NO SELECTION IS MADE, THEY WILL BE VOTED IN FAVOR OF APPROVAL OF THE AGREEMENT AND PLAN OF REORGANIZATION.**

Please sign exactly as your name appears on the stock certificate. When signing as an attorney, executor, administrator, trustee or guardian, please give full title as such. If signer is a corporation, sign full corporate name by duly authorized officer**. If shares are held in the name of two or more persons, all should sign.**

Please be sure to sign and date this Proxy in the box	**Date**

Shareholder sign above — Co-holder (if any) sign above

FIRST GEORGIA HOLDING, INC.

PLEASE ACT PROMPTLY
SIGN, DATE & MAIL YOUR PROXY CARD

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED

_____

_____

_____

PART II.

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

United's Articles of Incorporation, as amended, provide that no director of United shall be personally liable to United or its shareholders for breach of his or her duty of care or other duty as a director, but only to the extent permitted from time to time by the Georgia Business Corporation Code.

United's Bylaws require it to indemnify its directors, officers, employees, and agents against judgments, fines, penalties, amounts paid in settlement, and expenses, including attorney's fees, resulting from various types of legal actions or proceedings instituted by third parties if the actions of the director, officer, employee, or agent being indemnified meet the standards of conduct specified therein.

In addition, United's Bylaws require it to indemnify its directors, officers, employees, and agents for expenses actually and reasonably incurred in connection with legal actions or proceedings instituted by or in the right of United to procure a judgment in its favor, if the actions of the director, officer, employee, or agent being indemnified meet the standards of conduct set forth therein. However, United will not indemnify a director, officer, employee, or agent for such expenses if such person is adjudged liable to United, unless so ordered by the court in which the legal action or proceeding is brought.

A determination concerning whether or not the applicable standard of conduct has been met by a director, officer, employee, or agent seeking indemnification must be made by (a) a disinterested majority of the board of directors, (b) United's legal counsel, if a quorum of disinterested directors is not obtainable or if the disinterested directors so order, or (c) an affirmative vote of a majority of shares held by the shareholders. No indemnification may be made to or on behalf of a director, officer, employee or agent in connection with any other proceeding in which such person was adjudged liable on the basis that personal benefit was improperly received by him or her.

As provided under Georgia law, the liability of a director may not be eliminated or limited (a) for any appropriation, in violation of his duties, of any business opportunity of United, (b) for acts or omissions which involve intentional misconduct or a knowing violation of law, (c) for unlawful corporate distributions or (d) for any transaction from which the director received an improper benefit.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to United's directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, United has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

United's directors and officers are insured against losses arising from any claim against them as such for wrongful acts or omissions, subject to certain limitations.

Item 21. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit	Description of Exhibit
2.1	Agreement and Plan of Reorganization, dated as of January 22, 2003, by and between United and First Georgia (incorporated herein by reference from United's Form S-4/A filed on February 6, 2003).
2.2	Amendment to Agreement and Plan of Reorganization, dated as of February 12, 2003, by and between United and First Georgia.*
3.1	Restated Articles of Incorporation of United (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on August 14, 2001).
3.2	Amended and Restated Bylaws of United (incorporated herein by reference from United's Annual Report on Form 10-K, filed on March 27, 1998).
4.1	Junior Subordinated Indenture, by and between United and The Chase Manhattan Bank, as Trustee (incorporated herein by reference from United's Registration Statement on Form S-4, filed on September 30, 1998).
4.2	Form of Certificate of Junior Subordinated Debenture (incorporated herein by reference from United's Registration Statement on Form S-4, filed on September 30, 1998).
4.3	Certificate of Trust of United Community Capital Trust (incorporated herein by reference from United's Registration Statement on Form S-4, filed on September 30, 1998).
4.4	Amended and Restated Trust Agreement, by and between United, The Chase Manhattan Bank, as Property Trustee, and Chase Manhattan Bank Delaware, as Trustee (incorporated herein by reference from United's Registration Statement on Form S-4, filed on September 30, 1998).
4.5	Form of New Capital Security Certificate for United Community Capital Trust (incorporated herein by reference from United's Registration Statement on Form S-4, filed on September 30, 1998).
4.6	Guarantee Agreement by and between United and The Chase Manhattan Bank, as Guarantee Trustee (incorporated herein by reference from United's Registration Statement on Form S-4, filed on September 30, 1998).
4.7	Registration Rights Agreement by and between United, United Community Capital Trust and Wheat First Securities, Inc. (incorporated herein by reference from United's Registration Statement on Form S-4, filed on September 30, 1998).
4.8	Form of Floating Rate Convertible Subordinated Payable In Kind Debenture due December 31, 2006 (incorporated herein by reference from United's Registration Statement on Form S-1, filed on January 31, 1997).
4.9	Indenture, by and between United and Marshall & Isley Trust Company, N.A., as Trustee.*
4.10	Form of 6.75% Subordinated Notes due 2012.*
4.11	Form of certificate for United common stock (incorporated herein by reference to United's Registration Statement on Form S-4, filed on July 14, 1999).
4.12	See Exhibits 3.1 and 3.2 for provisions of Articles of Incorporation and By-Laws, as amended, which define the rights of the Shareholders.
5	Opinion and Consent of Kilpatrick Stockton LLP (incorporated herein by reference from United's Registration Statement on Form S-4, filed on February 6, 2003).

*Filed herewith.

8	Opinion and Consent of Kilpatrick Stockton LLP as to the federal income tax consequences to the merger of United Community Banks, Inc. and First Georgia Holding, Inc. (incorporated herein by reference from United's Registration Statement on Form S-4, filed on February 6, 2003).
10.1	United's 1995 Key Employee Stock Option Plan (incorporated herein by reference to United's Annual Report on Form 10-K, filed in 1995).
10.2	United's Profit Sharing Plan, dated as of March 9, 2001 (incorporated herein by reference from United's Registration Statement on Form S-8, filed on April 24, 2002).
10.3	Amendment No. 1 to United's Profit Sharing Plan, dated as of March 15, 2002 (United's Profit Sharing Plan, dated as of March 9, 2001, incorporated herein by reference from United's Registration Statement on Form S-8, filed on April 24, 2002).
10.4	United 2000 Key Employee Stock Option Plan (incorporated herein by reference from United Registration Statement on Form S-8, filed on September 19, 2002).
10.5	Loan Agreement, dated April 26, 1995, by and between The Bankers Bank and United, together with the related Promissory Note in the principal amount of $12,000,000 and Stock Pledge Agreement (incorporated herein by reference to United's Registration Statement on Form S-1, filed on June 8, 1995).
10.6	Split-Dollar Agreement, dated as of June 1, 1994, by and between United and Jimmy C. Tallent (incorporated herein by reference to United's Annual Report on Form 10-K, filed in 1995).
10.7	Executive Revenue Neutral Retirement Account dated March 13, 2000, by and between United and Jimmy C. Tallent (incorporated herein be reference from United's Quarterly Report on Form 10-Q, filed on May 10, 2002).
10.8	First Amendment to the United Community Banks, Inc. Executive Revenue Neutral Retirement Agreement dated March 13, 2000, for Jimmy C. Tallent dated June 6, 2000, by and between United and Jimmy C. Tallent (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on May 10, 2002).
10.9	Split Dollar Agreement dated March 13, 2000, by and between Towns Country Bank and Jimmy C. Tallent (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on May 10, 2002).
10.10	Split Dollar Agreement dated March 13, 2000, by and between Carolina Community Bank and Jimmy C. Tallent (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on May 10, 2002).
10.11	Executive Revenue Neutral Retirement Account dated August 2, 1999, by and between Peoples Bank of Fannin County and Thomas C. Gilliland (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on May 10, 2002).
10.12	First Amendment to the Peoples Bank of Fannin County Executive Revenue Neutral Retirement Agreement dated August 2, 1999, for Thomas C. Gilliland dated June 6, 2000, by and between Peoples Bank of Fannin County and Thomas C. Gilliland (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on May 10, 2002).

*Filed herewith.

10.13	Split Dollar Agreement dated March 2, 2000, by and between Peoples Bank of Fannin County and Thomas C. Gilliland (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on May 10, 2002).
10.14	Agreement and Plan of Reorganization, dated March 3, 2000, by and between United and Independent Bancshares, Inc. (incorporated herein by reference to United's Registration Statement on Form S-4, filed on June 8, 2000).
10.15	Agreement and Plan of Reorganization, dated March 3, 2000, by and between United and North Point Bancshares, Inc. (incorporated herein by reference to United's Registration Statement on Form S-4, filed on June 2, 2000).
10.16	Share Purchase Agreement, dated as of September 29, 2000, by and between United, United Community Bank, Brintech, Inc., Harold Brewer and Ross Whipple (incorporated herein by reference to United's Annual Report on Form 10-K, filed on March 15, 2002).
10.17	Form of United Change in Control Severance Agreement (incorporated by reference from United's Quarterly Report on Form 10-Q, filed on August 14, 2001
10.18	Change in Control Severance Agreement dated as of June 7, 2001, by and between United and Guy W. Freeman (incorporated herein by reference from United's Quarterly Report on Form 10-Q, filed on August 14, 2001).
10.19	Agreement and Plan of Reorganization, dated as of June 29, 2001, by and between United and Peoples Bancorp, Inc. (incorporated herein by reference to United's Registration Statement on Form S-4, filed on September 19, 2001).
10.20	Amendment to Agreement and Plan of Reorganization, dated as of July 30, 2001, by and between United and Peoples Bancorp, Inc. (incorporated herein by reference to United's Registration Statement on Form S-4, filed on September 19, 2001).
10.21	Employment Agreement dated as of December 23, 2002, by and between United and Ed Bell (incorporated herein by reference to United's Registration Statement on Form S-4, filed on January 23, 2003).
10.22	Agreement and Plan of Reorganization, dated as of December 23, 2002 by and between United and First Central Bancshares, Inc. (incorporated herein by reference to United's Registration Statement or Form S-4 filed on January 23, 2003).
10.23	Settlement Agreement, dated as of February 20, 2003, by and between United and Henry S. Bishop.*
10.24	Noncompetition Agreement, dated as of February 20, 2003, by and between United and Henry S. Bishop.*
21	Subsidiaries of United (incorporated herein by reference from United's Registration Statement on Form S-4, filed on February 6, 2003).
23.1	Consent of Porter Keadle Moore LLP.*
23.2	Consent of Deloitte & Touche LLP.*

*Filed herewith.

23.3	Consent of Kilpatrick Stockton LLP (included as part of Exhibits 5 and 8).
23.4	Consent of The Carson Medlin Company.*
24	Power of Attorney (included on the Signature Page to the Registration Statement).
99.1	First Georgia's Form 10-KSB for the fiscal year ended September 30, 2002, including its Annual Report filed as Exhibit 13 thereto.*
99.2	First Georgia's Form 10-QSB for the quarter ended December 31, 2002.*
(b)	Financial Statement Schedules.
	No financial statements schedules are required to be filed as part of this Registration Statement.

*Filed herewith.

Item 22. Undertakings

The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

The undersigned registrant hereby undertakes that every prospectus (i) that is filed pursuant to paragraph (a) immediately preceding, or (ii) that purports to meet the requirements of section 10(a)(3) of the Securities Act of 1933, as amended, and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, United Community Banks, Inc. has duly caused this Amendment No. 1 to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Blairsville, State of Georgia, on February 21, 2003.

UNITED COMMUNITY BANKS, INC.

By: /s/ Jimmy C. Tallent
Jimmy C. Tallent
President and Chief Executive Officer

Know all men by these presents, that each person whose signature appears below constitutes and appoints Jimmy C. Tallent and Robert L. Head, or either of them, as attorney-in-fact, with each having the power of substitution, for him in any and all capacities, to sign any amendments to this Registration Statement on Form S-4 and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to its Registration Statement has been signed by the following persons in the capacities indicated on February 21, 2003.

Signature	Title
/s/ Jimmy C. Tallent Jimmy C. Tallent	President, Chief Executive Officer and Director (Principal Executive Officer)
* Rex S. Schuette	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
* Robert L. Head, Jr.	Chairman of the Board
* Thomas C. Gilliland	Executive Vice President, General Counsel, Secretary and Director
* Harold Brewer	Executive Vice President, Chief Operating Officer and Director
* Guy W. Freeman	Executive Vice President and Director
* Robert Blalock	Director

[signatures continued on next page]

[signatures continued from previous page]

*	Director
Charles Hill	
	Director
Hoyt O. Holloway	
*	Director
Clarence W. Mason, Sr.	
*	Director
W.C. Nelson, Jr.	
*	Director
Charles E. Parks	
*	Director
Tim Wallis	

* By: /s/ *Jimmy C. Tallent*
Jimmy C. Tallent
Attorney in Fact

EXHIBIT INDEX

Exhibit	Description of Exhibit
2.2	Amendment to Agreement and Plan of Reorganization, dated as of February 12, 2003, by and between United and First Georgia.
4.9	Indenture, by and between United and Marshall & Isley Trust Company, N.A., as Trustee.
4.10	Form of 6.75% Subordinated Notes due 2012.
10.23	Settlement Agreement, dated as of February 20, 2003, by and between United and Henry S. Bishop.
10.24	Noncompetition Agreement, dated as of February 20, 2003, by and between United and Henry S. Bishop.
23.1	Consent of Porter Keadle Moore LLP.
23.2	Consent of Deloitte & Touche LLP.
23.4	Consent of The Carson Medlin Company.
99.1	First Georgia's Form 10-KSB for the fiscal year ended September 30, 2002, including its Annual Report filed as Exhibit 13 thereto.
99.2	First Georgia's Form 10-QSB for the quarter ended December 31, 2002.

AMENDMENT

TO

AGREEMENT AND PLAN OF REORGANIZATION

THIS AMENDMENT TO AGREEMENT AND PLAN OF REORGANIZATION (the "Amendment") is made and entered into as of this 12th day of February, 2003, by and between UNITED COMMUNITY BANKS, INC., a Georgia business corporation ("United"), and FIRST GEORGIA HOLDING, INC., a Georgia business corporation ("First Georgia," and together with United, the "Parties").

WHEREAS, the Parties entered into that certain Agreement and Plan of Reorganization, dated as of January 22, 2003 (the "Reorganization Agreement"), whereby, among other things, First Georgia will merge with United (the "Merger"), with United being the surviving corporation and with all of the issued and outstanding shares of common stock, $1.00 par value per share, of First Georgia being converted into the right to receive shares of the authorized common stock, $1.00 par value per share, of United, upon the terms and conditions set forth in the Reorganization Agreement;

WHEREAS, the Parties desire to revise Section 3.12 of the Reorganization Agreement to provide that United will allow employees of First Georgia the option of transferring the proceeds from any First Georgia 401(k) into a United 401(k) or a third party IRA:

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Parties hereby agree as follows:

1. Amendment to Section 3.12. The following sentence is hereby inserted between the first and second sentence of Section 3.12:

> Subject to applicable legal requirements, United will take action to enable employees of First Georgia who continue employment with United to transfer their proceeds from any First Georgia 401(k) plan into a United plan or a separate third party IRA, provided that the First Georgia board must adopt resolutions to terminate the First Georgia 401(k) plan prior to the Closing Date.

2. No Other Changes. Except as set forth in this Amendment, the other provisions of the Reorganization Agreement shall remain in full force and effect in accordance with their respective terms. Nothing contained herein shall constitute a waiver of any rights or claims of any party heretofore or hereafter arising under or related to the Reorganization Agreement.

3. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have cause this Amendment to be executed on the date first above written.

UNITED COMMUNITY BANKS, INC.

(CORPORATE SEAL)

By: /s/ Rex S. Schuette
Name: Rex S. Schuette
Title: Chief Financial Officer

Attest:

/s/ Thomas C. Gilliland
Secretary

FIRST GEORGIA HOLDING, INC.

(CORPORATE SEAL)

By: /s/ Henry S. Bishop
Name: Henry S. Bishop
Title: Chairman, President and Chief Executive Officer

Attest:

/s/ G. F. Coolidge, III
Secretary

Table of Contents

UNITED COMMUNITY BANKS, INC.,
as Issuer

and

MARSHALL & ILSLEY TRUST COMPANY N.A.,
as Trustee

INDENTURE

Dated as of November 26, 2002

Up To $50,000,000

6.75% Subordinated Notes due 2012

CROSS REFERENCE TABLE*

Trust Indenture Act Section	Indenture ; Section
310(a)(1)	6.10
(a)(2)	6.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	6.10
(b)	6.10
(c)	N.A.
311(a)	6.11
(b)	6.11
(c)	N.A.
312(a)	2.07
(b)	10.03
(c)	10.03
313 (a)	6.06
(b)(1)	N.A.
(b)(2)	6.06, 6.07
(c)	6.06, 10.02
(d)	6.06
314(a)	3.03
(b)	N.A.
(c)(1)	10.04
(c)(2)	10.04
(c)(3)	N.A.
(d)	N.A.
(e)	10.05
(f)	N.A.
315(a)	6.01
(b)	10.02
(c)	6.01
(d)	6.01
(e)	5.11
316(a)(last sentence)	2.10
(a)(1)(A)	5.05
(a)(1)(B)	5.04
(a)(2)	N.A.
(b)	5.07
(c)	2.13
317(a)(1)	5.08
(a)(2)	5.09
(b)	2.05

CROSS REFERENCE TABLE*
(Continued)

Trust Indenture Act Section	Indenture ; Section
318(a)	10.01
(b)	N.A.
(c)	10.01

_____
"N.A." means "Not Applicable."
*This Cross Reference Table is not part of the Indenture.

TABLE OF CONTENTS

THIS INDENTURE, dated as of November 26, 2002, is by and among **UNITED COMMUNITY BANKS, INC.**, a Georgia corporation (the "Company"), and **MARSHALL & ILSLEY TRUST COMPANY, N.A.**, a national banking association, as trustee (the "Trustee").

The Company and the Trustee hereby agree as follows for the benefit of each other and for the equal and ratable benefit of the holders (the "Holders") of (i) the 6.75% Subordinated Notes due 2012 of the Company initially issued hereunder on the Closing Date (the "Original Notes"), and (ii) any Additional Notes (as defined herein) that may be issued on any Issue Date (all such Notes in clauses (i) and (ii) being referred to collectively as the "Notes"):

ARTICLE I
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

"Additional Notes" means any 6.75% Notes due 2012 issued under the terms of this Indenture subsequent to the Closing Date, which shall be of the same series as, and have terms identical to, the Notes issued as of the Closing Date.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided*, *however*, that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "affiliated," "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"Agent" means any Registrar, Paying Agent or co-registrar or any successor thereto.

"Bankruptcy Law" means Title 11, U.S. Code or any other applicable federal or state bankruptcy, insolvency or similar law for the relief of debtors, and any federal or state law pertaining to the appointment of a receiver, conservator, liquidator, assignee, custodian, trustee or similar official.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as such term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition.

"Board of Directors" means the board of directors (or other body having similar management functions) or any committee thereof duly authorized to act on behalf of such board. Except as expressly forth herein, any reference to the Board of Directors shall be a reference to the Board of Directors of the Company.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

(i) in the case of a corporation, corporate stock;

(ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Certificated Securities" means Notes that are in the form of the Notes attached hereto as Exhibit A, and that do not include the information called for by footnotes 1 and 5 thereof.

"Claim" means any claim arising from rescission of the purchase or sale of the Notes, for damages arising from the purchase or sale of the Notes or for reimbursement or contribution on account of such a claim.

"Closing Date" means the date of this Indenture.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors as of the Closing Date; or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Covenant Defeasance" has the meaning ascribed in Section 7.03 of this Indenture.

"Corporate Trust Office" shall be the address of the Trustee specified in Section 3.02 hereof or such other address as to which the Trustee gives notice to the Company.

"Currency Agreement" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures or options agreements or other similar agreement to which such Person is a party or beneficiary.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.04 hereof as the Depositary with respect to the Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture and, thereafter, "Depositary" shall mean or include such successor.

"DTC" has the meaning ascribed in Section 2.04 of this Indenture.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Event of Default" has the meaning ascribed in Section 5.01 of this Indenture.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and all rules and regulations of the SEC promulgated thereunder.

"Existing Indebtedness" means Indebtedness of the Company in existence on the Closing Date, until such amounts are repaid.

"Financing Entity" means any trust (or a trustee of a trust), partnership, limited liability company, or other Affiliate of the Company that is a financing vehicle.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"Global Note" means a Note that contains the paragraph referred to in footnote 1 and the additional schedule referred to in footnote 5 to the form of the Note attached hereto as Exhibit A.

"Government Securities" means direct obligations of, or obligations guaranteed by, the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States is pledged.

"Guarantee" means a guarantee or other assurance of Indebtedness of another Person, whether as an obligor, guarantor or otherwise, other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, and in any manner including, by way of a pledge of assets or other security or collateral or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under Currency Agreements and Interest Rate Agreements.

"Holder," "Noteholder" and "Holder of Note" mean a Person in whose name a Note is registered.

"incur" shall mean, with respect to any Indebtedness or other Obligation, to directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to such Indebtedness or other Obligation.

"Indebtedness" means, with respect to any specified Person, any Obligations of such Person in respect of:

(i) borrowed money;

(ii) debt securities, bonds, notes, debentures or similar instruments, letters of credit, securities purchase facilities and reimbursement agreements in respect thereof;

(iii) banker's acceptances;

(iv) Capital Lease Obligations;

(v) the deferred and unpaid balance of the purchase price of any property, all obligations of that Person under any conditional sale or title retention agreement, except any such balance that constitutes an accrued expense or trade payable; or

(vi) any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by such Person of any Indebtedness of any other Person. The incurrence of Indebtedness Guaranteed by the specified Person shall, for purposes of this Indenture, be the incurrence of Indebtedness by such specified Person.

The amount of any Indebtedness outstanding as of any date shall be:

(i) the accreted value thereof, in the case of any Indebtedness issued with original issue discount;

(ii) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness, and premium, if any; and

(iii) the amount of Indebtedness of such specified Person arising by reason of a Guarantee of Indebtedness shall equal the outstanding principal amount of the Guaranteed Indebtedness.

"Indenture" means this Indenture, as amended, modified or supplemented from time to time.

"Interest Rate Agreement" means in respect of a Person any interest rate swap agreement, interest rate cap agreement, interest rate floor agreement, interest rate futures or option contracts, or other financial agreement or arrangement designed to protect such Person against fluctuations in interest rates.

"Issue Date," with respect to any Notes, means the date on which such Notes are originally issued.

"Junior Subordinated Debt" means the Company's Trust Preferred Securities Guarantees and the related Junior Subordinated Debentures, any Indebtedness that is subordinate to or on a parity with any of the foregoing Indebtedness, and any Indebtedness that is by its terms subordinate to the Indebtedness incurred under this Indenture.

"Junior Subordinated Debentures" means the Company's outstanding 8.125% junior subordinated deferrable interest debentures due 2028, 11.295% junior subordinated notes due 2030, and 10.60% junior subordinated deferrable interest debentures due 2030.

"Legal Defeasance" has the meaning ascribed in Section 7.02 of this Indenture.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or in the city in which the principal corporate trust office of the Trustee or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in such asset, and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Note Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Notes" has the meaning in the introductory clause hereof.

"Obligations" means any obligation, direct or indirect, contingent or non-contingent, matured or unmatured, to pay principal, interest, penalties, fees, indemnifications, reimbursements, damages, accounts payable and other liabilities of any kind whatsoever, including any guarantee by the Company for the repayment of Indebtedness, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation for the payment of the purchase price of property or assets.

"Officer" means, with respect to any Person, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President whose principal duties relate to financial matters, the Treasurer or the Secretary of such Person.

"Officers' Certificate" means a certificate signed on behalf of a Person by two Officers of such Person, one of whom must be the principal executive officer, the principal financial officer or the principal accounting officer of such Person, which meets the applicable requirements of Section 10.04 hereof.

"Opinion of Counsel" means a written opinion from legal counsel that meets the applicable requirements of Section 10.04 hereof. Such counsel may be an employee of or counsel to the Company or any Subsidiary of the Company.

"Original Notes" has the meaning in the introductory clause hereof.

"Paying Agent" has the meaning ascribed in Section 2.04 of this Indenture.

"Payment Blockage Notice" has the meaning ascribed in Section 9.03 of this Indenture.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, limited liability company, unincorporated organization or government or agency or political subdivision thereof (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

"Placement Agreement" means each of (i) the Placement Agreement, dated as of November 4, 2002, by and between the Company, The Bankers Bank and BankerBanc Capital Corporation, and (ii) any other similar agreement relating to Additional Notes, as each may be amended, modified, or supplemented from time to time.

"Registrar" has the meaning ascribed in Section 2.04 of this Indenture.

"Regulation S Global Note" has the meaning ascribed in Section 2.07 of this Indenture.

"Representative" means the indenture trustee or other trustee, agent or representative in respect of any Indebtedness; *provided, however,* that if, and for so long as, any Indebtedness lacks such a representative, then the Representative for such Indebtedness shall at all times constitute the holders of a majority in outstanding principal amount of such Indebtedness in respect of any Indebtedness.

"Responsible Officer," when used with respect to the Trustee, means any officer within the corporate trust administration department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers, and also means, with respect to a particular corporate trust matter, any other employee to whom such matter is referred because of his knowledge of, and familiarity with, the particular subject and who shall have direct responsibility for the administration of this Indenture.

"SEC" means the United States Securities and Exchange Commission (or any successor federal regulatory body having similar jurisdiction).

"Securities Act" means the Securities Act of 1933, as amended, and all rules and regulations of the SEC promulgated thereunder.

"Senior Debt" means

(i) any of the Company's Indebtedness, including all Indebtedness outstanding under the $40 million line of credit from The Bankers Bank dated as of June 25, 2002,

(ii) any of the Company's Indebtedness or other Obligations with respect to commodity contracts, interest rate and currency swap agreements, cap, floor and collar agreements, currency spot and forward contracts, and other similar agreements or arrangements designed to protect against fluctuations in currency exchange or interest rates,

(iii) any guarantees, endorsements (other than by endorsement of negotiable instruments for collection in the ordinary course of business) or other similar Obligations in respect of Obligations of others of a type described in clauses (i), (ii) and (iii), whether or not such Obligation is classified as a liability on the balance sheet prepared in accordance with GAAP, and

(iv) Obligations owed to general creditors of the Company,

in each case whether outstanding on the date of execution of this Indenture or thereafter incurred, other than Subordinated Debt and Junior Subordinated Debt, including the Company's Trust Preferred Securities Guarantees and the related Junior Subordinated Debentures.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation was in effect on the Closing Date.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subordinated Debt" means any Debt of the Company (whether outstanding on the Closing Date or thereafter incurred) that is subordinate or junior in right of payment to Senior Debt pursuant to a written agreement to that effect.

"Subsidiary" means, with respect to any Person:

(i) any corporation, association or other business entity of which more than 50% of the Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (A) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person, or (B) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb), as in effect on the date on which this Indenture is qualified under the TIA, except as provided by Section 8.03 hereof.

"Transfer Restricted Securities" means securities that bear or are required to bear the legend set forth in Section 2.07 hereof.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Trust Preferred Securities Guarantees" shall mean the guarantees issued by the Company in connection with the 8.125% capital securities due 2028 issued by United Community Capital Trust, the 11.295% preferred securities due 2030 issued by United Community Statutory Trust I, the 10.60% capital securities due 2030 issued by United Community Capital Trust II, and any guarantee now or hereafter entered into by the Company in respect of any preferred or preference stock that is by its terms subordinated to or on a parity with the Junior Subordinated Debt.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

Section 1.02 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

(i) "indenture securities" means the Notes;

(ii) "indenture security holder" means a Holder of a Note;

(iii) "indenture to be qualified" means this Indenture;

(iv) "indenture trustee" or "institutional trustee" means the Trustee; and

(v) "obligors" on the Notes means the Company and any successor obligor upon the Notes and not otherwise defined herein.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA and not otherwise defined herein have the meanings so assigned to them.

Section 1.03 Rules of Construction.

Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) words in the singular include the plural, and in the plural include the singular;

(v) provisions apply to successive events and transactions;

(vi) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time; and

(vii) the terms "include," "included," and "including," and words of similar meaning, shall be deemed to be without limitation, whether by enumeration or otherwise.

ARTICLE II
THE NOTES

Section 2.01 Amount of Notes; Ability to Re-Open Series.

The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture shall be limited to $50,000,000. The series of Notes issued at the Closing Date, which shall be the only series of Notes authorized for issuance under this Indenture, may be re-opened at any time and from time to time, and Additional Notes may be issued under, and as part of, that series.

With respect to any Additional Notes issued after the Closing Date (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Sections 2.07, 2.08, 2.09 or 2.11 of this Indenture), there shall be:

(i) established in or pursuant to a Board Resolution; and

(ii) (A) set forth or determined in the manner provided in an Officers' Certificate; or (B) established in one or more indentures supplemental hereto, prior to the issuance of such Additional Notes:

(1) the aggregate principal amount of such Additional Notes that may be authenticated and delivered under this Indenture, which, together with any other Notes outstanding under this Indenture, shall be limited to a total of $50,000,000 in aggregate principal amount;

(2) the issue price and issuance date of such Additional Notes, including the date from which interest on such Additional Notes shall accrue; and

(3) if applicable, that such Additional Notes shall be issuable in whole or in part in the form of one or more Global Notes and, in such case, the respective depositaries for such Global Notes, the form of any legend or legends which shall be borne by such Global Notes in addition to or in lieu of those set forth in Exhibit A hereto and any circumstances in addition to or in lieu of those set forth in Section 2.07 hereof in which any such Global Note may be exchanged in whole or in part for Additional Notes registered, or any transfer of such Global Note in whole or in part may be registered, in the name or names of Persons other than the depositary for such Global Note or a nominee thereof.

If any of the terms of any Additional Notes are established by action taken pursuant to a Board Resolution, such Board Resolution shall be delivered to the Trustee at or prior to the delivery of the Officers' Certificate or the indenture supplemental hereto setting forth the terms of the Additional Notes.

Section 2.02 Form and Dating.

The Original Notes (and any Additional Notes) and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto, the terms of which are incorporated in and made part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject or usage. Each Note shall be dated the date of its authentication. The Notes shall be issued initially in denominations of $1,000 and integral multiples thereof. Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and other transactions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.07 hereof.

Section 2.03 Execution and Authentication.

Two Officers of the Company shall sign the Notes by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid. A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture. The form of the Trustee's certificate of authentication to be borne by the Notes shall be substantially as set forth in Exhibit A attached hereto. The Trustee shall, upon a written order of the Company signed by two Officers of the Company directing the Trustee to authenticate the Notes and certifying that all conditions precedent to the issuance of the Notes contained herein have been complied with, authenticate:

(i) Original Notes for original issue on the Closing Date up to the aggregate principal amount of $31,500,000; and

(ii) subject to the terms of this Indenture, Additional Notes in an aggregate principal amount that, together with the aggregate principal amount of all other Notes then outstanding, shall not exceed $50,000,000.

Each Note shall be dated the date of its authentication. The Trustee may appoint an authenticating agent acceptable to the Company to authenticate the Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or Affiliates of the Company.

Section 2.04 Registrar and Paying Agent.

The Company shall maintain (i) an office or agency where Notes may be presented for registration of transfer or for exchange (a "Registrar"); and (ii) an office or agency where Notes may be presented for payment (a "Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Holder. The Company or any of its Subsidiaries may act as Paying Agent, Registrar or co-registrar. The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the provisions of the TIA. Such agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with Section 6.07 hereof. The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes. The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

Section 2.05 Paying Agent to Hold Money in Trust.

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, or interest, if any, on the Notes, and will promptly notify the Trustee of any Default by the Company in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all such money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all such money held by it to the Trustee and to account for any funds disbursed by it prior to such time. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money delivered to the Trustee. If the Company or a Subsidiary acts as Paying Agent, such Person shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by such Person as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent.

Section 2.06 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee, at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders, including the aggregate principal amount of Notes held by each thereof, and the Company shall otherwise comply with TIA Section 312(a).

Section 2.07 Transfer and Exchange.

(a) Transfer and Exchange of Certificated Securities. When Certificated Securities are presented by a Holder to the Registrar with a request (i) to register the transfer of the Certificated Securities; or (ii) to exchange such Certificated Securities for an equal principal amount of Certificated Securities of other authorized denominations, then the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met; *provided*, *however*, that the Certificated Securities presented or surrendered for register of transfer or exchange:

(A) shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing; and

(B) in the case of a Certificated Security that is a Transfer Restricted Security, such request shall be accompanied by the following additional information and documents, as applicable:

(1) if such Transfer Restricted Security is being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification to that effect from such Holder (in substantially the form of Exhibit B attached hereto); or

(2) if such Transfer Restricted Security is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in accordance with Rule 144A under the Securities Act or pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act, or pursuant to an exemption from registration in accordance with Rule 144 or Rule 904 under the Securities Act or pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form of Exhibit B (or, if pursuant to Rule 904, Exhibit C) attached hereto).

(b) Transfer of a Certificated Security for a Beneficial Interest in a Global Note. A Certificated Security may not be exchanged for a beneficial interest in a Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Certificated Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(i) if such Certificated Security is a Transfer Restricted Security, a certification from the Holder thereof (in substantially the form of Exhibit B hereto) to the effect that such Certificated Security is being transferred by such Holder either:

(A) to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in accordance with Rule 144A under the Securities Act, or

(B) based upon an Opinion of Counsel from such Holder or the transferee reasonably acceptable to the Company, the Trustee and to the Registrar, pursuant to another exemption from the registration requirements of the Securities Act provided by Rule 144 under the Securities Act; and

(ii) whether or not such Certificated Security is a Transfer Restricted Security, written instructions from the Holder thereof directing the Trustee to make, or to direct the Note Custodian to make, an endorsement on the Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note, in which case the Trustee shall cancel such Certificated Security in accordance with Section 2.12 hereof and cause, or direct the Note Custodian to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Note Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased accordingly. If no Global Notes are then outstanding, then the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.03 hereof, the Trustee shall authenticate, a new Global Note in the appropriate principal amount.

(c) Transfer and Exchange of Global Notes. The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depositary, in accordance with this Indenture and the procedures of the Depositary therefor, which shall include restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Notwithstanding any other provision of this Indenture (other than the provisions set forth in subsection (e) of this Section 2.07), a Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(d) Transfer of a Beneficial Interest in a Global Note for a Certificated Security.

(i) Any Person having a beneficial interest in a Global Note may upon request exchange such beneficial interest for a Certificated Security. Upon receipt by the Trustee of written instructions or such other form of instructions as is customary for the Depositary, from the Depositary or its nominee on behalf of any Person having a beneficial interest in a Global Note, and, in the case of a Transfer Restricted Security, the following additional information and documents (all of which may be submitted by facsimile):

(A) if such beneficial interest is being transferred to the Person designated by the Depositary as being the beneficial owner, a certification to that effect; or

(B) if such beneficial interest is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in accordance with Rule 144A under the Securities Act or pursuant to an exemption from registration in accordance with Rule 144 or Rule 904 under the Securities Act or pursuant to an effective registration statement under the Securities Act, a certification to that effect from the transferor (in substantially the form of Exhibit B (or, if pursuant to Rule 904, Exhibit C) attached hereto);

in which case the Trustee or the Note Custodian, at the direction of the Trustee, shall, in accordance with the standing instructions and procedures existing between the Depositary and the Note Custodian, cause the aggregate principal amount of Global Notes to be reduced accordingly and, following such reduction, the Company shall execute and the Trustee shall authenticate and deliver to the transferee, a Certificated Security in the appropriate principal amount.

(ii) Certificated Securities issued in exchange for a beneficial interest in a Global Note pursuant to this Section 2.07(d) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Certificated Securities to the Persons in whose names such Notes are so registered.

(e) Authentication of Certificated Securities in Absence of Depositary. If at any time:

(i) the Depositary for the Notes notifies the Company that the Depositary is unwilling or unable to continue as Depositary for the Global Notes or has ceased to be a clearing agency registered under the Exchange Act and, in either case, a successor Depositary for the Global Notes is not appointed by the Company within 90 days after delivery of such notice; or

(ii) the Company, at its sole discretion, notifies the Trustee in writing it elects to cause the issuance of Certificated Securities under this Indenture,

then the Company shall execute, and the Trustee shall, upon receipt of an authentication order in accordance with Section 2.03 hereof, authenticate and deliver, Certificated Securities in an aggregate principal amount equal to the principal amount of the Global Notes in exchange for such Global Notes.

(f) Legends.

(i) Except as permitted by the following paragraphs (ii), (iii) and (iv), each Note certificate evidencing Global Notes and Certificated Securities (and all Notes issued in exchange therefor or substitution thereof) shall bear legends in substantially the following form:

"THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(A) REPRESENTS THAT (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB") OR (2) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT;

(B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (1) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S OF THE SECURITIES ACT, (4) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY), OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION;

(C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND

(D) ACKNOWLEDGES AND AGREES THAT THE COMPANY AND THE TRUSTEE HAVE RESERVED THE RIGHT, PRIOR TO ANY SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER (i) PURSUANT TO CLAUSE (B)(3) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (ii) PURSUANT TO CLAUSE (B)(4) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE UNDER RULE 144, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE BE COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING."

(ii) Each Note sold in reliance on Regulation S of the Securities Act shall bear the following additional legend on the face thereof:

"PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE INDENTURE REFERRED TO HEREIN."

(iii) Each Global Note (other than a Regulation S Global Note, which shall, subject to applicable procedures, bear a substantially similar legend with respect to the rights of Euroclear System or Clearstream Banking, S.A., as applicable) shall also bear the following legend on the face thereof:

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, OR BY ANY SUCH NOMINEE OF THE DEPOSITARY, OR BY THE DEPOSITARY OR NOMINEE OF A SUCCESSOR DEPOSITARY, OR ANY NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO., OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(iv) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Note) pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act:

(A) in the case of any Transfer Restricted Security that is a Certificated Security, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Certificated Security that does not bear the legend set forth in paragraph (i) above and rescind any restriction on the transfer of such Transfer Restricted Security; and

(B) in the case of any Transfer Restricted Security represented by a Global Note, such Transfer Restricted Security shall not be required to bear the legend set forth in (i) above, but shall continue to be subject to the provisions of Section 2.07(c) hereof; *provided, however*, that with respect to any request for an exchange of a Transfer Restricted Security that is represented by a Global Note for a Certificated Security that does not bear the legend set forth in paragraph (i) above, which request is made in reliance upon Rule 144, the Holder thereof shall certify in writing to the Registrar that such request is being made pursuant to Rule 144 (such certification to be substantially in the form of Exhibit B attached hereto).

(v) Any Additional Notes sold in a registered offering shall not be required to bear the legend set forth in paragraph (i) above.

(g) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Certificated Securities and Global Notes at the Registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Section 8.05 hereof).

(iii) All Certificated Securities and Global Notes issued upon any registration of transfer or exchange of Certificated Securities or Global Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Certificated Security or Global Notes surrendered upon such registration of transfer or exchange.

(iv) The Company shall not be required to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(v) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of, premium, if any, interest, if any, on such Note, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary.

(vi) The Trustee shall authenticate Certificated Securities and Global Notes in accordance with the provisions of Section 2.03 hereof.

(vii) Each Holder of a Note agrees to indemnify the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Note in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

(viii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in Global Notes have been exchanged for Certificated Securities, or are repurchased or canceled, all Global Notes shall be returned to or retained and canceled by the Trustee in accordance with Section 2.12 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Certificated Securities, or are repurchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee or the Note Custodian, at the direction of the Trustee, to reflect such reduction.

(i) Transfer to Non-U.S. Persons. The following additional provisions shall apply with respect to the registration of any proposed transfer of a Transfer Restricted Security to any "non-U.S. person" (as defined in Regulation S of the Securities Act):

(i) the Registrar shall register the transfer of any Transfer Restricted Security if:

(A) the requested transfer is after the second anniversary of the Issue Date with respect to such Transfer Restricted Security; *provided*, *however*, that neither the Company nor any Affiliate of the Company has held any beneficial interest in such Note, or portion thereof, at any time on or prior to the second anniversary of the Issue Date with respect to such Transfer Restricted Security and such transfer can otherwise be lawfully made under the Securities Act without registering such Transfer Restricted Security thereunder; or

(B) the proposed transferor has delivered to the Registrar a certificate substantially in the form of Exhibit C hereto;

(ii) if the Notes to be transferred consist of Certificated Securities that, after transfer, are to be evidenced by an interest in a Global Note sold in reliance on Regulation S under the Securities Act (a "Regulation S Global Note") upon receipt by the Registrar of:

(A) written instructions given in accordance with the Depositary's and the Registrar's procedures, and

(B) the appropriate certificate, if any, required by clause (B) of paragraph (i) above, together with any required legal opinions and certifications, the Registrar shall register the transfer and reflect on its books and records the date and an increase in the principal amount of the Regulation S Global Note in an amount equal to the principal amount of Certificated Securities to be transferred, and the Trustee shall cancel the Certificated Securities so transferred;

(iii) if the Notes to be transferred consist of a transfer of an interest in a Global Note, upon receipt by the Registrar of:

(A) written instructions given in accordance with the Depositary's and the Registrar's procedures, and

(B) the appropriate certificate, if any, required by clause (B) of paragraph (i) above, together with any required legal opinions and certifications, the Registrar shall register the transfer and reflect on its books and records the date and (1) a decrease in the principal amount of the Global Note from which such interests are to be transferred in an amount equal to the principal amount of the Notes to be transferred and (2) an increase in the principal amount of the Regulation S Global Note in an amount equal to the principal amount of the Global Note to be transferred; and

(iv) until the 41st day after the Issue Date of such Transfer Restricted Security (the "Restricted Period"), an owner of a beneficial interest in the Regulation S Global Note may not transfer such interest to a transferee that is a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(o) of the Securities Act. During the Restricted Period, all beneficial interests in the Regulation S Global Note shall be transferred only through Euroclear System or Clearstream Banking, S.A., either directly if the transferor and transferee are participants in such systems, or indirectly through organizations that are participants.

Section 2.08 Replacement of Notes.

If any mutilated Note is surrendered to the Trustee, the Note Custodian, the Depositary or the Company, and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, then the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Note if the Trustee's requirements for replacements of Notes are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company and the Trustee may charge for their expenses in replacing a Note. Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.09 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. If a Note is replaced pursuant to Section 2.08 hereof, then it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a *bona fide* purchaser; *provided*, *however*, that the aggregate principal amount of the Notes shall not increase by reason of this Section 2.09 or Section 2.08 hereof. If the principal amount of any Note is considered paid under Section 3.01 hereof, then it ceases to be outstanding and interest on it ceases to

accrue. Subject to Section 2.10 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note. If the Paying Agent (other than the Company or a Subsidiary thereof) holds, on a maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.10 Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or by any Affiliate thereof shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer actually knows to be so owned shall be so considered.

Section 2.11 Temporary Notes.

Until Certificated Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes upon a written order of the Company signed by two Officers of the Company directing the Trustee to authenticate the Notes and certifying that all conditions precedent to the issuance of the Notes contained herein have been complied with. Temporary Notes shall be substantially in the form of Certificated Securities but may have variations that the Company and the Trustee consider appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Certificated Securities in exchange for temporary Notes. Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.12 Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall return canceled Notes to the Company. The Company may not issue new Notes to replace Notes that the Company has paid or that have been delivered to the Trustee for cancellation.

Section 2.13 Record Date.

The record date for purposes of determining the identity of Holders of the Notes entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture shall be determined as provided for in TIA Section 316(c).

Section 2.14 Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, which date shall be at the earliest practicable date but in all events at least five Business Days prior to the payment date, in each case at the rate provided in the Notes and in Section 3.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall, with the consent of the Trustee, fix or cause to be fixed each such special record date and payment date. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to the Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.15 CUSIP Numbers.

The Company in issuing the Notes may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use CUSIP numbers in notices and other correspondence as a convenience to Holders; *provided*, *however,* that any such notice may state that no representation is made as to the correctness of such numbers either

as printed on the Notes or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Notes, and any such notice shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the CUSIP numbers.

Section 2.16 Redemption; Prepayment.

Except as otherwise expressly provided in this Indenture, the Company shall have no right, nor shall it be required, to redeem the Notes in whole or in part at any time prior to their maturity.

ARTICLE III
COVENANTS

Section 3.01 Payment of the Notes.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest, if any, on the Notes on the dates and in the manner provided in the Notes. Principal of, premium, if any, and interest, if any, on the Notes shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal of, premium, if any, and interest, if any, on the Notes then due. The Paying Agent shall return to the Company, no later than five days following the date of payment, any money (including accrued interest) that exceeds such amount of principal of, premium, if any, interest, if any, paid on the Notes. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, and interest on overdue installments of interest, to the extent lawful, at a rate per annum equal to the rate of interest applicable to the Notes. All such default interest shall be payable on demand.

Section 3.02 Maintenance of Office or Agency.

The Company shall maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The Company hereby designates the Corporate Trust Office of the Trustee, located at 321 N. Main Street - Lower Level, West Bend, WI 53095, as the initial office or agency of the Company in accordance with the preceding paragraph and Section 2.04 hereof.

Section 3.03 Reports

(a) Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company shall furnish to the Holders of Notes and to the Trustee, within the time periods specified in the SEC's rules and regulations, (i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and the SEC's rules and regulations adopted in connection therewith, and, with respect to the annual information only, a report thereon by the Company's certified independent accountants, and (ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

(b) [Reserved]

(c) For so long as any Notes remain outstanding and are not freely transferable under the Securities Act, the Company shall furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(d) Delivery of such reports, information and documents to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of the covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 3.04 Compliance Certificate.

(a) The Company shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether each has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that, to the best of his or her knowledge, each has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto) and that, to the best of his or her knowledge, no event has occurred and remains in existence by reason of which payments on account of the principal of, premium, if any, or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action each is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 3.03(a) above shall be accompanied by a written statement of the Company's independent public accountants (who shall be, in the sole discretion of the Company, Porter Keadle Moore, LLP or a firm of established national reputation reasonably satisfactory to the Trustee) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Article III or Article IV hereof or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or propose to take with respect thereto.

(d) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of the covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 3.05 **Payment of Taxes and Other Claims**.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all material taxes, assessments and governmental charges levied or imposed (i) upon the Company or any of its Subsidiaries, or (ii) upon the income, profits or property of the Company or any of the Subsidiaries, and (b) all material lawful claims for labor, materials and supplies, which, if unpaid, could reasonably be expected to become a Lien upon the property of the Company or any of the Subsidiaries; *provided*, *however*, that the Company will not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim (x) whose amount, applicability or validity is being contested in good faith by appropriate proceedings properly instituted and diligently conducted, or (y) if the failure to so pay, discharge or cause to be paid or discharged could not reasonably be expected to have a material adverse effect on the business and financial condition of the Company and its Subsidiaries, taken as a whole.

Section 3.06 **[Reserved]**.

Section 3.07 **Corporate Existence.**

Subject to Article IV hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a corporation, in accordance with its organizational documents (as the same may be amended from time to time) and the material rights (charter and statutory), licenses and franchises of the Company; *provided*, *however*, that the Company shall not be required to preserve any such right, license or franchise, or its corporate existence, if the Board of Directors shall reasonably determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 3.08 **Maintenance of Properties**.

The Company will cause all material properties owned by the Company or any of the Subsidiaries or used or held for use in the conduct of their respective businesses to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided*, *however*, that nothing in this Section 3.08 will prevent the Company from discontinuing the maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any of the Subsidiaries and is not disadvantageous in any material respect to the Holders.

ARTICLE IV
SUCCESSORS

Section 4.01 **Merger, Consolidation or Sale of Assets**.

(a) The Company may not (i) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation), or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person unless:

(1) (A) the Company is the surviving corporation and owns at least 80% of the Capital Stock of each of the Subsidiaries following such transaction, or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall

have been made assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental Indenture in a form reasonably satisfactory to the Trustee;

(3) immediately after such transaction no Default or Event of Default exists;

(4) [Reserved]; and

(5) the Company or the Person formed by or surviving any such consolidation or merger shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, transfer, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of this Indenture and that all conditions precedent in this Indenture relating to such transaction have been satisfied.

(b) Notwithstanding paragraph (a) above, the Company shall not lease all or substantially all of its assets to any Person.

(c) This Section 4.01 shall not apply to a sale, assignment, transfer, conveyance or other disposition of assets by the Company to a Wholly Owned Subsidiary.

Section 4.02 Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 4.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, conveyance or other disposition is made shall succeed to, and be substituted for (so that, in the case of any consolidation or merger, or any sale, assignment transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company, from and after the date of such event, the provisions of this Indenture referring to the Company shall refer instead to the successor Person and not to the Company), and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided*, *however*, that the predecessor shall not be relieved from the obligation to pay the principal of and interest on the Notes, except in the case of a sale of all of the predecessor's assets or a consolidation or merger that meets the requirements of Section 4.01 hereof.

ARTICLE V
DEFAULTS AND REMEDIES

Section 5.01 Events of Default.

"Event of Default" means any one of the following events:

(a) default that continues for 30 days in the payment when due of interest on the Notes (whether or not such payment is prohibited by the provisions of Article IX hereof);

(b) default in payment when due of the principal of or premium, if any, on the Notes (whether or not such payment is prohibited by the provisions of Article IX hereof);

(c) failure by the Company to comply with any of its agreements or obligations in this Indenture or the Notes and the continuance of such failure for a period of 60 days after receipt of a notice of such failure from the Trustee or Holders of at least 25% in principal amount of the then outstanding Notes issued under this Indenture;

(d) Indebtedness of the Company (other than Indebtedness owed to the Company or any Subsidiary), or any Indebtedness that is Guaranteed by the Company, is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default (or similar event or circumstance) and the total amount of such Indebtedness unpaid or accelerated exceeds $1.0 million; *provided*, *however*, that in the case of any

Indebtedness that is accelerated, such acceleration has not been rescinded after 30 days' written notice provided in accordance with the applicable indenture or other debt instrument evidencing such Indebtedness;

(e) failure by the Company to pay final judgments for the payment of money (other than judgments that are covered by enforceable insurance policies issued by reputable carriers and as to which such insurance carriers have acknowledged liability in writing) aggregating in excess of $1.0 million, which judgments are not paid, discharged, bonded or stayed for a period of 60 days after notice thereof has been given by the Trustee or Holders of at least 25% in principal amount of the then outstanding Notes issued under this Indenture;

(f) the Company, any Subsidiary, or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case;

(ii) consents to the entry of an order for relief against it in an involuntary case;

(iii) has a receiver, conservator, liquidator, assignee, custodian, trustee or similar official appointed for it or for all or substantially all of its property;

(iv) makes a general assignment for the benefit of its creditors;

(v) fails generally to pay debts as they become due; or

(g) a court of competent jurisdiction or a governmental or regulatory authority having jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company, any Significant Subsidiary or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, in an involuntary case;

(ii) appoints a receiver, conservator, liquidator, assignee, custodian, trustee or similar official of the Company, any Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary for all or substantially all of the property of the Company, any Significant Subsidiary or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary; or

(iii) orders the liquidation or the termination of federal deposit insurance of the Company, any Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary;

and the order, decree or action remains unstayed and in effect for 60 consecutive days.

Section 5.02 Acceleration.

If an Event of Default arising from an event specified in clause (f) or (g) of Section 5.01 hereof with respect to the Company, any Significant Subsidiary that is a bank or any group of Subsidiaries that are banks that, taken together, would constitute a Significant Subsidiary occurs and is continuing, then the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes issued under this Indenture may declare all such Notes to be due and payable immediately. The occurrence of an Event of Default for any reason other than the events described in clauses (f) and (g) of Section 5.01 hereof will not give the Trustee or the Holders the right to declare the Notes immediately due and payable.

Section 5.03 Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may, subject to Section 5.02 hereof, pursue any available remedy to collect the payment of principal of, premium, if any, and interest, if any, then due on the Notes or to enforce the performance of any provision of the Notes or this Indenture. The Trustee may maintain a

proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 5.04 Waiver of Past Defaults / Rescission of Acceleration.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of such Notes waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of principal of, premium, if any, or interest, if any, on such Notes. When a Default or Event of Default is waived, it is deemed cured and ceases to exist for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Further, the Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of such Notes, rescind an acceleration and its consequences, if the rescission would not conflict with any judgment or decree. No such rescission shall affect any subsequent Event of Default or impair any right consequent thereto.

Section 5.05 Control by Majority.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with applicable law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

Section 5.06 Limitation on Suits.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

(a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 5.07 Rights of Holders of Notes to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, premium, if any, and interest, if any, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 5.08 Collection Suit by Trustee.

If an Event of Default specified in Section 5.01(a) or (b) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for all overdue amounts of principal of, premium, if any, and interest, if any, remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 5.09 Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), their creditors or their property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 5.10 Priorities.

If the Trustee collects any money pursuant to Section 5.08, then it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 6.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee, and the reasonable costs and expenses of collection actually incurred;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, and interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, and interest, if any, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 5.10.

Section 5.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit

instituted by the Trustee, any suit instituted by a Holder of a Note (whether pursuant to Section 5.06 hereof or otherwise) or a suit instituted by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE VI
TRUSTEE

Section 6.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c), (e) and (g) of this Section 6.01 and to Section 6.02.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Except with respect to Sections 3.01 and 3.04 hereof, the Trustee shall have no duties to inquire as to the performance of the Company's covenants in Article III hereof. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default except (i) any Event of Default occurring pursuant to Sections 5.01(a) or 5.01(b) hereof, or (ii) any Default or Event of Default of which the Trustee shall have received written notification or obtained actual knowledge.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 6.01 and to the provisions of the TIA.

Section 6.02 Rights of Trustee.

(a) The Trustee may conclusively rely upon any document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. Subject to Section 6.01(b)(ii) hereof, the Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense that might be incurred by it in compliance with such request or direction.

(g) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(h) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

Section 6.03 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest, it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee, or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 6.10 and 6.11 hereof.

Section 6.04 Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision hereof, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document furnished or issued in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 6.05 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to the Holders of the Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest, if any, on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 6.06 Reports by Trustee to Holders of the Notes.

Within 60 days after each December 15, beginning with the December 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA Section 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any stock exchange and of any delisting thereof.

Section 6.07 Compensation and Indemnity.

The Company shall pay to the Trustee from time to time such compensation as shall be agreed in writing between the Company and the Trustee for its acceptance of this Indenture and for its services hereunder. To the extent permitted by law, the Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances, fees and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify and hold harmless the Trustee against any and all losses, liabilities, damages, claims or expenses including taxes (other than taxes based on the income of the Trustee) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the reasonable costs and expenses actually incurred of enforcing this Indenture against the Company (including this Section 6.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence, willful misconduct or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee shall reasonably cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 6.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, premium, if any, and interest, if any, on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 5.01(h) or (i) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA Section 313(b)(2) to the extent applicable.

Section 6.08 Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 6.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 6.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Notes may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder who has been a Holder of a Note for at least six months, fails to comply with Section 6.10, such Holder may petition, at the expense of the Company, any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to the Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee; *provided, however,* that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 6.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 6.08, the Company's obligations under Section 6.07 hereof shall continue for the benefit of the retiring Trustee.

Section 6.09 Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or banking association, the successor corporation without any further act shall be the successor Trustee.

Section 6.10 Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation or banking association organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50.0 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b).

Section 6.11 Preferential Collection of Claims Against the Company.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE VII
LEGAL DEFEASANCE AND COVENANT DEFEASANCE; SATISFACTION AND DISCHARGE OF INDENTURE

Section 7.01 Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of the Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 7.02 or 7.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VII.

Section 7.02 Legal Defeasance and Discharge.

Upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 7.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 7.05 hereof and the other Sections of this Indenture referred to in clauses (i) and (ii) below, and to have satisfied all their other obligations under such Notes and this Indenture (and the Trustee, on the written demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest, if any, on such Notes when such payments are due from the trust referred to in Section 7.05 hereof, (ii) the Company's obligations with respect to the Notes under Article II and Section 3.02 hereof, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder, and the Company's obligations in connection therewith, and (iv) this Article VII. Subject to compliance with this Article VII, the Company may exercise its option under this Section 7.02 notwithstanding the prior exercise of its option under Section 7.03.

Section 7.03 Covenant Defeasance.

Upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section 7.03, the Company shall, subject to the satisfaction of the conditions set forth in Section 7.04 hereof, be released from their obligations under the covenants contained in Sections 3.03 and 3.05 with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, "Covenant Defeasance" means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 7.01 hereof of the option applicable to this Section

7.03 hereof, subject to the satisfaction of the conditions set forth in Section 7.04 hereof, Sections 6.1(c) through 6.1(e) hereof shall no longer constitute Events of Default.

Section 7.04 Conditions to Legal or Covenant Defeasance.

The following shall be the conditions to the application of either Section 7.02 or 7.03 hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as shall be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest, if any, on such outstanding Notes on the stated maturity, and the Company must specify whether such Notes are being defeased to maturity;

(ii) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the Closing Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or insofar as Sections 5.01(f) or 5.01(g) hereof are concerned, at any time in the period ending on the 91st day after the date of deposit (or greater period of time in which any such deposit of trust funds may remain subject to bankruptcy or insolvency laws insofar as those apply to the deposit by the Company);

(v) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(vi) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that, as of the date of such opinion, assuming no intervening bankruptcy of the Company between the date of deposit and the 91st day following the deposit and assuming no Holder of Notes is an insider of the Company, after the 91st day following the deposit, the trust funds shall not be subject to the effects of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally under any applicable United States or state law;

(vii) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(viii) the Company must deliver to the applicable Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 7.05 Deposited Money and Government Securities to Be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 7.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 7.05, the "Trustee") pursuant to Section 7.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal of, premium, if any, and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 7.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article VII to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 7.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 7.04(i) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 7.06 Repayment to the Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, or interest, if any, on, any Note and remaining unclaimed for two years after such principal, premium, or interest has become due and payable shall be paid to the Company on its request or, if then held by the Company, shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, shall, at the expense of the Company, cause to be published once, in the *New York Times* and *The Wall Street Journal* (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Company.

Section 7.07 Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 7.02 or 7.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 7.02 or 7.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 7.02 or 7.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium, or interest, if any, on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

Section 7.08 Termination of the Company's Obligations.

(a) The Company may terminate its obligations under the Notes and this Indenture, except those obligations referred to in Section 7.08(b), if:

(1) either (A) all Notes previously authenticated and delivered (other than destroyed, lost or stolen Notes which have been replaced or paid or Notes for whose payment money has theretofore been deposited with the Trustee or the Paying Agent in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 7.02) have been delivered to the Trustee for cancellation and the Company has paid all sums payable by it hereunder, or (B) all Notes have otherwise become due and payable hereunder and the Company shall have irrevocably deposited or caused to be deposited with the Trustee or a trustee reasonably satisfactory to the Trustee, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust solely for the benefit of the Holders for that purpose, money in such amount as is sufficient without consideration of reinvestment of such interest, to pay the principal of, premium, if any, and interest on the outstanding Notes to maturity or redemption, as certified in a certificate of a nationally recognized firm of independent public accountants; *provided that* the Trustee shall have been irrevocably instructed to apply such money to the payment of said principal, premium, if any, and interest with respect to the Notes;

(2) no Default or Event of Default with respect to this Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company is a party or by which it is bound;

(3) the Company shall have paid all other sums payable by it hereunder; and

(4) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that (A) all conditions precedent providing for the termination of the Company's obligation under the Notes and this Indenture have been complied with, and (B) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, this Indenture or any material agreement or instrument to which the Company is a party or by which the Company is bound.

(b) Notwithstanding Section 7.08(a), the Company's obligations in Section 2.07, Section 2.08, Section 2.09, Section 2.14, Section 3.01, Section 3.02 and Section 6.07 shall survive until the Notes are no longer outstanding.

(c) After such delivery or irrevocable deposit, the Trustee, upon request, shall acknowledge in writing the discharge of the Company's obligations under the Notes and this Indenture except for those surviving obligations specified above.

ARTICLE VIII
AMENDMENT, SUPPLEMENT AND WAIVER

Section 8.01 Without Consent of Holders.

Notwithstanding Section 8.02 hereof, the Company and the Trustee may amend or supplement this Indenture or the Notes, as applicable, without the consent of any Holder:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(c) to provide for the assumption of the Company's obligations to the Holders of the Notes in the case of a merger, consolidation or sale of all or substantially all of the Company's assets pursuant to Section 4.01 hereof;

(d) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under this Indenture of any such Holder;

(e) to comply with the requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA; or

(f) to provide for the issuance, subject to the conditions and in compliance with the covenants related thereto set forth herein, of Additional Notes, which shall have terms substantially identical in all material respects to the Original Notes (except that the transfer restrictions contained in the Original Notes shall be modified or eliminated as appropriate), and which may be treated together with any outstanding Original Notes, as a single issue of Notes.

Upon the request of the Company accompanied by a resolution of the Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 8.06 hereof, the Trustee shall join with the Company in the execution of any amended or supplemental indenture authorized or permitted by the terms of this indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 8.02 With Consent of Holders of Notes.

Except as provided below in this Section 8.02, the Company and the Trustee may amend or supplement this Indenture or the Notes, as applicable, with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and, subject to Sections 5.04 and 5.07 hereof, any existing Default or Event of Default (other than an Event of Default in the payment of the principal of, premium, or interest, if any, on the Notes resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

However, without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note;

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of, premium, if any, or interest, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or Events of Defaults or the rights of Holders of Notes to receive payments of principal of or premium, if any, or interest, if any, on the Notes; or

(7) make any change in the foregoing amendment and waiver provisions.

In addition, any amendment to the provisions of Article IX hereof, including the related definitions, shall require the consent of the Holders of at least 75% in aggregate principal amount of the Notes issued hereunder that are then outstanding if such amendment would adversely affect the rights of Holders of any of the Notes. Further, no amendment may be made to the provisions of Articles VII or IX hereof that adversely affects the rights of any holder of Senior Debt then outstanding unless such holder of Senior Debt (or a Representative thereof authorized to give consent) consents to such amendment.

Upon the request of the Company accompanied by a Board Resolution authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the documents described in Section 8.06 hereof, the Trustee shall join with the Company in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

It shall not be necessary for the consent of the Holders under this Section 8.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders of each Note affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Section 8.03 Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture or the Notes shall be set forth in an amended or supplemental indenture that complies with the TIA as then in effect.

Section 8.04 Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Company may, but shall not be obligated to, fix a record date for determining which Holders must consent to such amendment or waiver. If the Company fixes a record date, then the record date shall be fixed at the later of (i) 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation pursuant to Section 2.06, or (ii) such other date as the Company shall lawfully designate. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who held Notes at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date.

Section 8.05 Notation on or Exchange of Notes.

The Trustee may place an appropriate notation regarding an amendment, supplement or waiver on any Note thereafter authenticated. If an amendment, supplement or waiver changes the terms of a Note, the Trustee may (or, upon the specific written request of the Company, shall, at the Company's expense) request the Holder to deliver the Note to the Trustee. The Trustee shall (in accordance with the specific direction of the Company) place an appropriate notation on the Note about the changed terms and return it to the Holder. Alternatively, if the Company

or the Trustee so determine, the Company, in exchange for all Notes, may issue and the Trustee shall authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 8.06 Trustee to Sign Amendments, Etc.

The Trustee shall sign any amendment, supplement or waiver, including an amended or supplemental indenture, authorized pursuant to this Article VIII if the amendment, supplement or waiver does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it pursuant to a Board Resolution. In executing any amended or supplemental indenture or in connection with any waiver or consent to the departure from the terms of this Indenture, the Trustee shall be entitled to request and receive, and (subject to Section 6.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture, waiver or consent is authorized or permitted by this Indenture and that all conditions precedent to the effectiveness of such amended or supplemental indenture, waiver or consent have been satisfied.

ARTICLE IX
SUBORDINATION

Section 9.01 Agreement to Subordinate.

The Company agrees, and each Holder of Notes by accepting a Note agrees, that the Indebtedness evidenced by the Notes, all Obligations of the Company under this Indenture (including any obligation of the Company to repurchase Notes) and the payment of any Claims are subordinated in right of payment, to the extent and in the manner provided in this Article, to the prior payment in full in cash of all Senior Debt (whether outstanding on the Closing Date or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of the holders of Senior Debt.

Each Holder of Notes, by the Holder's acceptance thereof, acknowledges and agrees that each holder of any Senior Debt, whether such Senior Debt was created or acquired before or after the issuance of the Notes, shall be deemed conclusively to have relied on the provisions of this Article IX in acquiring and continuing to hold, or in continuing to hold, such Senior Debt.

Section 9.02 Liquidation; Dissolution; Bankruptcy.

Upon or in the event of any distribution to creditors of the Company (i) in a total or partial liquidation or dissolution of the Company; (ii) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property; (iii) in an assignment for the benefit of creditors of the Company; or (iv) in any marshalling of the Company's assets and liabilities:

(A) holders of Senior Debt shall be entitled to receive payment in full in cash of all Obligations due or to become due in respect of such Senior Debt (including interest after the commencement of any such proceeding at the rates specified in the applicable Senior Debt) before the Holders of Notes shall be entitled to receive any payment or distribution with respect to the Notes or on account of any Claim; and

(B) until all Obligations with respect to Senior Debt (as provided in the immediately preceding paragraph (A)) are paid in full in cash, any payment or distribution (including any payment or distribution that may be payable or deliverable by reason of the payment of any other Indebtedness of the Company being subordinated to the payment of the Notes) to which the Holders of Notes would be entitled but for this Article shall be made to holders of Senior Debt;

except that, in either case, Holders of Notes may receive payments and other distributions made from the trust described in Article VII hereof, as their interests may appear.

Section 9.03 Default on Senior Debt.

The Company may not make any payment or distribution (including any payment or distribution that may be payable or deliverable by reason of the payment of any other Indebtedness of the Company being subordinated to the payment of the Notes) to the Trustee or any Holder of Notes in respect of Obligations or Claims with respect to the Notes and may not acquire from the Trustee or any Holder of Notes any Notes for cash or property (except that Holders of Notes may receive payments and other distributions made from the trust described in Article VII hereof) until all principal, interest and other Obligations with respect to the Senior Debt have been paid in full in cash if:

(A) a default occurs in the payment when due of the principal of, interest on, or any other Obligation with respect to, any Senior Debt;

(B) a default, other than a payment default, occurs and is continuing with respect to any Senior Debt that permits the holders of Senior Debt as to which such default relates to accelerate its maturity and the Trustee receives a notice of such default (a "Payment Blockage Notice") from the Representative of any Senior Debt.

The Company may and shall resume payments on, and distributions in respect of, the Notes and may acquire them upon:

(1) in the case of a default referred to in Section 9.03(A) hereof, the date on which such default is cured or waived in accordance with the terms of such Senior Debt, or

(2) in the case of a default referred to in Section 9.03(B) hereof, the earlier of (x) the date on which such default is cured or waived in accordance with the terms of such Senior Debt, or (y) 179 days after the date on which the applicable Payment Blockage Notice is received by the Trustee, unless the maturity of any Senior Debt has been accelerated.

If the Trustee receives any such Payment Blockage Notice, no new Payment Blockage Notice shall be delivered pursuant to this Section 9.03 unless and until:

(a) 360 days shall have elapsed since the effectiveness of the immediately prior Payment Blockage Notice; and

(b) all scheduled payments of principal of, premium, if any, and interest on the Notes that have come due have been paid in full in cash.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 90 days.

Section 9.04 Acceleration of Notes.

If payment of the Notes is accelerated because of the occurrence of an Event of Default described in clauses (f) or (g) of Section 5.01 hereof, then the Company or the Trustee shall cooperate to promptly notify each Representative of Senior Debt of the acceleration; *provided, however*, that so long as any Senior Debt is outstanding, any such acceleration shall not become effective, and the Company shall not make, and the Holders of Notes may not accept or receive, any payment with respect to the Notes until the day which is five Business Days after the receipt by Representatives of Senior Debt of written notice of acceleration. Thereafter, the Company may make payments with respect to the Notes only in accordance with the terms of this Indenture.

Section 9.05 When Distribution Must Be Paid Over.

In the event that the Trustee or any Holder of Notes receives any payment or distribution with respect to the Notes at a time when the Trustee or such Holder, as applicable, has actual knowledge that such payment or distribution is prohibited by Section 9.03 or 9.04 hereof, such payment or distribution shall be held by the Trustee or such Holder, in trust for the benefit of, and shall be segregated from other funds and property of the Trustee or such Holder of Notes and be paid forthwith over and delivered in the same form as received (with any necessary endorsement), upon written request, to, the holders of Senior Debt as their interests may appear or their Representative under this Indenture or other agreement (if any) pursuant to which Senior Debt may have been issued, as their respective interests may appear, for application to the payment of all Obligations with respect to Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article IX, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders of Notes or the Company or any other Person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article IX, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

Section 9.06 Notice by Company.

The Company shall promptly notify the Trustee and the Paying Agent of any facts known to an Officer of the Company that would cause a payment of any Obligations with respect to the Notes or of any Claim to violate this Article, but failure to give such notice shall not affect the subordination of the Notes and all Claims to the Senior Debt as provided in this Article.

Section 9.07 Subrogation.

After all Senior Debt is paid in full in cash and until the Notes are paid in full in cash, Holders of Notes shall be subrogated (equally and ratably with all other Indebtedness that is *pari passu* with the Notes) to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to the Holders of Notes have been applied to the payment of Senior Debt. A distribution made under this Article to holders of Senior Debt that otherwise would have been made to Holders of Notes is not, as between the Company and Holders of Notes, a payment by the Company on the Notes.

Section 9.08 Relative Rights.

This Article defines the relative rights of Holders of the Notes and holders of Senior Debt. Nothing in this Indenture shall:

(i) impair, as between the Company and Holders of Notes, the obligation of the Company, which is absolute and unconditional, to pay principal of, premium, and interest, if any, on the Notes in accordance with their terms;

(ii) affect the relative rights of Holders of Notes and creditors of the Company other than their rights in relation to holders of Senior Debt; or

(iii) prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Debt to receive distributions and payments otherwise payable to Holders of Notes.

Section 9.09 Subordination May Not Be Impaired.

No right of any holder of Senior Debt to enforce the subordination of the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by the Company or the Holders of any Notes or by the failure of the Company or any Holder of Notes to comply with this Indenture.

Section 9.10 Distribution or Notice to Representative.

Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their Representative. Upon any payment or distribution of assets of the Company referred to in this Article IX, the Trustee and the Holders of Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such Representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article IX.

Section 9.11 Rights of Trustee and Paying Agent.

Notwithstanding the provisions of this Article IX or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless the Trustee shall have received at its Corporate Trust Office at least two Business Days prior to the date of such payment written notice of facts that would cause the payment of any Obligations or any Claim with respect to the Notes to violate this Article. Only the Company or a Representative may give the notice.

Nothing in this Article IX shall impair the claims of, or payments to, the Trustee under or pursuant to Section 6.07 hereof. The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not the Trustee. Any Agent may do the same with like rights.

Section 9.12 Authorization to Effect Subordination.

Each Holder of Notes by the Holder's acceptance thereof authorizes and directs the Trustee on the Holder's behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article IX, and appoints the Trustee to act as the Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 5.09 hereof at least 30 days before the expiration of the time to file such claim, then the Representative of Senior Debt) is hereby authorized to file an appropriate claim for and on behalf of the Holders of the Notes. Nothing herein contained shall be deemed to authorize the Trustee or the holders of Senior Debt or their Representative to authorize or consent to or accept or adopt on behalf of any Holders any plan or reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee or the holders of Senior Debt or their Representative to vote in respect of the claim or any Holder in any such proceeding.

Section 9.13 Amendments.

The provisions of this Article IX shall not be amended or modified except in accordance with Section 8.01 and 8.02, including, if applicable, the third paragraph of Section 8.02.

Section 9.14 Miscellaneous.

(a) The agreement contained in this Article IX shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Senior Debt is avoided, rescinded or must otherwise be returned by any holder of Senior Debt upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

(b) The failure to make a payment on account of principal of, or interest on, or other Obligations relating to, the Notes by reason of any provision of this Article IX shall not be construed as preventing the occurrence of an Event of Default.

ARTICLE X
MISCELLANEOUS

Section 10.01 Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

Section 10.02 Notices.

Any notice or communication by the Company or the Trustee to the other is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company:

United Community Banks, Inc.
63 Highway 515
P.O. Box 398
Blairsville, GA 30514
Telephone: (706) 781-2265
Facsimile: (706) 745-8960
Attention: Thomas C. Gilliland

If to the Trustee:

Marshall & Ilsley Trust Company N.A.
321 N. Main Street - Lower Level
P.O. Box 1980
West Bend, WI 53095
Attention: Mark Kandel
Telephone: (262) 335-3032
Facsimile: (262) 335-3037

Each of the Company and the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications. All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 10.03 Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

Section 10.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(i) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(ii) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 10.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall comply with the provisions of TIA Section 314(e) and shall include:

(i) a statement that the Person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied; *provided*, *however*, that, with respect to matters of fact, an opinion of counsel may rely on an officers' certificate or certificates of public officials.

Section 10.06 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 10.07 No Personal Liability of Partners, Directors, Officers, Employees, and Shareholders.

No past, present or future director, officer, employee, incorporator or shareholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes or this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 10.08 Governing Law.

The internal laws of the State of Georgia shall govern and be used to construe this Indenture and the Notes without giving effect to conflicts of laws principles.

Section 10.09 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 10.10 Successors.

All agreements of the Company in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 10.11 Severability / Independence of Covenants.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Each covenant or obligation set forth herein shall be independent of the others and any waiver or consent to departure with respect to one covenant shall not be deemed or construed to be a waiver or consent to departure with respect to any other covenant.

Section 10.12 Counterpart Originals.

The parties may sign any number of copies of this Indenture by facsimile or otherwise. Each signed copy (including copies signed by facsimile) shall be an original, but all of them together represent the same agreement.

Section 10.13 Table of Contents, Headings, Etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.14 Benefits of Indenture

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto or their successors hereunder, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Indenture as of the date and year first written above.

THE COMPANY:

UNITED COMMUNITY BANKS, INC.

By: /s/ Rex S. Schuette
Name: Rex S. Schuette
Title: Chief Financial Officer

By: /s/ Thomas C. Gilliland
Name: Thomas C. Gilliland
Title: Secretary

THE TRUSTEE:

MARSHALL & ILSLEY TRUST COMPANY N.A.

By: /s/ M. A. Kandel
Name: M. A. Kandel
Title: Vice President

By: /s/ M. F. Hron
Name: M. F. Hron
Title: Vice President

EXHIBIT A TO SUBORDINATED INDENTURE

(Face of Subordinated Note)
6.75% Subordinated Notes due 2012

No. ____-_____ [$_____]

CUSIP NO. [144A-_____]

[Reg S-_____]

UNITED COMMUNITY BANKS, INC.

promises to pay to CEDE & CO., or registered assigns,
the principal sum of _____ Dollars ($_____) on December 15, 2012.
Interest Payment Dates: June 15 and December 15.
Record Dates: June 1 and December 1.

UNITED COMMUNITY BANKS, INC.

(SEAL) By:_____
Name:_____
Title:_____

WITNESS:

By:_____
Name:_____
Title:_____

This is one of the Notes referred to in the within-mentioned Indenture:

Dated: _____, 2002

MARSHALL & ILSLEY TRUST COMPANY N.A.,
as Trustee

By: _____
Authorized Signatory

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1 To be included only if the Note is issued in Global Form

6.75% Subordinated Notes due 2012

THIS NOTE IS NOT A DEPOSIT OR AN OBLIGATION OF ANY DEPOSITARY INSTITUTION, IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY, AND IS NOT SECURED.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, OR BY ANY SUCH NOMINEE OF THE DEPOSITARY, OR BY THE DEPOSITARY OR NOMINEE OF A SUCCESSOR DEPOSITARY, OR ANY NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO., OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSONS, EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(A) REPRESENTS THAT (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), OR (2) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT;

(B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (1) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S OF THE SECURITIES ACT, (4) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY), OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION;

(C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND

(D) ACKNOWLEDGES AND AGREES THAT THE COMPANY AND THE TRUSTEE HAVE RESERVED THE RIGHT, PRIOR TO ANY SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER (i) PURSUANT TO CLAUSE (B)(3) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (ii) PURSUANT TO CLAUSE (B)(4) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE UNDER RULE 144, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE BE COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING.

[THIS NOTE IS A REGULATION S GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE.]

["PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE INDENTURE REFERRED TO HEREIN."][2]

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

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[2] To be included only in Regulation S Global Note.

(Reverse of Subordinated Note)

1. Interest. United Community Banks, Inc., a Georgia corporation (the "Company"), promises to pay interest on the principal amount of this Note at the rate of 6.75% per annum from _____ until maturity. The Company will pay interest semiannually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance; *provided*, *however*, that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; and, *provided further*, that the first Interest Payment Date shall be _____. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, and interest on overdue installments of interest, to the extent lawful, at a rate per annum equal to the rate of interest applicable to the Notes. All such default interest shall be payable on demand. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. Method of Payment. The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on June 1 or December 1 immediately preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.14 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, and interest, if any, at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided*, *however*, that payment by wire transfer of immediately available funds will be required with respect to principal of, and premium and interest, if any, on all Global Notes and all other Notes the Holders of which shall have provided appropriate wire transfer instructions to the Company or the Paying Agent. Until otherwise designated by the Company, the Company's office or agency will be the office of the Trustee maintained for such purpose. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, Marshall & Ilsley Trust Company N.A., the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture. The Company issued this Note under an Indenture dated as of November 26, 2002 (as the same may be amended, modified or supplemented from time to time, the "Indenture") by and between the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code §§ 77aaa-77bbbb) (the "TIA"). The Notes are subject to all such terms and Holders are referred to the Indenture and the TIA for a statement of such terms. The Notes are general unsecured obligations of the Company. The Notes include the Original Notes issued on the Closing Date and any Additional Notes issued thereafter, and are treated as a single class of securities under the Indenture. This is one of the [Original] [Additional] Notes referred to in the Indenture. The Holders of Notes are subject to, and entitled to all of the benefits of, the Indenture.

5. No Redemption. The Company shall not have the option, nor shall it be required, to redeem the Notes prior to December 15, 2012.

6. Subordination. The Notes are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Debt, whether outstanding on the Closing Date or thereafter created, incurred, assumed or guaranteed. Each Holder by its acceptance hereof agrees to be bound by such provisions and authorizes and expressly directs the Trustee, on its behalf, to take such action as may be necessary or appropriate to effectuate the subordination provided for in the Indenture and appoints the Trustee its attorney-in-fact for such purposes.

7. Denominations, Transfer, Exchange. The Notes are in registered form without interest coupons in denominations of $1,000 and whole multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay

any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before the date on which a notice of redemption is mailed or during the period between a record date and the corresponding Interest Payment Date.

8. **Persons Deemed Owners.** The registered Holder of a Note may be treated as its owner for all purposes.

9. **Amendment, Supplement and Waiver.** Subject to certain exceptions, the Indenture and the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest, if any, on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consent obtained in connection with a purchase of or tender offer or exchange for Notes). Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's obligations to the Holders of the Notes in the case of a merger, consolidation or sale of all or substantially all of the assets of the Company, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA or to provide for the issuance of Additional Notes.

10. **Defaults and Remedies.** Events of Default include: (i) default which continues for 30 days in the payment when due of interest on the Notes; (ii) default in payment when due of the principal of or premium, if any, on the Notes; (iii) failure by the Company for 60 days after receipt of notice from the Trustee or Holders of at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements or obligations in the Indenture or the Notes; (iv) Indebtedness of the Company (other than Indebtedness owed to the Company or any Subsidiary), or any Indebtedness that is Guaranteed by the Company, is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default (or similar event or circumstance) and the total amount of such Indebtedness unpaid or accelerated exceeds $1.0 million; *provided*, *however*, that in the case of any Indebtedness that is accelerated, such acceleration has not been rescinded after 30 days' written notice provided in accordance with the applicable indenture or other debt instrument evidencing such Indebtedness; (v) failure by the Company to pay final judgments for the payment of money (other than judgments that are covered by enforceable insurance policies issued by reputable carriers and as to which such insurance carriers have acknowledged liability in writing) aggregating in excess of $1.0 million, which judgments are not paid, discharged, bonded or stayed for a period of 60 days after notice thereof has been given by the Trustee or Holders of at least 25% in principal amount of the then outstanding Notes issued under the Indenture; and (vi) certain events of bankruptcy or insolvency with respect to the Company or any Subsidiary or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary. The Trustee must, within 90 days after the occurrence of a Default or Event of Default, give to the Holders notice of all uncured Defaults or Events of Default known to it; *provided*, *however*, that except in the case of a Default or Event of Default in payment of any Note, the Trustee may withhold such notice if a committee of its Responsible Officers in good faith determines that the withholding of such notice is in the interest of the Holders and *provided further* that the Holders of the Notes may not accelerate the maturity of the Notes upon any Event of Default except in the case of an Event of Default arising as the result of the bankruptcy, insolvency, receivership, conservatorship or reorganization of the Company, any Significant Subsidiary that is a bank or any group of Subsidiaries that are banks that, taken together, would constitute a Significant Subsidiary. The Company is required to furnish annually to the Trustee a certificate as to their compliance with the terms of the Indenture.

11. **Trustee Dealings with Company.** The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company, with the same rights it would have if it were not Trustee.

12. **No Recourse Against Others.** No past, present or future director, officer, employee, incorporator or shareholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes

or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

13. **Authentication.** This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

14. **Abbreviations.** Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

15. **CUSIP Numbers.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to the Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

16. **Governing Law. THE INTERNAL LAW OF THE STATE OF GEORGIA SHALL GOVERN AND BE USED TO CONSTRUE THE INDENTURE AND THE NOTES WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PRINCIPLES**.

17. **Defined Terms.** Capitalized terms used but not defined herein have their respective defined meanings as set forth in the Indenture.

18. **Request for Copy of Indenture.** The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

United Community Banks, Inc.
63 Highway 515
P.O. Box 398
Blairsville, GA 30514
Telephone: (706) 781-2265
Facsimile: (706) 745-8960
Attention: Thomas C. Gilliland

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to

_____

(Insert assignee's Soc. Sec. or tax I.D. no.)

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

_____

Date: _____

Your Signature:_____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee:_____

_____

[3] Participation in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF CERTIFICATED SECURITIES

The following exchanges of a part of this Global Note for Certificated Securities have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Note Custodian

[4] To be included only if the Note is to be issued in Global form.

Exhibit B to Subordinated Indenture

Certificate to be delivered upon Exchange or Registration of Transfer of Notes

Marshall & Ilsley Trust Company N.A., as Trustee

_____

_____

_____

Re: 6.75% Subordinated Notes due 2012 (the "Notes") of United Community Banks, Inc.

This Certificate relates to $_____ principal amount of Notes held in *_____ book-entry or *_____ definitive form by _____ (the "Transferor").

The Transferor:

☐ has requested the Trustee by written order to deliver in exchange for its beneficial interest in the Global Note held by the Depositary a Note or Notes in definitive, registered form of authorized denominations in an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above); or

☐ has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with such request and in respect of each such Note, the Transferor does hereby certify that Transferor is familiar with the Indenture relating to the above captioned Notes and as provided in Section 2.07 of such Indenture, the transfer of this Note does not require registration under the Securities Act (as defined below) because:*

☐ Such Note is being acquired for the Transferor's own account, without transfer (in satisfaction of Section 2.07(a)(B)(1) or Section 2.07(d)(i)(A) of the Indenture).

☐ Such Note is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) in reliance on Rule 144A (in satisfaction, to the extent applicable, of Section 2.07(a)(B)(2), Section 2.07(b)(i)(A) or Section 2.07(d)(i)(B) of the Indenture).

☐ Such Note is being transferred in accordance with Rule 144 under the Securities Act.

☐ Such Note is being transferred in accordance with Rule 904 under the Securities Act.

_____

* Check applicable box.

☐ Such Note is being transferred pursuant to an effective registration statement under the Securities Act (in satisfaction of Section 2.07(a)(B)(2) or Section 2.07(d)(i)(B) of the Indenture).

_____
[INSERT NAME OF TRANSFEROR]

By:_____

Date:_____

_____
*Check applicable box.

EXHIBIT C TO SUBORDINATED INDENTURE

Form of Certificate to be Delivered
in Connection with Transfers Pursuant to Regulation S

_____ __, ____

Marshall & Ilsley Trust Company N.A., as Trustee

_____

_____

_____

Re: 6.75% Subordinated Notes due 2012 (the "Notes") of United Community Banks, Inc. (the "Company")

Ladies and Gentlemen:

In connection with our proposed sale of $_____ aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(1) the offer of the Notes was not made to a person in the United States;

(2) either (a) at the time the buy offer was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transaction was executed in, on, or through the facilities of a designated offshore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

(5) we have advised the transferee of the transfer restrictions applicable to the Notes;

(6) if the circumstances set forth in Rule 904(b) under the Securities Act are applicable, we have complied with the additional conditions therein, including (if applicable) sending a confirmation or other notice stating that the Securities may be offered and sold during the restricted period specified in Rule 903(b)(2) or (3), as applicable, in accordance with the provisions of Regulation S, pursuant to registration of the Notes under the Securities Act, or pursuant to an available exemption from the registration requirements under the Securities Act; and

(7) if the sale is made during a restricted period and the provisions of Rule 903(b)(3) are applicable thereto, we confirm that such sale has been made in accordance with such provisions.

You and the Company are entitled to rely upon this letter and irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

(Name of Transferor)

By:_____
Authorized Signature

EXHIBIT 4.10

FORM OF

6.75% Subordinated Notes due 2012

&n bsp;

No. ____-_____ $25,000,000

CUSIP NO. 144A-90984PBK0

UNITED COMMUNITY BANKS, INC.

promises to pay to CEDE & CO., or registered assigns,
the principal sum of TWENTY-FIVE MILLION Dollars ($25,000,000) on December 15, 2012.
Interest Payment Dates: June 15 and December 15.
Record Dates: June 1 and December 1.

UNITED COMMUNITY BANKS, INC.

(SEAL)

By:_____
Name:_____
Title:_____

WITNESS:

By:_____
Name:_____
Title:_____

This is one of the Notes referred to in the within-mentioned Indenture:

Dated: November ___, 2002

MARSHALL & ILSLEY TRUST COMPANY N.A.,
as Trustee

By: _____
Authorized Signatory

6.75% Subordinated Notes due 2012

THIS NOTE IS NOT A DEPOSIT OR AN OBLIGATION OF ANY DEPOSITORY INSTITUTION, IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY GOVERNMENT AGENCY, AND IS NOT SECURED.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, OR BY ANY SUCH NOMINEE OF THE DEPOSITARY, OR BY THE DEPOSITARY OR NOMINEE OF A SUCCESSOR DEPOSITARY, OR ANY NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO., OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSONS, EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(A) REPRESENTS THAT (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), OR (2) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT;

(B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (1) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S OF THE SECURITIES ACT, (4) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY), OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION;

(C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; AND

(D) ACKNOWLEDGES AND AGREES THAT THE COMPANY AND THE TRUSTEE HAVE RESERVED THE RIGHT, PRIOR TO ANY SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER (i) PURSUANT TO CLAUSE (B)(3) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (ii) PURSUANT TO CLAUSE (B)(4) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE UNDER RULE 144, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS NOTE BE COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(Reverse of Subordinated Note)

1. Interest. United Community Banks, Inc., a Georgia corporation (the "Company"), promises to pay interest on the principal amount of this Note at the rate of 6.75% per annum from November ___, 2002 until maturity. The Company will pay interest semiannually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance; *provided*, *however*, that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; and, *provided further*, that the first Interest Payment Date shall be December 15, 2002. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, and interest on overdue installments of interest, to the extent lawful, at a rate per annum equal to the rate of interest applicable to the Notes. All such default interest shall be payable on demand. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. Method of Payment. The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on June 1 or December 1 immediately preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.14 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, and interest, if any, at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided*, *however*, that payment by wire transfer of immediately available funds will be required with respect to principal of, and premium and interest, if any, on all Global Notes and all other Notes the Holders of which shall have provided appropriate wire transfer instructions to the Company or the Paying Agent. Until otherwise designated by the Company, the Company's office or agency will be the office of the Trustee maintained for such purpose. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, Marshal & Ilsley Trust Company N.A., the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture. The Company issued this Note under an Indenture dated as of November ___, 2002 (as the same may be amended, modified or supplemented from time to time, the "Indenture") by and between the Company and the Trustee. The terms of the Notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code §§ 77aaa-77bbbb) (the "TIA"). The Notes are subject to all such terms and Holders are referred to the Indenture and the TIA for a statement of such terms. The Notes are general unsecured obligations of the Company. The Notes include the Original Notes issued on the Closing Date and any Additional Notes issued thereafter, and are treated as a single class of securities under the Indenture. This is one of the Original Notes referred to in the Indenture. The Holders of Notes are subject to, and entitled to all of the benefits of, the Indenture.

5. No Redemption. The Company shall not have the option, nor shall it be required, to redeem the Notes prior to December 15, 2012.

6. Subordination. The Notes are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Debt, whether outstanding on the Closing Date or thereafter created, incurred, assumed or guaranteed. Each Holder by its acceptance hereof agrees to be bound by such provisions and authorizes and expressly directs the Trustee, on its behalf, to take such action as may be necessary or appropriate to effectuate the subordination provided for in the Indenture and appoints the Trustee its attorney-in-fact for such purposes.

7. Denominations, Transfer, Exchange. The Notes are in registered form without interest coupons in denominations of $1,000 and whole multiples of $1,000. The transfer of Notes may be registered and Notes may

be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before the date on which a notice of redemption is mailed or during the period between a record date and the corresponding Interest Payment Date.

8. **Persons Deemed Owners.** The registered Holder of a Note may be treated as its owner for all purposes.

9. **Amendment, Supplement and Waiver.** Subject to certain exceptions, the Indenture and the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest, if any, on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consent obtained in connection with a purchase of or tender offer or exchange for Notes). Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's obligations to the Holders of the Notes in the case of a merger, consolidation or sale of all or substantially all of the assets of the Company, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA or to provide for the issuance of Additional Notes.

10. **Defaults and Remedies.** Events of Default include: (i) default which continues for 30 days in the payment when due of interest on the Notes; (ii) default in payment when due of the principal of or premium, if any, on the Notes; (iii) failure by the Company for 60 days after receipt of notice from the Trustee or Holders of at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements or obligations in the Indenture or the Notes; (iv) Indebtedness of the Company (other than Indebtedness owed to the Company or any Subsidiary), or any Indebtedness that is Guaranteed by the Company, is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default (or similar event or circumstance) and the total amount of such Indebtedness unpaid or accelerated exceeds $1.0 million; *provided*, *however*, that in the case of any Indebtedness that is accelerated, such acceleration has not been rescinded after 30 days' written notice provided in accordance with the applicable indenture or other debt instrument evidencing such Indebtedness; (v) failure by the Company to pay final judgments for the payment of money (other than judgments that are covered by enforceable insurance policies issued by reputable carriers and as to which such insurance carriers have acknowledged liability in writing) aggregating in excess of $1.0 million, which judgments are not paid, discharged, bonded or stayed for a period of 60 days after notice thereof has been given by the Trustee or Holders of at least 25% in principal amount of the then outstanding Notes issued under the Indenture; and (vi) certain events of bankruptcy or insolvency with respect to the Company or any Subsidiary or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary. The Trustee must, within 90 days after the occurrence of a Default or Event of Default, give to the Holders notice of all uncured Defaults or Events of Default known to it; *provided*, *however*, that except in the case of a Default or Event of Default in payment of any Note, the Trustee may withhold such notice if a committee of its Responsible Officers in good faith determines that the withholding of such notice is in the interest of the Holders and *provided further* that the Holders of the Notes may not accelerate the maturity of the Notes upon any Event of Default except in the case of an Event of Default arising as the result of the bankruptcy, insolvency, receivership, conservatorship or reorganization of the Company, any Significant Subsidiary that is a bank or any group of Subsidiaries that are banks that, taken together, would constitute a Significant Subsidiary. The Company is required to furnish annually to the Trustee a certificate as to their compliance with the terms of the Indenture.

11. **Trustee Dealings with Company.** The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company, with the same rights it would have if it were not Trustee.

12. **No Recourse Against Others.** No past, present or future director, officer, employee, incorporator or shareholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

13. **Authentication.** This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

14. **Abbreviations.** Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

15. **CUSIP Numbers.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to the Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

16. **Governing Law. THE INTERNAL LAW OF THE STATE OF GEORGIA SHALL GOVERN AND BE USED TO CONSTRUE THE INDENTURE AND THE NOTES WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PRINCIPLES**.

17. **Defined Terms.** Capitalized terms used but not defined herein have their respective defined meanings as set forth in the Indenture.

18. **Request for Copy of Indenture.** The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

United Community Banks, Inc.
63 Highway 515
P.O. Box 398
Blairsville, GA 30514
Telephone: (706) 781-2265
Facsimile: (706) 745-8960
Attention: Thomas C. Gilliland

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to

_____

(Insert assignee's Soc. Sec. or tax I.D. no.)

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

_____

Date: _____

Your Signature:_____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee:_____

_____

[1] Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF CERTIFICATED SECURITIES

The following exchanges of a part of this Global Note for Certificated Securities have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Note Custodian

SETTLEMENT AGREEMENT AND
FULL AND FINAL RELEASE OF CLAIMS

This Settlement Agreement and Full and Final Release of Claims ("Agreement") is made and entered into between Henry S. Bishop ("Mr. Bishop") and First Georgia Bank, a commercial bank chartered by the State of Georgia ("the Bank").

1. SEVERANCE. Mr. Bishop and the Bank have agreed to end their employment relationship pursuant to that certain Change in Control Agreement dated November 18, 2002 ("Change in Control Agreement") attached hereto as Exhibit "A," effective at the time that the acquisition of the Bank by United Community Banks, Inc. is consummated. Mr. Bishop and the Bank recognize that Mr. Bishop would have received significant retirement and other benefits from the Bank and that the sale of the Bank to United Community Banks, Inc. will prevent these benefits from being realized. Mr. Bishop acknowledges that the release in Paragraph 4 below releases the Bank from any obligation that it may have to provide retirement benefits and any other benefits to Mr. Bishop, with the exception of the Severance Benefits in the Change in Control Agreement, and that the consideration in Paragraph 2 is designed, in part, to compensate Mr. Bishop for the loss of those benefits that will not be realized as the result of the sale of the Bank.

2. CONSIDERATION. In consideration for, and as a material inducement to enter into this Agreement, the Bank will provide Mr. Bishop with the following:

(a) A lump sum payment of Seven Hundred Thousand Dollars ($700,000.00), gross, as soon as administratively feasible after the date the Agreement becomes final and binding pursuant to Paragraph Fifteen (15) below.

(b) Mr. Bishop acknowledges and agrees that the payment described in Paragraph 2 (a) is in addition to the payments promised to Mr. Bishop in the Change in Control Agreement and the Non-Competition, Non-Solicitation and Confidentiality Agreement (which provides that Mr. Bishop has an obligation not to compete with United Community Banks, Inc. for a three-year period).

3. FULL AND FINAL RELEASE. In consideration of the payments being provided to him, Mr. Bishop, for himself, his attorneys, heirs, executors, administrators, successors and assigns, fully, finally and forever releases and discharges the Bank, all subsidiary and/or affiliated companies, as well as its and their successors (including, but not limited to, United Community Banks, Inc.), assigns, officers, owners, directors, agents, representatives, attorneys, and employees (all of whom are referred to herein as "the Bank"), of and from all claims, demands, actions, causes of action, suits, damages, losses, and expenses, of any and every nature whatsoever, as a result of actions or omissions occurring through the Effective Date of this Agreement. Specifically included in this waiver and release are, among other things, any and all claims of alleged employment discrimination, either as a result of the separation of Mr. Bishop's employment or otherwise, including, but not limited to any and all claims under the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Equal Pay Act, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §1981, Executive Order 11246;

Executive Order 11141, Section 503 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act and any other federal, state or local statute, rule, ordinance, or regulation, as well as any claims for alleged wrongful discharge, negligent or intentional infliction of emotional distress, breach of contract, fraud, or any other unlawful behavior, the existence of which is specifically denied by the Bank. Nothing in this Agreement and Release, however, is intended to waive Mr. Bishop's entitlement to vested benefits under any pension or 401(k) plan or other benefit plan provided by the Bank.

4. **NO OTHER CLAIMS.** Mr. Bishop represents that he has not filed, nor assigned to others the right to file, nor are there currently pending, any complaints, charges or lawsuits against the Bank with any governmental agency or any court, and that he will not file, nor assign to others the right to file, or make any further claims against the Bank at any time hereafter for actions taken up to and including the date Mr. Bishop executes this Agreement.

5. **PROPRIETARY INFORMATION.** Also in exchange for the consideration provided above, Mr. Bishop acknowledges that in his position with the Bank, he may have obtained confidential business and proprietary information regarding the Bank and otherwise. He agrees that he will not make any such information known to any member of the public. In addition, Mr. Bishop represents that he has returned to the Bank all confidential and proprietary information and all Bank property, as well as all copies or excerpts thereof and any other property, files or documents obtained as a result of his employment with the Bank, except those items the Bank specifically agrees in writing to permit Mr. Bishop to retain. This paragraph is not intended, however, to preclude Mr. Bishop from testifying truthfully in any court of law or before an administrative agency, although Mr. Bishop agrees that he will testify as to the Bank matters only if served with a lawfully executed subpoena. Nothing in this Agreement, including Paragraph Thirteen (13), is intended to modify the Change in Control Agreement.

6. **NON-DISPARAGEMENT.** Mr. Bishop also agrees that he will not make statements to clients, customers and suppliers of the Bank or to other members of the public that are in any way disparaging or negative towards the Bank, the Bank's products or services, or Bank's representatives (including the Board) or employees.

7. **NON-ADMISSION OF LIABILITY OR WRONGFUL CONDUCT.** This Agreement shall not be construed as an admission by the Bank of any liability or acts of wrongdoing or discrimination, nor shall it be considered to be evidence of such liability, wrongdoing, or discrimination.

8. **TERMINATION OF EMPLOYMENT; NO REEMPLOYMENT.** Except as set forth above, Mr. Bishop and the Bank agree as a matter of intent that this Agreement terminates all aspects of the relationship between them for all time. Mr. Bishop therefore acknowledges that he does not and will not seek reinstatement, future employment, or return to active employee status with the Bank or any subsidiary or affiliated companies. Mr. Bishop further acknowledges that neither the Bank nor any subsidiary or affiliated company shall be under any obligation whatsoever to consider him for reinstatement, employment, re-employment, consulting or other similar status at any time. The parties acknowledge that Mr. Bishop will continue to serve as an Advisory Director of United Community Bank, Inc.

9. **CONFIDENTIALITY.** The nature and terms of this Agreement are strictly confidential and have not been and shall not be disclosed by Mr. Bishop at any time to any person other than his lawyer, his accountant, or his immediate family without the prior written consent of an officer of the Bank, except as necessary in the Registration Statement filed by United Community Banks, Inc. with the Securities and Exchange Commission, any legal proceedings directly related to the provisions and terms of this Agreement, to prepare and file income tax forms, or pursuant to court order after reasonable notice to the Bank.

10. **GOVERNING LAW.** This Agreement shall be interpreted under the laws of the State of Georgia.

11. **SEVERABILITY**. The provisions of this Agreement are severable, and if any part of this Agreement is found to be unenforceable, the remainder of the Agreement will continue to be valid and effective.

12. **SOLE AND ENTIRE AGREEMENT.** This Agreement sets forth the entire agreement between the parties with the exception of Exhibit "A" attached hereto. Additionally, any prior agreements between or directly involving the parties to the Agreement are superseded by the terms of this Agreement and thus are rendered null and void, with the exception of Exhibit "A" attached hereto.

13. **NO OTHER PROMISES.** Mr. Bishop affirms that the only consideration for him signing this Agreement is that set forth in Paragraph Two (2), that no other promise or agreement of any kind has been made to or with him by any person or entity to cause him to execute this document, and that he fully understands the meaning and intent of this Agreement, including but not limited to, its final and binding effect.

14. **ADVICE OF COUNSEL; TWENTY-ONE DAYS TO CONSIDER; SEVEN DAYS TO REVOKE.** Mr. Bishop acknowledges that he has been advised by the Bank to consult with an attorney in regard to this matter. He further acknowledges that he has been given twenty-one (21) days from the time that he receives this Agreement to consider whether to sign it. If Mr. Bishop has signed this Agreement before the end of this twenty-one (21) day period, it is because he freely chose to do so after carefully considering its terms. Finally, Mr. Bishop shall have seven (7) days from the date he signs this Agreement to change his mind and revoke the Agreement. If Mr. Bishop does not revoke this Agreement within seven days of his signing,

this Agreement will become final and binding on the day following such seven-day period ("the Effective Date").

15. LEGALLY BINDING AGREEMENT. Mr. Bishop understands and acknowledges (1) that this is a legally binding release; (2) that by signing this Agreement, he is hereafter barred from instituting claims against the Bank in the manner and to the extent set forth in Paragraph Four (4) and Paragraph Five (5) above; and (3) that this Agreement is final and binding.

Date: February 20, 2003 /s/ Henry S. Bishop
Henry S. Bishop

First Georgia Bank

Date: February 20, 2003 By: /s/ G. F.Coolidge III
Full Name: G. F. Coolidge III
Title: Chief Financial Officer

NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made as of this 20th day of February, 2003, between **United Community Banks, Inc., on its own behalf and on behalf of its subsidiaries, predecessors and successors** (collectively the "Company"), and **Henry S. Bishop**, (the "Employee").

WHEREAS, the Company is purchasing First Georgia Bank (the "Bank").

WHEREAS, in connection with the sale of the Bank, Employee's employment with the Bank is ending pursuant to that certain Change in Control Agreement dated November 18, 2002 (Change in Control Agreement") attached hereto as Exhibit "A".

WHEREAS, in the Change in Control Agreement, Employee contractually agreed to refrain from certain competitive activities for a period of twelve months.

WHEREAS, as part of the sale of the Bank to the Company, the surviving provision of the Change in Control Agreement will be assigned to the Company and inure to the benefit of the Company.

WHEREAS, Employee and the Company desire to enter into this Agreement pursuant to which Employee agrees to extend the time periods during which he will refrain from certain competitive activities for one year following the expiration of those terms in the Change in Control Agreement.

WHEREAS, Employee's execution and delivery of this Agreement is a condition precedent to receiving the consideration outlined below.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. **Extension of Change in Control Agreement**. The parties agree to extend the term of Paragraphs 4, 5, and 6 of the Change in Control Agreement from one year to three years from the execution of this Agreement.

2. **Consideration.** The Company will pay Employee One Hundred Thousand ($100,000.00) in the lump sum payment following the execution of this Agreement. This payment is consideration for the extension of the term of Paragraphs 4, 5, and 6 of the Agreement.

3. **Remedies.** The Employee agrees that, in addition to all remedies provided by law or in equity, the Company shall be entitled to specific performance of this Agreement and to both temporary and permanent injunctions to prevent a breach or contemplated breach by the Employee of the covenants in Sections 4, 5 and 6 of the Change of Control Agreement and Paragraph 1 of this Agreement.

4. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be adjudicated through binding arbitration before a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitration panel shall be final and binding upon the parties and judgment upon the award rendered by the arbitration panel may be entered by any court having jurisdiction. The Company and the Employee agree to share equally the fees and expenses associated with the arbitration proceedings, except as otherwise provided by Section 5 below. **[Employee must initial here: ____]**

5. **Notice.** All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses or facsimile numbers

and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number or person as a party may designate by written notice to the other parties):

If to the Company at: _____

If to the Employee, to the Employee at: _____

6. **Headings.** Paragraphs or other headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

7. **Entire Agreement.** This Agreement contains the entire understanding of the parties, with the exception of the Change in Control Agreement, with respect to the subject matter hereof.

8. **Severability.** In the event that one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

9. **Governing Law.** To the full extent controllable to stipulation of the parties, this Agreement shall be interpreted and enforced under Georgia law.

10. **Amendment.** This Agreement may not be modified, amended, supplemented or terminated except by a written agreement between the Company and the Employee.

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the date and year first above written.

THE COMPANY:

UNITED COMMUNITY BANKS, INC

By: /s/ Thomas C. Gilliland
Print Name: Thomas C. Gilliland
Title: Executive Vice President

EMPLOYEE:

/s/ Henry S. Bishop
Henry S. Bishop

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated January 21, 2002, included in the Annual Report of United Community Banks, Inc. and subsidiaries, on Form 10-K for the year ended December 31, 2001, and incorporated by reference in this Registration Statement on Amendment No. 1 to Form S-4. We consent to the use of the aforementioned report in the Registration Statement on Amendment No. 1 to Form S-4, and to the use of our name as it appears under the caption "Experts".

/s/ PORTER KEADLE MOORE, LLP

Atlanta, Georgia
February 21, 2003

Exhibit 23.2

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement No. 333-103024 of United Community Banks, Inc. on Form S-4 of our report dated November 22, 2002, appearing in and incorporated by reference in the Annual Report on Form 10-KSB of First Georgia Holding, Inc. for the year ended September 30, 2002 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ **Deloitte & Touche LLP**

DELOITTE & TOUCHE LLP

Jacksonville, Florida
February 21, 2003

Exhibit 23.4

CONSENT OF THE CARSON MEDLIN COMPANY

We hereby consent to the use in this Registration Statement on Form S-4 of our letter to the board of directors of First Georgia Holding, Inc. included as Appendix C to the proxy statement—prospectus forming a part of this Registration Statement on Form S-4 and to all references to our firm in such proxy statement—prospectus. In giving such consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the Securities and Exchange Commission thereunder, nor do we admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Securities Act or the rules and regulations of the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder.

The Carson Medlin Company

/s/ **The Carson Medlin Company**

Dated: February 20, 2003

Exhibit 99.1

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-KSB

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

(FEE REQUIRED)

For the fiscal year ended September 30, 2002

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

(NO FEE REQUIRED)

For the transition period _____ to _____

Commission file number: 0-16657

FIRST GEORGIA HOLDING, INC.

(Name of Small Business Issuer)

Georgia	58-1781773
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

1703 Gloucester Street, Brunswick, GA 31521

(Address of principal executive offices)

Registrant's telephone number, including area code:	(912) 267-7283
Securities registered pursuant to Section 12(b) of the Act:	None
Securities registered pursuant to Section 12(g) of the Act:	Common Stock, par value $1.00

Check whether the issuer (1) has filed all reports required to be filed by section 12 or 15(d) of the Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 60 days. Yes [X] No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-K. [X]

State issuer's revenues for its most recent fiscal year $19,125,903

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of December 1, 2002:

5,233,056 Shares of Common Stock, $1.00 par value -- $19,623,960 based upon approximate market value of $3.75 per share at December 1, 2002.

State the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, 2002: Common Stock, $1.00 par value - 7,751,712 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement (the "Proxy Statement") for the Annual Meeting of Shareholders scheduled to be held January 21, 2003 are incorporated by reference into Part I and Part III.

Portions of the Company's Annual Report (the "Annual Report") to Shareholders for the year ended September 30, 2002 are incorporated by reference into Part I, Part II and Part III.

FIRST GEORGIA HOLDING, INC.

FORM 10-KSB

INDEX

PART I

Item 1. DESCRIPTION OF BUSINESS

Business of the Company

First Georgia Holding, Inc. (the Company), was incorporated as a Georgia corporation on December 16, 1987, for the purpose of acquiring all of the issued and outstanding shares of First Georgia Bank, F.S.B. (formerly known as First Georgia Savings Bank, F.S.B.)(the Bank) pursuant to a plan of reorganization. The reorganization of the Bank into a holding company structure became effective on April 30, 1988, and the Bank is now a wholly-owned subsidiary of the Company.

Other than its ownership of the Bank, the Company has not engaged in any material operations to date and management of the Company has no immediate plans to engage in any non-banking activities.

The holding company structure provides the Company with the ability to expand and diversify its financial services beyond those currently offered through the Bank. As a holding company, the Company has greater flexibility than the Bank to diversify its business activities, through existing or newly-formed subsidiaries, or through an acquisition or merger. Commencement of non-banking operations by subsidiaries, if they are organized, will be contingent upon approval by the Board of Directors of the Company and by regulatory authorities as appropriate. While the Company has no plans, arrangements, agreements or understandings regarding diversification through acquisition or development of other businesses, the Board of Directors believes that the holding company structure offers significant advantages.

The Company may, in the future, enter into a management agreement for the purpose of rendering certain services to the Bank. No proposal and no terms of such agreement, however, have been considered as yet and it has not been decided that such an agreement will be made. Certain restrictions on the total compensation under management and similar agreements are imposed by federal regulation and, under certain circumstances, regulatory approval may be required.

Except for the officers of the Bank who presently serve as officers of the Company, the Company does not have any employees.

The Company's executive office is located at 1703 Gloucester Street, Brunswick, Georgia 31520. At the present time the Company does not have any plans to establish additional offices.

Business of the Bank

The Bank is a state-chartered commercial bank headquartered in Brunswick, Georgia. It was chartered as a federal stock savings bank in 1983 and opened for business on January 31, 1984 with approximately $8.6 million of acquired deposits. On August 19, 2002 the bank converted from a federal savings bank to a state-chartered commercial bank. The Bank's business consists primarily of residential and consumer lending and retail banking. To a lesser extent the Bank engages in commercial real estate lending and construction lending.

The Bank's retail banking operation consists of attracting deposits and making commercial and consumer loans. It attracts deposits by offering a wide array of banking services, including checking accounts, overdraft protection, various savings programs, IRAs, and five automated teller machines. Similarly, the Bank offers a full range of commercial loans, including short-term loans for working capital purposes, seasonal loans, lines of credit, accounts receivable loans and inventory loans, as well as a full range of consumer loans, including automobile, boat, home improvement and other similar loans.

Commercial real estate and construction lending includes construction and permanent loans on multi-family apartment buildings, shopping centers, office buildings and other income producing properties located mainly in the Bank's primary market area.

The principal executive offices of the Bank are located at 1703 Gloucester Street, Brunswick, Georgia 31520 and the telephone number at that address is (912) 267-7283.

Summary of Financial Results

First Georgia Holding, Inc. reported net income of $1,567,239 in 2002, a decrease of $440,547 over 2001. Net interest income after provision for loan losses decreased a total of $794,294 to $8,724,334 in 2002 compared to $9,518,628 in 2001. Other income increased by a total of $169,406 to a total of $3,074,293 in 2002 compared to $2,904,887 in 2001. Other expenses increased to $9,372,484, an increase of $87,976 over 2001.

Return on Average Assets and Equity

Return on average assets for the year ended September 30, 2002 was .67% as compared to .82% for the year ended September 30, 2001. Return on average equity for the year ended September 30, 2002 was 7.50% compared to 10.37% for the year ended September 30, 2001. These decreases were due primarily to a decrease in the net interest margin.

SELECTED STATISTICAL INFORMATION			
	Years Ended September 30,		
	2002	2001	2000
Return on Average Assets	0.62%	0.82%	0.61%
Return on Average Equity	7.70%	10.37%	7.79%
Average Equity to Average Assets	8.10%	7.91%	7.88%
Dividend Payout Ratio	24.73%	34.58%	41.66%

The following tables set forth certain statistical information and should be read in conjunction with the consolidated financial statements of the Company and Bank.

SELECTED STATISTICAL INFORMATION			
AVERAGE BALANCE SHEETS			
	September 30,		
	2002	2001	2000
Cash and due from banks	$ 9,129,910	$ 9,980,225	$ 7,489,826
Federal funds sold	2,313,250	9,589,543	7,063,256
Interest-bearing deposits in other banks	238,298	181,098	128,385
Investment securities held to maturity	27,492,858	21,025,726	15,475,183
Loans receivable, net	201,304,937	192,918,574	193,018,305
Real estate owned	826,028	746,898	214,331
Federal Home Loan Bank stock	1,017,500	967,300	898,600
Premises and equipment, net	5,396,027	5,519,487	5,372,000
Intangible assets, net	442,258	537,886	633,514
Accrued interest receivable	1,203,015	1,436,636	1,399,704
Other assets	1,692,875	2,035,805	1,557,480
	$ 251,056,956	$ 244,939,177	$ 233,250,584
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities:			
Deposits	$ 221,621,389	$ 217,023,856	$ 204,835,129
Federal Home Loan Bank advances	5,375,000	3,500,000	5,550,000
Other borrowed money	2,300,000	2,700,000	1,960,000
Accrued expenses and other liabilities	1,418,286	2,350,040	2,512,144
	230,714,675	225,573,896	214,857,273
Stockholders' equity	20,342,281	19,365,281	18,373,311
Total liabilities and stockholders' equity	$ 251,056,956	$ 244,939,177	$ 233,230,584

	Years Ended September 30,		
	2002	2001	2000
Interest earned on:			
Loans	$ 14,093,395	$ 18,141,655	$ 18,489,668
Investment securities	1,897,539	1,650,762	1,045,580
Other	60,678	459,503	396,951
Total interest income	16,051,612	20,251,920	19,932,199
Interest paid on:			
Deposits	6,850,530	9,918,978	9,036,423
Federal Home Loan Bank advances and other borrowings	356,744	379,314	498,612
Total Interest expense	7,207,274	10,298,292	9,535,035
NET INTEREST EARNED	$ 8,844,338	$ 9,953,628	$ 10,397,164
Average percentage earned on:			
Loans	7.00%	9.40%	9.58%
Taxable investment securities	6.90%	7.30%	6.76%
Other	2.38%	4.70%	5.52%
Total interest earning assets	6.94%	9.05%	9.24%
Average percentage paid on:			
Deposits	3.09%	4.57%	5.73%
Federal Home Loan Bank advances and other borrowings	4.65%	6.12%	6.64%
Total interest bearing liabilities	3.14%	4.61%	4.49%
NET YIELD ON INTEREST EARNING ASSETS	3.80%	4.44%	4.75%

"Management's Discussion and Analysis of Financial Condition and Results of Operations - Yields Earned and Rates Paid" in the Company's Annual Report is incorporated by reference herein.

Lending Activities

General

General

The Bank's legal lending limits are 15% of its statutory capital base for unsecured loans and 25% of its statutory capital base for loans fully secured by good collateral. The Bank's statutory capital base is the lower of the sum of its common stock, paid-in capital, appropriated retained earnings, and capital debt, or the amount of the Bank's net assets. As of September 30, 2002, the Bank's legal lending limits were approximately $3.1 million for unsecured loans and approximately $5.2 million for secured loans. While the Bank generally employs more conservative lending limits, the Board of Directors has discretion to lend up to the legal lending limits as described above.

Loan Portfolio Analysis

The Bank's net loan portfolio totaled approximately $212,870,000 at September 30, 2002, representing approximately 82% of its total assets. On that date, approximately 63% of its total outstanding loans were secured by mortgages on residential property. The balance of the Bank's outstanding loans at that date consisted of commercial real estate loans, construction loans, consumer loans and commercial loans.

The Bank extends credit to customers throughout its market area with a concentration in real estate mortgage loans. The real estate loan portfolio is substantially secured by properties located throughout Southeast Georgia. Although the Bank has a diversified loan portfolio, a substantial portion of its borrowers' ability to repay such loans is dependent upon the economy in the Bank's market area.

Set forth in the following table is selected data relating to the composition of the Bank's loan portfolio by type of loan and type of security on the dates indicated.

LOAN ANALYSIS

	2002			2001			2000			1999			1998	
Loans by Type of Security:	(In Thousands)													
Real Estate Loans:														
Residential:														
One-four family:														
Conventional	$ 133,645	62.78%		$ 106,776	56.94%		$ 114,014	58.88%		$ 92,969	53.68%		$ 88,002	58.18%
FHA-VA	139	0.07%		-	0.00%		-	0.00%		494	0.29%		245	0.16%
Multi-family conventional	482	0.22%		175	0.09%		402	0.21%		3,003	1.73%		1,761	1.16%
Total residential	134,266	63.07%		106,951	57.03%		114,416	59.09%		96,466	55.70%		90,008	59.51%
Commercial property	34,841	16.37%		34,192	18.23%		34,736	17.94%		26,402	15.24%		24,492	16.19%
Land development and other	14,346	6.74%		16,663	8.89%		14,758	7.62%		19,546	11.29%		15,438	10.21%
Total real estate loans	183,453	86.18%		157,806	84.15%		163,910	84.65%		142,414	82.23%		129,938	85.91%
Consumer Loans	16,842	7.91%		17,454	9.31%		17,089	8.82%		14,801	8.55%		11,830	7.82%
Commercial Loans	14,941	7.02%		14,824	7.91%		15,285	7.89%		17,481	10.09%		10,593	7.00%
Unearned interest income	(7)	0.00%		(25)	-0.01%		(63)	-0.03%		(61)	-0.04%		(56)	-0.04%
Allowances for loan losses	(2,241)	-1.05%		(2,414)	-1.29%		(2,365)	-1.22%		(1,236)	-0.71%		(969)	-0.64%
Deferred loan (fees) cost	(118)	-0.06%		(119)	-0.06%		(212)	-0.11%		(203)	-0.12%		(83)	-0.05%
Total	$ 212,870	100.00%		$ 187,526	100.00%		$ 193,644	100.00%		$ 173,196	100.00%		$ 151,253	100.00%

LOAN ANALYSIS (Continued)

	September 30,									
	2002		2001		2000		1999		1998	
Loans by Type of Loan:	(In Thousands)									
Real Estate Loans:										
Loans on existing property:										
Fixed rate	$ 34,261	16.09%	$ 41,520	22.14%	$ 32,182	16.62%	$ 33,049	19.08%	$ 25,996	17.19%
One year ARM and variable rate(1)	117,267	55.09%	81,217	43.31%	94,794	48.95%	82,017	47.36%	76,005	50.25%
Three year ARM	2,358	1.11%	866	0.46%	1,063	0.55%	664	0.38%	828	0.55%
Construction loans	29,567	13.89%	34,203	18.24%	35,871	18.52%	26,684	15.41%	27,109	17.92%
Total real estate loans	183,453	86.18%	157,806	84.15%	163,910	84.65%	142,414	82.23%	129,938	85.91%
Consumer loans	16,842	7.91%	17,454	9.31%	17,089	8.82%	14,801	8.55%	11,830	7.82%
Commercial and other loans	14,941	7.02%	14,824	7.91%	15,285	7.89%	17,481	10.09%	10,593	7.00%
Unearned interest income	(7)	0.00%	(25)	-0.01%	(63)	-0.03%	(61)	-0.04%	(56)	-0.04%
Allowance for loan losses	(2,241)	-1.05%	(2,414)	-1.29%	(2,365)	-1.22%	(1,236)	-0.71%	(969)	-0.64%
Deferred loan (fees) cost	(118)	-0.06%	(119)	-0.06%	(212)	-0.11%	(203)	-0.12%	(83)	-0.05%
Total	$ 212,870	100.00%	$ 187,526	100.00%	$ 193,644	100.00%	$ 173,196	100.00%	$ 151,253	100.00%

(1) An ARM is an adjustable rate mortgage

LOAN MATURITY SCHEDULE

The following table sets forth certain information at September 30, 2002 regarding the dollar amounts of loans maturing in the Bank's portfolio based on their contractual terms to maturity. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts, are reported as due in one year or less. This table does not consider the repricing of loans to be maturities. Interest rate sensitivity is incorporated herein by reference from the Management's Discussion and Analysis of Financial Condition and Results of Operations - Asset/Liability Management in the Annual Report to Shareholders for 2002.

Maturities	Real Estate Mortgage	Real Estate Construction	Consumer	Commercial and Other	Total
	(In Thousands)				
Within 1 year	$ 52,241	$ 24,922	$ 5,660	$ 8,048	$ 90,871
After 1 through 5 years	46,024	4,645	6,601	6,366	63,636
After 5 through 10 years	10,776	-	4,449	528	15,753
After 10 Years	44,845	-	131	-	44,976
Total	$ 153,886	$ 29,567	$ 16,841	$ 14,942	$ 215,236
				Less:	
				Unearned interest income	(7)
				Allowance for loan losses	(2,241)
				Deferred Loan Fees	(118)
					$ 212,870

The following table sets forth the dollar amount of all loans due more than one year after September 30, 2002 which have predetermined interest rates and which have floating or adjustable interest rates.

	Real Estate Mortgage	Real Estate Construction	Consumer	Commercial and other	Total
Predetermined rates	$ 24,260	$ -	$10,507	$4,543	$39,310
Floating or adjustable rates	77,385	4,645	674	2,351	85,055
Total	$101,645	$4,645	$11,181	$6,894	$124,365

Lending Policies

Regulations limit the amount which state chartered institutions may lend in relation to the appraised value of the real estate securing the loan, as determined by an appraisal at the time of loan origination. Those regulations permit a maximum loan-to-value ratio of 100% for real estate loans. The Bank's lending policies generally limit the maximum loan-to-value ratio on residential mortgage loans to 90% of the lesser of the appraised value or purchase price. Multi-family residential and commercial real estate loans and unimproved real estate loans generally do not exceed 75% of value. The loan-to-value ratio, maturity and other provisions of the loans made by the Bank generally reflect the policy of making less than the maximum loan permissible under applicable regulations in accordance with sound lending practices, market conditions and underwriting standards established by the Bank.

In an effort to keep the yields on its loan portfolio and investments more interest rate sensitive, the Bank has implemented a number of measures including: (a) generally originating long-term fixed rate mortgage loans for brokerage to other financial institutions; (b) emphasizing origination of ARMs on residential and commercial properties when market conditions permit; (c) originating construction loans secured by residential properties generally for a 12-month period at interest rates determined by reference to the Bank's prime rate; and (d) originating consumer and commercial loans having either adjustable rates or relatively short maturities.

Single Family Residential Loans

One of the lending activities of the Bank has been the origination of single family residential loans through its mortgage lending operation. Through arrangements with other financial institutions, the Bank brokers substantially all of its fixed rate single- family residential loans. This allows the Bank to offer a broader base of financing alternatives than would be possible if the Bank were structuring all of its loans to sell to the Federal Home Loan Mortgage Corporation (FHLMC) or the Federal National Mortgage Association (FNMA).

State chartered institutions are authorized to make home loans on which the interest rate, loan balance or maturity may be adjusted, provided that the adjustments are tied to specified indices. The rate adjustments are determined by reference to cost of funds and Treasury securities indices and are limited generally to 1.5-2.0% per adjustment period and 5-6% over the life of the loan.

Commercial Real Estate Loans

Current regulations permit state institutions to invest up to 400% of their capital in commercial real estate loans. At September 30, 2002, the Bank had 196% of its capital invested in commercial real estate loans. The commercial real estate loans originated by the Bank are primarily secured by multi-family apartment buildings, shopping centers, office buildings and other income-producing properties. The interest rates on commercial real estate loans presently offered by the Bank generally adjust every one to three years. The rate is generally determined by reference to money center banks' prime rates. The Bank's commercial real estate loans have various terms, with the payments based on a 15 to 25 year amortization schedule, and have balloon maturities of 5 to 7 years. The Bank generally requires that such loans have a minimum debt service coverage of 1.15 and a loan-to-value ratio of not more than 90%.

Commercial real estate lending entails significant additional risks compared to residential lending. Commercial real estate loans typically involve large loan balances to single borrowers or groups of related borrowers. The payment experience of such loans typically depends upon the successful operation of the real estate project. These risks can be significantly affected by supply and demand conditions in the market for office and retail space and for apartments, and as such may be subject, to a greater extent than residential real estate loans, to adverse conditions in the economy. In dealing with these risk factors, the Bank generally limits itself to a real estate market or to borrowers with which it is familiar and participates portions of its commercial real estate loans when necessary. The Bank concentrates on originating commercial real estate loans secured by properties generally located within its primary market area, although the Bank will continue, on a limited basis, to originate commercial r eal estate loans secured by properties located in other parts of Georgia and in other states.

Construction Loans

The Bank originates construction loans on single family residences. Such construction loans generally have a term of 12 months. The interest rates charged by the Bank on construction loans are determined by reference to the prime rate charged by money center banks and vary depending upon the type of property, the loan amount and the credit worthiness of the borrower. The Bank generally requires personal guarantees of payment from the principals of the borrowing entities for the full amount of the loan, and it is the policy of the Bank to enforce guarantees in the event of non-payment of the loan.

The Bank also originates construction loans on multi-family and commercial real estate. The interest rates on such loans presently offered by the Bank are also determined by reference to the prime rate charged by money center banks. Multi-family and commercial real estate construction financing generally exposes the lender to a greater risk of loss than long-term financing on improved, occupied real estate, due in part to the fact that the loans are underwritten on projected rather than historical income and rental results. The Bank's risk of loss on such loans depends largely upon the accuracy of the initial appraisal of the property's value at completion of construction and the estimated cost (including interest) of completion. If either estimate proves to have been inadequate and the borrower is unable to provide additional funds pursuant to his or her guarantee, the Bank either may be required to advance funds beyond the amount originally committed to permit completion of the development or be confron ted at the maturity of the loan with a project whose value is insufficient to assure full repayment.

The Bank's underwriting criteria are designed to evaluate and to minimize the risks of each commercial real estate construction loan. The Bank considers evidence of the financial stability and reputation of both the borrower and the contractor, the amount of the borrower's cash equity in the project, independent evaluation and review of the building costs, local market conditions, pre-construction sales and leasing information based upon evaluation of similar projects, the use of independent engineers to examine plans and monitor construction and the borrower's cash flow projections upon completion. The Bank may require a performance bond in the amount of the construction contract based on management's evaluation of the project and the financial strength of the contractor and also requires personal guaranties of payment by the principals of any borrowing entity. At September 30, 2002, approximately $29,567,000 of the Bank's loan portfolio consisted of construction loans.

Consumer Loans

The Bank currently offers a wide variety of consumer loans including secured and unsecured personal loans (such as home improvement loans and loans secured by savings accounts), automobile, boat and other loans. Total consumer loans amounted to approximately $16,842,000 at September 30, 2002.

The Bank markets consumer loans in order to provide a full range of retail banking services to its customers and because of the shorter term and normally higher interest rates on such loans. The Bank's underwriting standards for consumer loans include a determination of the applicant's payment history on other debts and an assessment of his or her ability to meet existing obligations and to make payments on the proposed loan. Loan-to-value, cash equity and debt service-to-income ratios are also generally considered. Risks associated with consumer loans include, but are not limited to, fraud, deteriorated or non-existing collateral, general economic downturn, and customer financial problems.

Commercial Loans

Current regulations authorize state chartered institutions to make secured and unsecured loans for commercial, corporate, business and agricultural purposes, including issuing letters of credit.

The Bank makes commercial loans primarily on a secured basis. Substantially all of such loans to date have

interest rates which adjust with changes in the prime rate charged by money center banks. The Bank's commercial loans primarily consist of short-term loans for working capital purposes, seasonal loans, lines of credit, accounts receivable loans and inventory loans. The Bank customarily requires personal guaranties of payment by the principals of any borrowing entity and reviews the financial statements and income tax returns of the guarantors generally on an annual basis. At September 30, 2002, the Bank had approximately $14,941,000 outstanding in commercial loans. Risks associated with these loans can be significant. Risks include, but are not limited to, fraud, bankruptcy, deteriorated or non-existing collateral, general economic downturn, and changes in interest rates.

Loan Solicitation and Processing

The Bank actively solicits mortgage loan applications from existing customers, walk-ins, referrals, builders and real estate brokers. Commercial real estate loan applications are also obtained through direct solicitation.

Detailed loan applications are obtained to determine the borrower's ability to repay, and the more significant items on these applications are verified through the use of credit reports, financial statements and confirmations. After analysis of the loan applications and property or collateral involved, including an appraisal of the property by independent appraisers approved by the Bank's management, the lending decision is made in accordance with the underwriting guidelines of the Bank. With respect to commercial loans, the Bank also reviews the capital adequacy of the business, the ability of the borrower to repay the loan and honor its other obligations, and general economic and industry conditions. All applications for loans greater than $500,000 require the approval of the Bank's president and a majority of the Bank's Loan Committee.

Loan applicants are promptly notified of the decision of the Bank, together with the terms and conditions of the decision. In this regard, the Bank seeks to handle loan processing and origination faster than its competition. If approved, these terms and conditions include the amount of the loan, interest rate basis, amortization term, a brief description of the real estate to be mortgaged to the Bank, notification that insurance coverage must be maintained to protect the Bank's interest and any other special conditions.

It is the Bank's policy to obtain a title insurance policy insuring that the Bank has a valid first lien on the mortgaged real estate and that the property is free of encumbrances. Borrowers are also to obtain paid hazard insurance policies prior to closing and, when the property is in a flood plain as designated by the Department of Housing and Urban Development, paid flood insurance policies. It is the Bank's policy to require flood insurance for the full insurable value of the improvements for any such loan located in a designated flood hazard area. In certain coastal areas, however, there are limits on the amount of insurance available. Substantially all borrowers are also required to advance funds on a monthly basis, together with each payment of principal and interest, to a mortgage escrow account from which the Bank makes disbursements for items such as real estate taxes, hazard insurance premiums and private mortgage insurance premiums.

Loan Originations, Sales and Purchases

It is a policy of the Bank not to originate for its own portfolio any fixed rate residential mortgage loans that exceed 15 years. The Bank instead originates long term fixed rate mortgages to be brokered out to various mortgage lenders. The Bank may sell its commercial real estate and construction loans, generally retaining a percentage of the loans in its own portfolio. Loan sales provide additional funds for lending, generate income for the Bank and generally reduce exposure to interest rate risk. The Bank generally continues to collect payments on the loans and otherwise to service the loans sold. The Bank retains a portion of the interest paid by the borrower on these loans as consideration for its servicing loans sold to others. At September 30, 2002, the Bank was servicing loans for others of approximately $2,700,000.

The Bank has purchased a number of loans in the past, and intends to consider future purchases of residential mortgage loans as market conditions warrant. The Bank has also sold loans as discussed above and, similarly, intends to consider future sales as conditions warrant.

It is the current intention of management to continue offering residential fixed rate mortgage loans through the Bank's brokerage lending arrangement and to continue offering adjustable rate instruments to be held in the Bank's portfolio.

Loan Commitments

Upon loan approval, short-term commitments of 45 days are issued to the applicant and in most cases provide for the loan to be closed at the prevailing rate of interest as of the date of approval.

Loan Origination Fees

The Bank defers and amortizes loan origination fees, net of certain direct origination costs incurred, and recognizes such fees over the life of the related loan as a yield adjustment.

The Bank also receives other fees and charges relating to existing loans along with late charges and fees collected in connection with a change in borrower or other loan modifications.

Delinquencies and Asset Classifications

The Bank's collection procedures provide that when a loan is 15 days past due, the borrower will be contacted by mail and payment requested. If the delinquency continues, subsequent efforts will be made to contact the delinquent borrower. In certain instances, the Bank may modify the loan or grant a limited moratorium on loan payments to enable the borrower to reorganize his or her financial affairs. If the loan continues in a delinquent status for 90 days or more, the Bank generally will initiate foreclosure proceedings, but there is no requirement that the Bank defer foreclosure proceedings or other enforcement action. Any property acquired as the result of foreclosure is classified as real estate acquired in settlement of loans until such time as it is sold or otherwise disposed of by the Bank to recover its investment.

As a measure of the soundness of a financial institution's loans, federal regulatory authorities have developed the concept of asset classification and have established four categories of problem assets: "Watch," "Substandard," "Doubtful" and "Loss". Assets designated "Watch" do not require that a bank take any specific action. For assets classified Substandard or Doubtful, a bank's examiner is authorized to direct the establishment of a general allowance for loan losses based on the assets classified and the overall quality of the bank's asset portfolio. This valuation allowance must be established in accordance with generally accepted accounting principles. For assets or portions of assets classified as loss, a bank is required either to establish specific allowances of 100% of the amount so classified, or to charge off such amount. These specific allowances or charge offs must also be established in accordance with generally accepted accounting principles.

The Bank is responsible for determining the valuation and classification of its assets, subject to review by regulatory authorities. Portions of an asset may be classified in more than one category.

An asset will be designated Watch if it does not justify a classification of Substandard but does constitute undue and unwarranted credit risk to the Bank. An asset will be classified Substandard if it is determined to involve a distinct possibility that the Bank may sustain some loss if deficiencies associated with the loan, such as inadequate documentation, are not corrected. An asset will be classified as Doubtful if full collection is highly questionable or improbable. An asset will be classified as Loss if it is considered uncollectible, even if a partial recovery may be expected in the future.

The Bank closely monitors its classified loans and actively attempts to dispose of real estate acquired in settlement of loans. Real estate acquired through foreclosure is appraised when acquired and is recorded at the lower of cost or fair market value.

At September 30, 2002, the following amounts of loans were classified as follows:

Special Mention	$8,777,032
Substandard	8,910,205
Doubtful	-
Loss	-
	$17,687,237

Non-accrual, Past Due and Restructured Loans

The Bank has approximately $5,477,000 of loans in non-accrual status at September 30, 2002. The Bank had approximately $3,541,000 of loans in non-accrual status at September 30, 2001. The Bank has had no restructured loans. ("Management's Discussion and Analysis of Financial Condition and Results of Operations - Provision for Loan Losses" in the Company's Annual Report is incorporated by reference herein.) Had all non-accrual loans at September 30, 2002 actually accrued interest for the full fiscal year, approximately $215,000 of additional interest income would have been added to fiscal earnings.

Accrual of interest is discontinued when either principal or interest become 90 days past due unless, in management's opinion, the loan is well secured and in the process of collection.

Provision for Loan Losses

The provision for loan losses for the fiscal year ended September 30, 2002 totaled $120,000, decreasing $315,000 over the fiscal year 2001. The provision has continued to decrease to levels experienced prior to fiscal year 2000 as a result of the resolution of loans originated by a particular loan officer. The Bank experienced substantial charge-offs in 2000 primarily as a result of under collateralized loans made by a particular loan officer. During a six-month period, the loan officer made loans totaling approximately $3.3 million that were under collateralized. The loan officer provided falsified collateral information to the loan committee and granted a large number of small dollar loans that were under the scope of a loan review. Once it was determined that the loan officer was making under collateralized loans, he was immediately terminated and a suspicious activities report was filed with the Office of Thrift Supervision. Of the total loans charged-off in 2000, 84.70% or $1.4 million was relate d to the particular loan officer. Management felt it necessary to increase the allowance for loan losses in fiscal year 2000 as a result of the increased charge-offs and to allocate a portion of the reserve to loans remaining in the portfolio that were originated by the particular loan officer and thought to have a high risk of loss based upon the characteristics of the loan. Of the total provision at September 30, 2000 approximately 72.94% or $1.9 million related to loans remaining in the portfolio related to the particular loan officer.

The Bank has made significant progress in resolving loan problems related to fiscal year 2000. Of the total allowance at September 30, 2002, approximately 16.83% or $378,000 relates to loans originated by the particular loan officer. The Bank has recovered approximately $116,000 of the $1.4 million charged-off in fiscal year 2000. Charge-offs for fiscal year ended September 30, 2002 totaled $768,476, of those $393,350, or 59.18% were related to the particular loan officer.

Management has taken additional precautions since that time to ensure that all loans are properly collateralized. The Company engaged an outside firm to conduct quarterly loan reviews of the loan portfolio in order to assist in identifying all loans originated by the particular loan officer and as a preventative measure to ensure timely recognition of under collateralized loans. The quarterly review process includes all loans, regardless of principal amount. The Company also hired a credit analyst to review and provide recommendations on larger loan applications.

Net interest income after the provision for loan losses at September 30, 2002 decreased $794,294, or 8.34% from the same period last year. The decrease is directly related to the decrease in loan interest income resulting from a decrease in interest rates.

Allowance for Loan Losses

For a detailed analysis of the allowance for loan losses, Management's Discussion and Analysis of Financial Condition and Results of Operations - Provision for Loan Losses is incorporated by reference from the Annual Report to Shareholders herein.

The Company has allocated the allowance for loan losses according to the amount deemed to be reasonably necessary to provide for losses being incurred within the categories of loans set forth in the table below. This allocation is based on management's evaluation of the loan portfolio under current economic conditions, past loan loss experience, adequacy and nature of collateral, and such factors which, in the judgment of management, deserve recognition in estimating loan losses. Regulatory agencies, as an integral part of their examination process, periodically review the Company's allowances for probable losses on loans and real estate acquired through foreclosure and other non-performing assets. Such agencies may require the Company to make additions to the allowance based on their judgments about information available to them at the time of their examination. Because the allocation is based on estimates and subjective judgment, it is not necessarily indicative of the specific amounts or loan categorie s in which charge-offs may occur.

The allocation of the allowance for probable loan losses to the various loan categories and the ratio of each loan category to total loans outstanding at September 30, are presented in the following table.

	September 30,									
	2002		2001		2000		1999		1998	
(In Thousands)	Amount		Amount		Amount		Amount		Amount	
Balance at the end of the year applicable to:										
Commercial, financial, and agricultural	$ 148	6.92%	$ 185	7.80%	$ 171	8.71%	$ 196	10.01%	$ 143	6.95%
Real estate-construction	294	13.75%	427	17.99%	390	18.26%	203	19.26%	34	17.79%
Real estate-mortgage	1,529	71.52%	1,543	65.03%	1,600	65.24%	714	62.26%	287	67.49%
Consumer	167	7.81%	218	9.18%	134	7.79%	61	8.47%	38	7.77%
Unallocated	103	N/A	41	N/A	70	N/A	62	N/A	467	N/A
	$ 2,241	100.00%	$ 2,414	100.00%	$ 2,365	100.00%	$ 1,236	100.00%	$ 969	100.00%

The percentage columns are the percentage of total loans in each category to total loans.

Loan Repayments

In addition to regularly scheduled repayments, loans are prepaid in full as properties are sold, or are refinanced by the Bank or other lenders, or are satisfied in full by the borrower. Loan repayments constitute a major source of funding for the Bank.

Other

The Company has no foreign operations and, accordingly, there are no assets or liabilities attributed to foreign operations.

At September 30, 2002, the Company had no concentration of loans exceeding 10% of total loans to borrowers engaged in any single industry.

Investment Activities

The Bank is required under federal regulations to maintain a minimum amount of liquid assets and is also permitted to make certain other securities investments. It is the intention of management to hold securities with short maturities in the Bank's investment portfolio in order to enable the Bank to match more closely the interest rate sensitivities of its assets and liabilities. All of the Bank's investments are subject to interest rate risk. Since some securities have fixed interest rates, as interest rates rise the value of the securities falls and as rates decline the value increases. In addition, mortgage-backed securities are subject to prepayment risk. As rates fall, prepayments increase and the amount of the security earning the coupon rate declines.

Investment decisions are made by senior officers of the Bank. The actions of the officers are within policies established by the Board of Directors. At September 30, 2002 the investment portfolio totaled approximately $25,852,000.

The following table sets forth the amortized cost, approximate fair value, and weighted average yield of the investment portfolio. The weighted average yield with respect to maturities is also presented.

INVESTMENT SECURITIES ANALYSIS			
	Amortized Cost	Weighted Average Yield	Fair Value
September 30, 2002:			
Investment securities:			
Mortgage-backed securities and SBA's	$ 19,989,246	6.43%	$ 20,672,751
State and municipal bonds	5,862,273	7.78%	5,857,269
	$ 25,851,519	6.90%	$ 26,530,020
	Amortized Cost	Weighted Average Yield	Fair Value
September 30, 2001:			
Investment securities:			
Mortgage-backed securities and SBA's	$ 21,470,502	6.63%	$ 21,933,542
State and municipal bonds	4,480,175	5.40%	4,525,520
	$ 25,950,677	6.58%	$ 26,459,062
	Amortized Cost	Weighted Average Yield	Fair Value
September 30, 2000:			
Investment securities:			
Mortgage-backed securities and SBA's	$ 16,692,276	6.46%	$ 16,291,054
State and municipal bonds	1,185,845	6.82%	1,184,626
	$ 17,878,121	6.42%	$ 17,475,680

A summary of investment and mortgage-backed securities by maturities as of September 30, 2002 follows:

	Amortized Cost	Weighted Average Yield	Fair Value
Investment Securities:			
Within 1 year	$ 101,129	6.16%	$ 103,472
After 1 year through 5 years	1,599,354	6.13%	1,651,466
After 5 years through 10 years	5,148,443	5.30%	5,202,460
After 10 years	19,002,593	7.68%	19,572,622
	$ 25,851,519	6.90%	$ 26,530,020

Yields on tax-exempt securities are computed on tax equivalent basis.

INTEREST DIFFERENTIAL

The following table describes the extent to which changes in volume of interest-earning assets and interest-bearing liabilities and changes in interest rates have affected the Bank's interest income and expense during the periods indicated. For each category of interest-earning asset and interest-bearing liability, information is provided on changes attributable to (a) change in volume (change in volume multiplied by old rate) and (b) change in rate (change in rate multiplied by old volume). The net change attributable to the combined impact of volume and rate has been allocated to both components in proportion to the relationship of the absolute dollar amounts of the change in each.

	Year Ended September 30, 2002 vs. Year Ended September 30, 2001		
(In Thousands)	Total	Rate	Volume
Interest income:			
Loans	$ (4,048)	$ (4,877)	$ 829
Investment securities	246	37	209
Interest-bearing deposits in other banks	399	160	239
Total interest-earning assets	(3,403)	(4,680)	1,277
Interest expense:			
Deposits	(3,068)	(2,880)	(188)
Federal Home Loan Bank advances and			
other borrowings	(22)	(2,002)	1,980
Total interest-bearing liabilities	(3,090)	(4,882)	1,792
Net interest income	$ (313)	$ 202	$ (515)
	Year Ended September 30, 2001 vs. Year Ended September 30, 2000		
(In Thousands)	Total	Rate	Volume
Interest income:			
Loans	$ (348)	$ (12)	$ (336)
Investment securities	605	216	389
Interest-bearing deposits in other banks	63	(45)	108
Total interest-earning assets	320	159	161
Interest expense:			
Deposits	883	333	550
Federal Home Loan Bank advances and			
other borrowings	(119)	(230)	111
Total interest-bearing liabilities	764	102	662
Net interest income	$ (444)	$ 57	$ (501)

Retail Banking Activities and Sources of Funds

General

The Bank's retail banking activities consist of attracting deposits and making consumer and commercial loans. A principal objective of the Bank is to establish a total banking relationship, including a deposit relationship as well as a lending relationship, between the Bank and the customer.

Savings accounts and other types of deposits generated by the Bank's retail banking division are the primary source of the Bank's funds for use in lending and for other general business purposes. In addition to savings accounts, the Bank derives funds from loan repayments, FHLB advances, other borrowings and operations. Loan repayments are a relatively stable source of funds while deposit inflows and outflows vary widely and are influenced by prevailing interest rates and money market conditions. Borrowings may be used on a short-term basis to compensate for reductions in normal sources of funds such as deposit inflows at less than projected levels and may be used on a longer-term basis to support expanded lending activities. The Bank's sources of borrowings have been advances from the FHLB of Atlanta, obligations under repurchase agreements, and Federal funds purchased.

Deposits

Deposits in the Bank at September 30, 2002 were represented by the various types of programs described as follows:

DEPOSITS AT SEPTEMBER 30, 2002

Type of Account	Term	Minimum Amount	Weighted Average Rate	Balance (Dollars in Thousands)	Percentage of Total Deposits
Easy Checking		$ -	-	$ 13,178	5.83%
Commercial Checking		-	-	17,704	7.83%
NOW Accounts		750	0.50%	27,882	12.34%
Super NOW and MMDA		1,000	2.05%	26,549	11.75%
Statement Savings		100	1.25%	12,305	5.45%
Certificate of deposit accounts:					
Jumbo certificates:	30 days to 5 years	100,000	3.98%	17,034	7.54%
Other time deposits:					
3 months	3-5 months	1,000	2.02%	1,054	0.47%
6 months	6-11 months	1,000	2.48%	10,262	4.54%
1 year	12-17 months	500	3.08%	64,596	28.59%
11/2 years	18-23 months	500	6.18%	1,211	0.54%
2 years	24--29 months	500	3.07%	9,309	4.12%
21/2 years	30-35 months	500	5.01%	945	0.42%
3 years	36-41 months	500	5.97%	4,597	2.03%
31/2 years	42-47 months	500	6.01%	4	0.00%
4 years	48-59 months	500	5.57%	1,346	0.60%
5 years	60 months	500	6.48%	13,823	6.12%
18 month IRA	18 months	500	3.58%	4,077	1.80%
Other	30 days	500	1.75%	101	0.03%
			2.86%	$ 225,977	100.00%

Deposits at September 30, 2001 and 2000 are represented on the following pages.

DEPOSITS AT SEPTEMBER 30, 2001					
Type of Account	**Term**	**Minimum Amount**	**Weighted Average Rate**	**Balance (Dollars in Thousands)**	**Percentage of Total Deposits**
Easy Checking		$ -	-	$ 14,699	6.71%
Commercial Checking		-	-	13,752	6.28%
NOW Accounts		750	1.00%	24,091	11.00%
Super NOW and MMDA		1,000	2.00%	10,657	4.87%
Statement Savings		100	1.50%	12,352	5.64%
Certificate of deposit accounts:					
Jumbo certificates:	30 days to 5 years	100,000	6.34%	16,497	7.53%
Other time deposits:					
3 months	3-5 months	1,000	2.60%	787	0.36%
6 months	6-11 months	1,000	4.05%	8,453	3.86%
1 year	12-17 months	500	5.58%	78,941	36.05%
11/2 years	18-23 months	500	6.18%	1,285	0.59%
2 years	24--29 months	500	6.43%	12,964	5.92%
21/2 years	30-35 months	500	5.88%	1,079	0.49%
3 years	36-41 months	500	5.97%	4,133	1.89%
31/2 years	42-47 months	500	6.93%	54	0.02%
4 years	48-59 months	500	5.90%	1,520	0.69%
5 years	60 months	500	6.49%	13,298	6.07%
18 month IRA	18 months	500	5.45%	4,379	2.00%
Other	30 days	500	1.75%	42	0.02%
			4.06%	$ 218,983	100.00%

DEPOSITS AT SEPTEMBER 30, 2000					
Type of Account	**Term**	**Minimum Amount**	**Weighted Average Rate**	**Balance (Dollars in Thousands)**	**Percentage of Total Deposits**
Easy Checking		$ -	-	$ 10,338	4.40%
Commercial Checking		-	-	13,640	6.37%
NOW Accounts		750	1.00%	20,326	9.50%
Super NOW and MMDA		1,000	2.35%	17,177	8.02%
Statement Savings		100	2.30%	9,925	4.64%
Certificate of deposit accounts:					
Jumbo certificates:	30 days to 5 years	100,000	6.36%	14,659	6.85%
Other time deposits:					
3 months	3-5 months	1,000	4.01%	821	0.38%
6 months	6-11 months	1,000	4.98%	3,643	1.70%
1 year	12-17 months	500	6.28%	84,635	39.54%
11/2 years	18-23 months	500	6.16%	1,663	0.78%
2 years	24--29 months	500	6.03%	10,672	4.99%
21/2 years	30-35 months	500	6.18%	2,556	1.19%
3 years	36-41 months	500	6.93%	4,556	2.13%
31/2 years	42-47 months	500	6.24%	50	0.02%
4 years	48-59 months	500	6.09%	1,789	0.84%
5 years	60 months	500	6.44%	13,066	6.10%
18 month IRA	18 months	500	5.78%	5,126	2.39%
Other	30 days	500	2.75%	331	0.15%
			4.58%	$ 214,973	100.00%

The Bank has a number of different programs designed to attract both short-term and long-term savings of the general public. The programs include commercial demand deposits (checking), NOW accounts, money market deposits accounts (MMDA), traditional passbook savings, time deposits in a minimum amount of $100,000 (Jumbo Certificates), other certificates of deposits and individual retirement accounts (IRAs).

The minimum amount required to open a certificate of deposit for other than retirement accounts ranges from $500 to $100,000, depending on the type of deposit. Rates on certificates of deposit are determined weekly by the Bank, based upon local market rates, national money market rates and yields on assets of the same maturity.

The variety of deposit accounts offered by the Bank allows it to be competitive in obtaining new funds, although the threat of disintermediation (the flow of funds away from the Bank into direct investment vehicles, such as mutual funds and government and corporate securities) still exists. The ability of the Bank to attract and retain deposits and the Bank's cost of funds have been, and will continue to be, significantly affected by capital and money market conditions.

The Bank attempts to control the flow of deposits by pricing its accounts to remain generally competitive with other financial institutions in its market area.

The Bank has generated Jumbo Certificates from both local individuals and businesses and from out-of-town individuals and businesses who have ties to its market area. In addition, the Bank accepts public deposits. The Bank responds to requests for rate information but does not accept deposits for which a broker's commission must be paid. As with other deposits, rates on Jumbo Certificates are set in a manner to be competitive in the Bank's market area.

The following table sets forth the composition of deposits, excluding accrued interest payable, by type and interest rate at the dates indicated.

	September 30,		
	2002	2001	2000
Access accounts:	(In Thousands)		
Commercial checking - 0.00%	$ 30,882	$ 28,450	$ 23,978
NOW accounts - 1.25%	27,882	24,091	20,326
Money Market deposit account - varable rate	26,549	10,658	17,177
Statement savings - 2.30%	12,305	12,352	9,925
Certificates of deposits:			
1.25% - 2.74%	26,017	-	-
2.75% - 5.00%	75,980	36,843	5,608
5.01% - 7.00%	24,027	99,296	130,210
7.01% - 9.00%	2,335	7,293	7,749
Subtotal	225,977	218,983	214,973
Accrued interest	375	641	719
Total	$ 226,352	$ 219,624	$ 215,692

	TIME DEPOSIT MATURITIES					
	Balances at September 30,					
Interest Rates	2002	2003	2004	2005	Thereafter	Total
	(In Thousands)					
1.25% - 2.74%	$ 24,835	1,182	-	-	-	26,017
2.75% - 5.00%	66,583	4,762	3,523	519	593	75,980
5.01% - 7.00%	13,203	8,909	1,179	736	-	24,027
7.01% - 9.00%	714	338	1,283	-	-	2,335
	$ 105,335	15,191	5,985	1,255	593	128,359

JUMBO CD MATURITIES	
Maturity	September 30, 2002
	(In Thousands)
Three months or less	$ -
Three to six months	2,214
Six to twelve months	9,311
Over twelve months	5,509
Total	$ 17,034

AVERAGE DEPOSITS BY TYPE						
	September 30,					
	2002		2001		2000	
	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate
	(In Thousands)					
Non-interest bearing deposits	$ 27,521	-	$ 27,195	-	$ 23,073	-
NOW's	26,553	0.50%	24,180	1.00%	19,770	1.00%
MMDA's	19,715	2.05%	12,755	2.35%	15,531	2.35%
Savings	12,557	1.25%	12,128	2.30%	9,368	2.30%
Time Deposits	133,595	3.76%	140,766	5.86%	137,093	6.00%
Total average deposits	$ 219,941	2.86%	$ 217,024	4.57%	$ 204,835	5.73%

Borrowings

Savings deposits are the primary source of funds for the Bank's lending and investment activities and for its general business purposes. The Bank has, however, used advances from the FHLB of Atlanta and other borrowings to supplement its supply of funds available for lending. Advances from the FHLB are typically secured by a portion of the Bank's first mortgage loans. A summary of the Bank's borrowings from the FHLB is set forth below:

	2002		2001	
Due During Year Ending		Weighted		Weighted
September 30,	Amount	Average Rate	Amount	Average Rate
2002	$ -	- %	$ 500,000	7.90%
2003	7,500,000	2.17	-	-
2005	1,000,000	5.90	-	-
2006	500,000	5.18	1,000,000	5.90
2008	2,000,000	5.51	2,000,000	5.51
	$ 11,000,000	5.96%	$ 3,000,000	5.96%

The FHLB System functions as a central reserve bank providing credit for financial institutions. As a member of the FHLB of Atlanta, the Bank is required to own capital stock in the FHLB of Atlanta and is authorized to apply for advances on the security of its home mortgage loans and other assets (primarily, securities which are obligations of, or are guaranteed by, the United States) provided certain standards related to creditworthiness have been met.

The FHLB offers several different credit programs each with its own interest rate and term. It prescribes the acceptable uses for advances as well as size limitations. The FHLB periodically reviews its credit limitations and standards. Under its current policies, the FHLB limits its advances based on a member institution's net worth or the FHLB's assessment of the institution's creditworthiness. The following table sets forth certain information regarding borrowings by the Bank at the end of and during the periods indicated:

FEDERAL HOME LOAN BANK ADVANCES			
	At September 30,		
	2002	2001	2000
Balance outstanding	$ 11,000,000	$ 3,500,000	$ 2,500,000
Weighted average rate	5.96%	5.96%	5.99%
Maximum amount of short-term borrowings at any month end	$ 11,000,000	$ 3,500,000	$ 8,100,000
Approximate average short-term borrowings outstanding	$ 7,500,000	$ 3,500,000	$ 3,896,995
Approximate weighted average paid on short-term borrowings(1)	2.17%	5.50%	5.50%

1. The average method used is the average end of month totals.

First Georgia Holding, Inc. obtained a line of credit for up to $3,000,000 from the Bankers Bank in March 2000. The interest is payable quarterly at Prime minus 50 basis points (4.0% at September 30, 2002). All of the issued and outstanding shares of capital stock of First Georgia Bank are pledged as collateral for this line of credit. As of September 30, 2002, the Company had borrowed $2,000,000 against this line of credit which matures on March 31, 2012. The Bank did not draw any additional funds on this line of credit during the period ended September 30, 2002. The maximum amount of borrowings at any month end was $2,000,000. The following table sets forth information regarding the Bankers Bank advance at the end of and during the periods indicated.

Bankers Bank Line Of Credit			
	2002	2001	2000
Balance Outstanding	$ 2,000,000	$ 2,000,000	$ 2,000,000
Weighted average rate	4.25%	6.45%	7.50%
Maximum amount of borrowings at any month end	$ 2,000,000	$ 2,000,000	$ 2,000,000
Approximate average borrowings outstanding	$ 2,000,000	$ 2,000,000	$ 1,506,849
Approximate weighted average paid on borrowings	4.40%	6.38%	7.40%

(1) The average method used is the average end of month totals.

Employees

At September 30, 2002, the Bank employed 136 full-time equivalent employees. Management considers relations with its employees to be excellent. The Bank currently maintains a comprehensive employee benefits program including, among other benefits, hospitalization and major medical insurance, life insurance, dental insurance, long term disability, a 401(k) plan and educational assistance. Management considers these benefits to be generally competitive with those offered by competing financial institutions in its market area. The Bank's employees are not represented by any collective bargaining group.

Competition

The Bank's primary market area is southeastern Georgia. The Bank competes for loans primarily through referrals and quality of the services it provides to borrowers and home builders. It competes for savings by offering depositors a wide variety of savings accounts, checking accounts, NOW accounts, convenient office locations, tax-deferred retirement programs and other services.

Federal deregulation of financial institutions has contributed to the dramatic increase in competition for savings dollars between financial institutions and other types of investment vehicles, such as money market mutual funds, U.S. Treasury securities and municipal bonds, as well as an increase in competition with commercial banks for loans, checking accounts and other types of financial services. In addition, large conglomerates and investment banking firms have entered the market for financial services. Accordingly, the Bank, like other institutions, faces increased competition in the future in attracting and retaining customers for the services it offers.

Forward Looking Statements

This Annual Report on Form 10-KSB, other periodic reports filed by the Company under the Securities Exchange Act of 1934, as amended, and any other written or oral statements made by or on behalf of the Company may include forward looking statements which reflect the Company's current views with respect to future events and financial performance. Such forward looking statements are based on general assumptions and are subject to various risks, uncertainties and other factors that may cause actual results to differ materially from the views, beliefs and projections expressed in such statements. These risks, uncertainties and other factors include, but are not limited to:

(a) Possible changes in economic and business conditions that may affect the prevailing interest rates, the prevailing rates of inflation or the amount of growth, stagnation or recession in the global, U.S. and southeastern U.S. economies, the value of investments, collectibility of loans, and the profitability of business entities;

(b) Possible changes in monetary and fiscal policies, laws and regulations, and other activities of governments, agencies and similar organizations;

(c) The effects of easing of restrictions on participants in the financial services industry, such as banks, securities brokers and dealers, investment companies and finance companies, and attendant changes in patterns and effects of competition in the financial services industry.

(d) The cost and other effects of legal and administrative cases and proceedings, claims, settlements and judgments;

(e) The ability of the Company to achieve the earnings expectations related to the continued growth of the markets in which the Company operates consistent with recent historical experience, and the Company's ability to expand into new markets and to maintain profit margins in the face of pricing pressures.

The words "believe," "expect," "anticipate," "project" and similar expressions signify forward looking statements. Readers are cautioned not to place undue reliance on any forward looking statements made by or on behalf of the Company. Any such statements speak only as of the date the statement was made. The Company undertakes no obligation to update or revise any forward looking statements.

Supervision and Regulation

Both the Company and the Bank are subject to extensive state and federal banking regulations that impose restrictions on and provide for general regulatory oversight of their operations. These laws are generally intended to protect depositors and not shareholders. The following discussion describes the material elements of the regulatory framework that applies to us.

The Company

Since the Company owns all of the capital stock of the Bank, it is a bank holding company under the federal Bank Holding Company Act of 1956. As a result, the Company is primarily subject to the supervision, examination, and reporting requirements of the Bank Holding Company Act and the regulations of the Federal Reserve.

Acquisitions of Banks. The Bank Holding Company Act requires every bank holding company to obtain the Federal Reserve's prior approval before:

- acquiring direct or indirect ownership or control of any voting shares of any bank if, after the acquisition, the bank holding company will directly or indirectly own or control more than 5% of the bank's voting shares;
- acquiring all or substantially all of the assets of any bank; or
- merging or consolidating with any other bank holding company.

Additionally, the Bank Holding Company Act provides that the Federal Reserve may not approve any of these transactions if it would result in or tend to create a monopoly or, substantially lessen competition or otherwise function as a restraint of trade, unless the anticompetitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned and the convenience and needs of the community to be served. The Federal Reserve's consideration of financial resources generally focuses on capital adequacy, which is discussed below.

Under the Bank Holding Company Act, if adequately capitalized and adequately managed, the Company or any other bank holding company located in Georgia may purchase a bank located outside of Georgia. Conversely, an adequately capitalized and adequately managed bank holding company located outside of Georgia may purchase a bank located inside Georgia. In each case, however, restrictions may be placed on the acquisition of a bank that has only been in existence for a limited amount of time or will result in specified concentrations of deposits.

For example, Georgia law prohibits a bank holding company from acquiring control of a financial institution until the target financial institution has been incorporated for five years. Because the Bank has been incorporated for more than five years, this limitation does not apply to the Company or the Bank.

Change in Bank Control. Subject to various exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with related regulations, require Federal Reserve approval prior to any person or company acquiring "control" of a bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of the bank holding company. Control is rebuttably presumed to exist if a person or company acquires 10% or more, but less than 25%, of any class of voting securities and either:

- the bank holding company has registered securities under Section 12 of the Securities Act of 1934; or
- no other person owns a greater percentage of that class of voting securities immediately after the transaction.

Our common stock is registered under the Securities Exchange Act of 1934. The regulations provide a procedure for challenge of the rebuttable control presumption.

Permitted Activities. Generally, bank holding companies are prohibited under the Bank Holding Company Act, from engaging in or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in any activity other than:

- banking or managing or controlling banks; and
- an activity that the Federal Reserve determines to be so closely related to banking as to be a proper incident to the business of banking.

  Activities that the Federal Reserve has found to be so closely related to banking as to be a proper incident to the business of banking include:

- factoring accounts receivable;
- making, acquiring, brokering or servicing loans and usual related activities;
- leasing personal or real property;
- operating a non-bank depository institution, such as a savings association;
- trust company functions;
- financial and investment advisory activities;
- conducting discount securities brokerage activities;
- underwriting and dealing in government obligations and money market instruments;
- providing specified management consulting and counseling activities;
- performing selected data processing services and support services;
- acting as agent or broker in selling credit life insurance and other types of insurance in connection with credit transactions; and
- performing selected insurance underwriting activities.

Despite prior approval, the Federal Reserve may order a bank holding company or its subsidiaries to terminate any of these activities or to terminate its ownership or control of any subsidiary when it has reasonable cause to believe that the bank holding company's continued ownership, activity or control constitutes a serious risk to the financial safety, soundness, or stability of it or any of its bank subsidiaries.

A bank holding company that qualifies and elects to become a financial holding company is permitted to engage in activities that are financial in nature or incidental or complementary to financial activity. The Bank Holding Company Act expressly lists the following activities as financial in nature:

- lending, trust and other banking activities;
- insuring, guaranteeing, or indemnifying against loss or harm, or providing and issuing annuities, and acting as principal, agent, or broker for these purposes, in any state;
- providing financial, investment, or advisory services;
- issuing or selling instruments representing interests in pools of assets permissible for a bank to hold directly;
- underwriting, dealing in or making a market in securities;
- other activities that the Federal Reserve may determine to be so closely related to banking or managing or controlling banks as to be a proper incident to managing or controlling banks;
- foreign activities permitted outside of the United States if the Federal Reserve has determined them to be usual in connection with banking operations abroad;
- merchant banking through securities or insurance affiliates; and
- insurance company portfolio investments.

To qualify to become a financial holding company, the Bank and any other depository institution subsidiary of the Company must be well capitalized and well managed and must have a Community Reinvestment Act rating of at least satisfactory. Additionally, the Company must file an election with the Federal Reserve to become a financial holding company and must provide the Federal Reserve with 30 days' written notice prior to engaging in a permitted financial activity. Although we are eligible to elect to become a financial holding company, we currently have no plans to make such an election.

***Support of Subsidiary Institutions*.** Under Federal Reserve policy, the Company is expected to act as a source of financial strength for the Bank and to commit resources to support the Bank. This support may be required at times when, without this Federal Reserve policy, the Company might not be inclined to provide it. In addition, any capital loans made by the Company to the Bank will be repaid only after its deposits and various other obligations are repaid in full. In the unlikely event of the Company's bankruptcy, any commitment by it to a federal bank regulatory agency to maintain the capital of the Bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

The Bank

Since the Bank is a commercial bank chartered under the laws of the State of Georgia, it is primarily subject to the supervision, examination and reporting requirements of the FDIC and the Georgia Department of Banking and Finance. The FDIC and Georgia Department of Banking and Finance regularly examine the Bank's operations and have the authority to approve or disapprove mergers, the establishment of branches and similar corporate actions. Both regulatory agencies have the power to prevent the continuance or development of unsafe or unsound banking practices or other violations of law. Additionally, the Bank's deposits are insured by the FDIC to the maximum extent provided by law. The Bank is also subject to numerous state and federal statutes and regulations that affect its business, activities and operations.

***Branching*.** Under current Georgia law, the Bank may open branch offices throughout Georgia with the prior approval of the Georgia Department of Banking and Finance. In addition, with prior regulatory approval, the Bank may acquire branches of existing banks located in Georgia. The Bank and any other national or state-chartered bank generally may branch across state lines by merging with banks in other states if allowed by the applicable states' laws. Georgia law, with limited exceptions, currently permits branching across state lines through interstate mergers.

Under the Federal Deposit Insurance Act, states may "opt-in" and allow out-of-state banks to branch into their state by establishing a new start-up branch in the state. Currently, Georgia has not opted-in to this provision. Therefore, interstate merger is the only method through which a bank located outside of Georgia may branch into Georgia. This provides a limited barrier of entry into the Georgia banking market, which protects us from an important segment of potential competition. However, because Georgia has elected not to opt-in, our ability to establish a new start-up branch in another state may be limited. Many states that have elected to opt-in have done so on a reciprocal basis, meaning that an out-of-state bank may establish a new start-up branch only if their home state has also elected to opt-in. Consequently, until Georgia changes its election, the only way we will be able to branch into states that have elected to opt-in on a reciprocal basis will be through interstate merger.

Prompt Corrective Action. The Federal Deposit Insurance Corporation Improvement Act of 1991 establishes a system of prompt corrective action to resolve the problems of undercapitalized financial institutions. Under this system, the federal banking regulators have established five capital categories-well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized-in which all institutions are placed. The federal banking agencies have also specified by regulation the relevant capital levels for each of the other categories.

Federal banking regulators are required to take various mandatory supervisory actions and are authorized to take other discretionary actions with respect to institutions in the three undercapitalized categories. The severity of the action depends upon the capital category in which the institution is placed. Generally, subject to a narrow exception, the banking regulator must appoint a receiver or conservator for an institution that is critically undercapitalized.

An institution in any of the undercapitalized categories is required to submit an acceptable capital restoration plan to its appropriate federal banking agency. A bank holding company must guarantee that a subsidiary depository institution meets its capital restoration plan, subject to various limitations. The controlling holding company's obligation to fund a capital restoration plan is limited to the lesser of 5% of an undercapitalized subsidiary's assets at the time it became undercapitalized or the amount required to meet regulatory capital requirements. An undercapitalized institution is also generally prohibited from increasing its average total assets, making acquisitions, establishing any branches or engaging in any new line of business, except under an accepted capital restoration plan or with FDIC approval. The regulations also establish procedures for downgrading an institution to a lower capital category based on supervisory factors other than capital.

FDIC Insurance Assessments. The FDIC has adopted a risk-based assessment system for insured depository institutions that takes into account the risks attributable to different categories and concentrations of assets and liabilities. The system assigns an institution to one of three capital categories: (1) well capitalized; (2) adequately capitalized; and (3) undercapitalized. These three categories are substantially similar to the prompt corrective action categories described above, with the "undercapitalized" category including institutions that are undercapitalized, significantly undercapitalized, and critically undercapitalized for prompt corrective action purposes. The FDIC also assigns an institution to one of three supervisory subgroups based on a supervisory evaluation that the institution's primary federal regulator provides to the FDIC and information that the FDIC determines to be relevant to the institution's financial condition and the risk posed to the deposit insurance funds. A ssessments range from 0 to 27 cents per $100 of deposits, depending on the institution's capital group and supervisory subgroup. In addition, the FDIC imposes assessments to help pay off the $780 million in annual interest payments on the $8 billion Financing Corporation bonds issued in the late 1980s as part of the government rescue of the thrift industry. This assessment rate is adjusted quarterly and is set at 1.82 cents per $100 of deposits for the first quarter of 2002.

The FDIC may terminate its insurance of deposits if it finds that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Community Reinvestment Act. The Community Reinvestment Act requires that, in connection with examinations of financial institutions within their respective jurisdictions, the Federal Reserve or the FDIC shall evaluate the record of each financial institution in meeting the credit needs of its local community, including low and moderate-income neighborhoods. These facts are also considered in evaluating mergers, acquisitions, and applications to open a branch or facility. Failure to adequately meet these criteria could impose additional requirements and limitations on the Bank and the Company. Since our aggregate assets are not more than $250 million, under the Gramm-Leach-Bliley Act, we are subject to a Community Reinvestment Act examination only once every 60 months if we receive an outstanding rating, once every 48 months if we receive a satisfactory rating and as needed if our rating is less than satisfactory. Additionally, we must publicly disclose the terms of various Community Reinvest ment Act-related agreements.

Other Regulations. Interest and other charges collected or contracted for by the Bank are subject to state usury laws and federal laws concerning interest rates. For example, under the Soldiers' and Sailors' Civil Relief Act of 1940, a lender is generally prohibited from charging an annual interest rate in excess of 6% on any obligation for which the borrower is a person on active duty with the United States military.

The Bank's loan operations are also subject to federal laws applicable to credit transactions, such as:

- The federal Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- The Home Mortgage Disclosure Act of 1975, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- The Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;

- The Fair Credit Reporting Act of 1978, governing the use and provision of information to credit reporting agencies;
- The Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies;
- Soldiers' and Sailors' Civil Relief Act of 1940, governing the repayment terms of, and property rights underlying, secured obligations of persons in military service; and
- The rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

The deposit operations of the Bank are subject to:

- The Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; and
- The Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve to implement that act, which govern automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services.

Capital Adequacy

The Company and the Bank are required to comply with the capital adequacy standards established by the Federal Reserve, in the case of the Company, and the FDIC and Georgia Department of Banking and Finance, in the case of the Bank. The Federal Reserve has established a risk-based and a leverage measure of capital adequacy for bank holding companies. The Bank is also subject to risk-based and leverage capital requirements adopted by the FDIC, which are substantially similar to those adopted by the Federal Reserve for bank holding companies.

The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and bank holding companies, to account for off-balance-sheet exposure, and to minimize disincentives for holding liquid assets. Assets and off-balance-sheet items, such as letters of credit and unfunded loan commitments, are assigned to broad risk categories, each with appropriate risk weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance-sheet items.

The minimum guideline for the ratio of total capital to risk-weighted assets is 8%. Total capital consists of two components, Tier 1 Capital and Tier 2 Capital. Tier 1 Capital generally consists of common shareholders' equity, minority interests in the equity accounts of consolidated subsidiaries, qualifying non-cumulative perpetual preferred stock, and a limited amount of qualifying cumulative perpetual preferred stock and trust preferred securities, less goodwill and other specified intangible assets. Tier 1 Capital must equal at least 4% of risk-weighted assets. Tier 2 Capital generally consists of subordinated debt, other preferred stock and hybrid capital and a limited amount of loan loss reserves. The total amount of Tier 2 Capital is limited to 100% of Tier 1 Capital. At September 30, 2002 our consolidated ratio of total capital to risk-weighted assets was 11.48% and our consolidated ratio of Tier 1 Capital to risk-weighted assets was 10.35%.

In addition, the Federal Reserve has established minimum leverage ratio guidelines for bank holding companies. These guidelines provide for a minimum ratio of Tier 1 Capital to average assets, less goodwill and other specified intangible assets, of 3% for bank holding companies that meet specified criteria, including having the highest regulatory rating and implementing the Federal Reserve's risk-based capital measure for market risk. All other bank holding companies generally are required to maintain a leverage ratio of at least 4%. At September 30, 2002, our consolidated leverage ratio was 7.88%. The guidelines also provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without reliance on intangible assets. The Federal Reserve considers the leverage ratio and other indicators of capital strength in evaluating proposals for expansion or new activities.

The Bank and the Company are also both subject to leverage capital guidelines issued by the Georgia Department of Banking and Finance, which provide for minimum ratios of Tier 1 capital to total assets. These guidelines are substantially similar to those adopted by the Federal Reserve in the case of the Company and those adopted by the FDIC in the case of the Bank.

Failure to meet capital guidelines could subject a bank or bank holding company to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on accepting brokered deposits, and certain other restrictions on its business. As described above, significant additional restrictions can be imposed on FDIC-insured depository institutions that fail to meet applicable capital requirements. See "-Prompt Corrective Action."

Payment of Dividends

The Company is a legal entity separate and distinct from the Bank. The principal source of the Company's cash flow, including cash flow to pay dividends to its shareholders, is dividends that the Bank pays to it. Statutory and regulatory limitations apply to the Bank's payment of dividends to the Company as well as to the Company's payment of dividends to its shareholders.

If, in the opinion of the federal banking regulator, the Bank were engaged in or about to engage in an unsafe or unsound practice, the federal banking regulator could require, after notice and a hearing, that it cease and desist from its practice. The federal banking agencies have indicated that paying dividends that deplete a depository institution's capital base to an inadequate level would be an unsafe and unsound banking practice. Under the Federal Deposit Insurance Corporation Improvement Act of 1991, a depository institution may not pay any dividend if payment would cause it to become undercapitalized or if it already is undercapitalized. Moreover, the federal agencies have issued policy statements that provide that bank holding companies and insured banks should generally only pay dividends out of current operating earnings. See "-Prompt Corrective Action" above.

The Georgia Department of Banking and Finance also regulates the Bank's dividend payments and must approve dividend payments that would exceed 50% of the Bank's net income for the prior year. Our payment of dividends may also be affected or limited by other factors, such as the requirement to maintain adequate capital above regulatory guidelines.

Restrictions on Transactions with Affiliates

The Company and the Bank are subject to the provisions of Section 23A of the Federal Reserve Act. Section 23A places limits on the amount of:

- loans or extensions of credit to affiliates;
- investment in affiliates;
- the purchase of assets from affiliates, except for real and personal property exempted by the Federal Reserve;
- loans or extensions of credit to third parties collateralized by the securities or obligations of affiliates; and
- any guarantee, acceptance or letter of credit issued on behalf of an affiliate.

The total amount of the above transactions is limited in amount, as to any one affiliate, to 10% of a bank's capital and surplus and, as to all affiliates combined, to 20% of a bank's capital and surplus. In addition to the limitation on the amount of these transactions, each of the above transactions must also meet specified collateral requirements. The Company must also comply with other provisions designed to avoid the taking of low-quality assets.

The Company and the Bank are also subject to the provisions of Section 23B of the Federal Reserve Act which, among other things, prohibit an institution from engaging in the above transactions with affiliates unless the transactions are on terms substantially the same, or at least as favorable to the institution or its subsidiaries, as those prevailing at the time for comparable transactions with nonaffiliated companies.

The Bank is also subject to restrictions on extensions of credit to its executive officers, directors, principal shareholders and their related interests. These extensions of credit (1) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties, and (2) must not involve more than the normal risk of repayment or present other unfavorable features**.**

Privacy

Financial institutions are required to disclose their policies for collecting and protecting confidential information. Customers generally may prevent financial institutions from sharing nonpublic personal financial information with nonaffiliated third parties except under narrow circumstances, such as the processing of transactions requested by the consumer. Additionally, financial institutions generally may not disclose consumer account numbers to any nonaffiliated third party for use in telemarketing, direct mail marketing or other marketing to consumers.

Anti-Terrorism Legislation

In the wake of the tragic events of September 11th, on October 26, 2001, the President signed the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001. Under the USA PATRIOT Act, financial institutions are subject to prohibitions against specified financial transactions and account relationships as well as enhanced due diligence and "know your customer" standards in their dealings with foreign financial institutions and foreign customers. For example, the enhanced due diligence policies, procedures, and controls generally require financial institutions to take reasonable steps:

- to conduct enhanced scrutiny of account relationships to guard against money laundering and report any suspicious transaction;
- to ascertain the identity of the nominal and beneficial owners of, and the source of funds deposited into, each account as needed to guard against money laundering and report any suspicious transactions;
- to ascertain for any foreign bank, the shares of which are not publicly traded, the identity of the owners of the foreign bank, and the nature and extent of the ownership interest of each such owner; and
- to ascertain whether any foreign bank provides correspondent accounts to other foreign banks and, if so, the identity of those foreign banks and related due diligence information.

Under the USA PATRIOT Act, financial institutions were given 180 days from enactment to establish anti-money laundering programs. The USA PATRIOT Act sets forth minimum standards for these programs, including:

- the development of internal policies, procedures, and controls;
- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent audit function to test the programs.

In addition, the USA PATRIOT Act authorizes the Secretary of the Treasury to adopt rules increasing the cooperation and information sharing between financial institutions, regulators, and law enforcement authorities regarding individuals, entities and organizations engaged in, or reasonably suspected based on credible evidence of engaging in, terrorist acts or money laundering activities. Any financial institution complying with these rules will not be deemed to have violated the privacy provisions of the Gramm-Leach-Bliley Act, as discussed above.

Proposed Legislation and Regulatory Action

New regulations and statutes are regularly proposed that contain wide-ranging proposals for altering the structures, regulations and competitive relationships of the nation's financial institutions operating in the United States. We cannot predict whether or in what form any proposed regulation or statute will be adopted or the extent to which our business may be affected by any new regulation or statute.

Effect of Governmental Monetary Polices

Our earnings are affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. The Federal Reserve Bank's monetary policies have had, and are likely to continue to have, an important impact on the operating results of commercial banks through its power to implement national monetary policy in order, among other things, to curb inflation or combat a recession. The monetary policies of the Federal Reserve affect the levels of bank loans, investments and deposits through its control over the issuance of United States government securities, its regulation of the discount rate applicable to member banks and its influence over reserve requirements to which member banks are subject. We cannot predict the nature or impact of future changes in monetary and fiscal policies.

Item 2. DESCRIPTION OF PROPERTIES

The executive office of the Company and Bank is located at 1703 Gloucester Street, Brunswick, Georgia 31520, and its telephone number at that office is (912) 267-7283. The Bank also has six full-service branch offices. The following table sets forth the addresses of the aforementioned offices, their net book value and the expiration dates of the leases applicable to the offices not owned by the Bank.

Office	Lease Expiration Date	Net Book Value
Executive Office		
1703 Gloucester Street Brunswick, GA 31520	owned	$947,450
Full Service Offices		
Altama Avenue Office 4510 Altama Avenue Brunswick, GA 31520	7/28/08	$150,259
Demere Village 2461 Demere Road St. Simons Island, GA 31522	owned	$244,397
North Brunswick Office		
2001 Commercial Drive South Brunswick, GA 31525	owned	$422,322
Colonial Mall Office 109 Scranton Connector Brunswick, GA	owned	$814,617
Waycross 1010 Plant Avenue Waycross, GA31501	owned	$165,148

Refer to the Lending Activities section of Item 1 contained herein for a description of investment policies related to investments in real estate mortgages.

Item 3. LEGAL PROCEEDINGS

Neither the Company nor the Bank is a party to, nor is any of their property the subject of, any material pending legal proceedings, other than ordinary routine litigation incidental to their business, and no such proceedings are known to be contemplated by governmental authorities.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

PART II

Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information concerning common stock, shareholders and dividends appears in the Annual Report under the heading "Shareholder Information" and is incorporated by reference herein. On March 11, 2002, Fred Coolidge, III exercised his previously granted option to purchase 37,979 shares of Company common stock at a price of $.66 per share, for an aggregate purchase price of $25,066.14. The shares issued to Mr. Coolidge were unregistered.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Management's discussion and analysis of the Company's financial condition and its results of operations appears in the Annual Report under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" and is incorporated by reference herein.

Item 7. FINANCIAL STATEMENTS

The consolidated financial statements of the Company and the Bank as of September 30, 2002 and 2001 and for each of the years in the three year periods ended September 30, 2002, 2001, and 2000, and the report issued thereon by the Company's independent certified public accountant, appear in the Annual Report and are incorporated herein by reference.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; Compliance with Section 16(a) of the Exchange Act

Information concerning the Company's and the Bank's Directors and Executive Officers appears in the Proxy Statement under the heading "Election of Directors", "Executive Officers", "Ownership of Stock", and "Compliance with Section 16(a) of the Securities Exchange Act of 1934" and is incorporated by reference herein.

Item 10. EXECUTIVE COMPENSATION

Information concerning the compensation of the Company's and the Bank's Management appears in the Proxy Statement under the heading "Executive Compensation" and is incorporated by reference herein.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning beneficial owners of more than 5% of the Company's common stock appears in the Proxy Statement under the heading "Ownership of Stock - Principal Holders of Stock" and is incorporated by reference herein.

Information concerning the common stock owned by the Company's management appears in the Proxy Statement under the heading "Ownership of Stock - Stock Owned by Management" and is incorporated by reference herein.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions appears in the Proxy Statement under the heading "Executive Compensation - Certain Other Transactions" and is incorporated by reference herein.

Item 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The list of documents set forth on the Exhibit Index that immediately follows the last signature page hereof is incorporated herein by reference, and such documents are filed as exhibits to this report on Form 10-KSB.

(b) Reports on Form 8-K:

Form 8-K dated October 31, 2002 reporting First Georgia Holding, Inc.'s Board of Director's approval of a change in fiscal year end from September 30 to December 31.

Item 14. CONTROLS AND PROCEDURES

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) that is required to be included in the Company's periodic filings with the Securities and Exchange Commission. There have been no significant changes in the Company's internal controls or, to the Company's knowledge, in other factors that could significantly affect those internal controls subsequent to the date the Company carried out its evaluation, and there have been no corrective actions with respect to significant deficiencies and material weaknesses.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST GEORGIA HOLDING, INC.

(Registrant)

BY: ***/s/*** Henry S. Bishop

President, Chief Executive Officer

Date: December 16, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Henry S. Bishop and G.F. Coolidge III, and each of them, the person's attorneys-in-fact, each with full power of substitution, for the person in his or her name, place and stead, in any and all capacities, to sign any amendment to this Report on form 10-KSB, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and hereby ratifies and confirms all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

In accordance with the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Henry S. Bishop	President and Director (principal executive officer)	December 16, 2002
/s/ B.W. Bowie	Director	December 16, 2002
/s/ Terry Driggers	Director	December 16, 2002
/s/ Roy K. Hodnett	Director	December 16, 2002
/s/ E. Raymond Mock	Director	December 16, 2002
/s/ James D. Moore	Director	December 16, 2002
/s/ D. Lamont Shell	Director	December 16, 2002
/s/ William J. Stembler	Director	December 16, 2002
/s/ G.F. Coolidge, III	Chief Operating Officer (principal financial and accounting officer)	December 16, 2002

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, G. F. Coolidge III, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-KSB of First Georgia Holding, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

0. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

0. The registrant's other certifying officers and I have indicated in this annual report if there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 16, 2002

/s/ G. F. Coolidge III

Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Henry S. Bishop, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-KSB of First Georgia Holding, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

1. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

1. The registrant's other certifying officers and I have indicated in this annual report if there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 16, 2002

/s/ Henry S. Bishop

Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Document	Page
3.1	Articles of Incorporation of First Georgia Holding, Inc. incorporated by reference herein By reference to Appendix B to the Proxy Statement and Prospectus included in the Registration statement on Form S-4 (SEC No. 33-19150), filed December 18, 1987 ("Form S-4"), as amended on December 31, 1987 ("Amendment No. 1") First Georgia Savings Bank, F.S.B. is now known as First Georgia Bank, F.S.B.	N/A
3.2	Amended By-Laws of First Georgia Holding, Inc. incorporated by reference to Exhibit 3.2 of the Form 10-KSB for the year ended September 30, 1994 (the "1994 10-KSB")	N/A
*10.1	First Georgia Holding, Inc. 1995 Stock Incentive Plan incorporated by reference to Exhibit 10.1 of the Form 10-KSB for the year ended September 30, 1995 (the "1995 10-KSB")	N/A
*10.2	First Georgia Holding, Inc. Employee Stock Purchase Plan incorporated by reference to Exhibit 10.2 of the 1995 10-KSB	N/A
*10.3	Qualified 401 (k) Standardized Profit Sharing Plan, Adoption Agreement, First Georgia Savings Bank, F.S.B., incorporated herein by reference to Exhibit 10.3 of the Form 10-K for the year ended September 30, 1992 (the "1992 10-K")	N/A
*10.4	Qualified Retirement Plan, Basic Plan Document, First Georgia Savings Bank, F.S.B., incorporated herein by reference to Exhibit 10.4 of the 1992 10-K	N/A
*10.5	Amendment to the First Georgia Holding, Inc. 1995 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.5 of the Form 10-KSB for the year ended September 30, 1999	N/A
*10.6	First Georgia Holding, Inc. 2000 Stock Incentive Plan, incorporated herein by reference to Exhibit 10.6 of the Form 10-KSB for the year ended September 30, 2000	N/A
13	First Georgia Holding, Inc. 2002 Annual Report	N/A
21	Subsidiaries of First Georgia Holding, Inc. incorporated by reference to Exhibit 21.6 of the Form 10-KSB for the year ended September 30, 1993 (the "1993 10-KSB)	N/A
23	Consent of Deloitte & Touche LLP	37
24	A power of attorney is set forth on the signature pages to this Form 10-KSB	31
99	Certification of Chief Executive Officer and Chief Financial Officer	38

EXHIBIT 13

ANNUAL REPORT

First Georgia

Its Mission and Markets

First Georgia Holding, Inc. owns 100% of the stock of First Georgia Bank. The Bank is a state chartered commercial bank and began operation in 1984. First Georgia develops and provides a full range of financial services encompassing retail banking, real estate, commercial and consumer lending and a host of related financial products. The Bank currently operates six full service offices in two Georgia counties.

First Georgia's PRIMARY MISSION is to maximize stockholder value in a prudent manner. We will concentrate on the following principles:

We will maintain high levels of asset quality through conservative lending policies, a vigorous comprehensive credit administration system and a diversified portfolio of earning assets. Interest rate risk will be thoroughly evaluated and controlled.

Our long-term goals for return on equity and assets will be set at upper levels of peer bank comparisons. We will strive to maintain a strong capital base supported by adequate loan loss reserves.

We will continue to attract and retain exceptional people. We will deliver the best quality customer service available in the banking industry. This high level of personal service is what separates us from our competitors.

Our officers and employees will be encouraged to provide leadership and support in civic and economic development activities. We will also strive to assess and serve the credit needs of each community in which we are located.

We are committed to the overall success of First Georgia. The proper implementation of these principles will continue to maximize the value of the Company.

TABLE OF CONTENTS	

Dear Stockholders:

The year 2002 brought many positive changes to your Company. It was a year in which we changed a number of the ways in which we do business. First, we converted from a Federal Thrift Charter to a State Banking Charter, which occurred on August 19, 2002. We believe that the change to a state bank charter will allow us to better position ourselves for future growth and opportunities within our market place. Also, we have opted to change our fiscal year-end from September 30 to December 31. This will put our Company on a more comparable basis with other banking companies, most of which carry a December 31 year-end.

Net Income for the year was down slightly because of a declining ***Net Interest Margin***. ***Net Income*** decreased $440,547, or 21.94%. However, ***Total Assets*** grew by $15,404,709, or 6.28%. Much of this growth came from an increase in ***Total Deposits***, which amounted to $6,995,065, or 3.19%. Our asset quality remains good and is a high priority with Management. We know that this is the basis for so much of our future earnings.

We look forward to the coming year with eager anticipation, and believe we are positioned to continue to increase our earnings, assets and deposits.

As always, we extend our sincere gratitude and appreciation for your support.

Sincerely,

/s/ Henry S. Bishop

Chairman, President and CEO

FIRST GEORGIA HOLDING, INC.

C O N S O L I D A T E D

F I N A N C I A L

S T A T E M E N T S

September 30, 2002 and 2001 (With Independent Auditors' Report Thereon)

September 30, 2002 and 2001 (With Independent Auditors' Report Thereon)

The Board of Directors and Stockholders

First Georgia Holding, Inc.

Brunswick, Georgia

We have audited the accompanying consolidated balance sheets of First Georgia Holding, Inc. and subsidiary (the "Company") as of September 30, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the companies at September 30, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/Deloitte & Touche LLP

Certified Public Accountants

Jacksonville, Florida

November 22, 2002

CONSOLIDATED BALANCE SHEETS

First Georgia Holding, Inc. and subsidiary

	September 30,		
Assets	**2002**		**2001**
Cash and cash equivalents:			
Cash and due from banks	$ 7,704,464		$ 8,972,134
Federal funds sold	3,975,000		10,759,000
Interest bearing deposits in other banks	166,850		220,179
Total cash and cash equivalents	11,846,314		19,951,313
Investment securities held to maturity, fair value $26,530,020 and $26,459,062 at September 30, 2002 and 2001, respectively (note 2)	25,851,519		25,950,677
Loans receivable, net of allowance for loan loss of $2,240,312 and $2,414,477 at September 30, 2002 and 2001, respectively (note 3)	212,869,728		187,526,158
Real estate owned	578,913		928,739
Federal Home Loan Bank stock, at cost	1,025,900		992,300
Premises and equipment, net (note 4)	5,329,773		5,616,054
Accrued interest receivable (note 5)	1,172,251		1,328,007
Intangible assets, net	406,397		502,025
Deferred income taxes, net (note 9)	585,421		686,327
Other assets	1,206,529		1,986,436
Total Assets	$ 260,872,745		$ 245,468,036
Liabilities and Stockholders' Equity			
Liabilities:			
Deposits (note 6)	$ 225,977,853		$ 218,982,788
Federal Home Loan Bank advances (note 7)	11,000,000		3,500,000
Other borrowed funds (note 7)	2,000,000		2,000,000
Accrued interest payable	375,206		644,192
Obligations under capital lease (note 10)	150,260		172,959
Accrued expenses and other liabilities	450,999		498,937
Total liabilities	239,954,318		225,798,876
Commitments and contingencies (notes 10 and 15)			
Stockholders' Equity (note 8):			
Common stock, $1 par value; 10,000,000 shares authorized; 7,751,712 and 7,713,733 shares issued and outstanding at September 30, 2002 and 2001, respectively	7,751,712		7,713,733
Additional paid-in capital	427,931		396,297
Retained earnings	12,738,784		11,559,130
Total stockholders' equity	20,918,427		19,669,160
Total Liabilities and Stockholders' Equity	$ 260,872,745		$ 245,468,036

See accompanying notes to consolidated financial statements.			

CONSOLIDATED STATEMENTS OF OPERATIONS

First Georgia Holding, Inc. and subsidiary

	Years Ended September 30,		
	2002	**2001**	**2000**
Interest Income:			
Loans	$ 14,093,394	$ 18,141,655	$ 18,489,668
Mortgage-backed securities	1,592,047	1,448,729	947,405
Investment securities	305,492	202,033	98,175
Other	60,677	459,503	396,951
Total interest income	16,051,610	20,251,920	19,932,199
Interest Expense:			
Deposits (note 6)	6,850,532	9,918,978	9,036,423
Advances and other borrowings	356,744	379,314	498,612
Total interest expense	7,207,276	10,298,292	9,535,035
Net interest income	8,844,334	9,953,628	10,397,164
Provision for Loan Losses (note 3)	120,000	435,000	2,640,000
Net interest income after provision			
for loan losses	8,724,334	9,518,628	7,757,164
Other Income:			
Loan fees	565,194	568,471	562,736
Deposit service charges	2,047,364	2,035,355	1,937,686
Other operating income	461,735	301,061	206,274
Total other income	3,074,293	2,904,887	2,706,696
Other Expenses:			
Salaries and employee benefits	4,841,082	4,577,347	3,959,488
Net occupancy expense	1,677,087	1,860,489	1,691,623
Data processing expenses	181,032	104,196	89,613
Postage	176,405	151,613	239,813
Office supplies	234,673	247,879	260,355
Amortization of intangibles	95,628	95,628	95,628
Federal insurance premiums	54,097	79,715	54,019
Other operating expenses	2,112,480	2,167,642	1,732,515
Total other expenses	9,372,484	9,284,509	8,123,054
Income before income taxes	2,426,143	3,139,006	2,340,806
Income Tax Expense (note 9)	858,904	1,131,220	909,151
Net Income	$ 1,567,239	$ 2,007,786	$ 1,431,655
Net Income Per Share (Note 13):			
Basic	$ 0.20	$ 0.26	$ 0.20
Diluted	$ 0.20	$ 0.26	$ 0.19
See accompanying notes to consolidated financial statements.			

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

First Georgia Holding, Inc. and subsidiary

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
Balance, September 30, 1999	$ 7,198,371	$ 715,740		$ 9,410,400	$ 17,324,511
Purchase of treasury stock	-	-	$ (713,813)	-	(713,813)
Reissuance of treasury stock					
and simultaneous exercise of					
stock options	363,487	(363,487)	713,813	-	713,813
Exercise of stock options	151,875	44,044	-	-	195,919
Net income	-	-	-	1,431,655	1,431,655
Cash dividends, $0.08 per share	-	-	-	(596,479)	(596,479)
Balance, September 30, 2000	7,713,733	396,297	-	10,245,576	18,355,606
Net income	-	-	-	2,007,786	2,007,786
Cash dividends, $0.08 per share	-	-	-	(694,232)	(694,232)
Balance, September 30, 2001	7,713,733	396,297	-	11,559,130	19,669,160
Exercise of stock options	37,979	(12,914)	-	-	25,065
Income tax benefit resulting from					
exercise of stock options	-	44,548	-	-	44,548
Net income	-	-	-	1,567,239	1,567,239
Cash dividends, $0.05 per share	-	-	-	(387,585)	(387,585)
Balance, September 30, 2002	$ 7,751,712	$ 427,931	$ -	$ 12,738,784	$ 20,918,427

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

First Georgia Holding, Inc. and subsidiary

	Years Ended September 30,		
	2002	**2001**	**2000**
Operating Activities			
Net income	$ 1,567,239	$ 2,007,786	$ 1,431,655
Adjustments to reconcile net income to net cash			
provided by operating activities:			
Provision for loan losses	120,000	435,000	2,640,000
Depreciation and amortization	708,959	756,221	763,765
(Accretion) amortization of (discounts) premiums			
on investments, net	(434,928)	(456,693)	(17,700)
Amortization of intangibles	95,628	95,628	95,628
Amortization of net deferred loan fees	(148,345)	(191,133)	(249,286)
Gain on sale of real estate owned	(52,394)	(82,124)	(16,315)
Loss on sale of repossessed assets	200	3,700	-
(Gain) loss on sale of premises and equipment	(10,453)	532	7,205
Gain on sale of securities	-	(2,900)	-
Deferred income tax expense (benefit)	100,906	109,714	(384,031)
Decrease (increase) in accrued interest receivable	155,756	179,685	(302,093)
Decrease (increase) in other assets	954,824	(597,972)	(251,582)
(Decrease) increase in accrued interest receivable	(268,986)	(75,010)	201,463
(Decrease) increase in accrued expenses			
and other liabilities	(47,938)	55,367	(230,622)
Net cash provided by operating activities	2,740,468	2,237,801	3,688,087
Investing Activities			
Principal payments received on mortgage-backed			
Securities	2,380,164	2,075,528	1,754,133
Maturities of investment securities	5,079,234	3,689,618	325,000
Purchase of investment securities	(6,925,312)	(13,378,109)	(5,497,496)
Loan originations, net of principal repayments	(26,309,079)	3,388,640	(22,955,322)
Purchase of premises and equipment	(447,503)	(816,724)	(1,450,877)
Proceeds from sale of real estate owned	1,099,588	1,842,446	5,000
Proceeds from sale of repossessed assets	165,917	116,988	29,100
Proceeds from sale of premises and equipment	35,278	13,675	10,750
Purchase of FHLB stock	(33,600)	(100,000)	(54,800)
Net cash used in investing activities	(24,955,313)	(3,167,938)	(27,834,512)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

First Georgia Holding, Inc. and subsidiary

	Years Ended September 30,		
	2002	**2001**	**2000**
Financing Activities			
Net increase in deposits	6,995,065	4,009,758	40,866,111
Proceeds from other borrowed funds	-	-	2,000,000
Proceeds from FHLB advances	20,000,000	6,000,000	-
Repayment of FHLB advances	(12,500,000)	(5,000,000)	(6,100,000)
Principal payments on obligations under			
capital lease	(22,699)	(20,836)	(18,425)
Net decrease in federal funds purchased	-	-	(2,860,000)
Net proceeds from exercise of stock options	25,065	-	195,919
Dividends	(387,585)	(694,232)	(596,479)
Net cash provided by financing activities	14,109,846	4,294,690	33,487,126
(Decrease) increase in cash and cash equivalents	(8,104,999)	3,364,553	9,340,701
Cash and cash equivalents at beginning of year	19,951,313	16,586,760	7,246,059
Cash and cash equivalents at end of year	$ 11,846,314	$ 19,951,313	$ 16,586,760
Supplemental disclosure of cash paid during year for:			
Interest	$ 7,476,000	$ 10,373,000	$ 9,334,000
Income taxes	$ 702,000	$ 925,000	$ 1,649,000

Supplemental disclosure of non-cash activities:

Loans receivable of approximately $1,676,000, $2,779,000 and $758,000 were transferred to real estate owned during the years ended September 30, 2002, 2001, and 2000, respectively.

Loans receivable of approximately $292,000, $97,000 and $37,000 were transferred to repossessed assets during the years ended September 30, 2002, 2001, and 2000, respectively.

Sales of real estate owned totaling approximately $1,085,000, $583,000 and $757,000 for the years ended September 30, 2002, 2001, and 2000, respectively, were financed by the Bank.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

First Georgia Holding, Inc. and subsidiary

Years Ended September 30, 2002, 2001 and 2000

1. Summary of Significant Accounting Policies

First Georgia Holding, Inc. (the "Company") was incorporated on December 16, 1987 for the purpose of acquiring all of the issued and outstanding stock of First Georgia Bank, F.S.B. (the "Bank"). On August 19, 2002, the Bank converted from a federal savings bank to a state chartered commercial bank. The accounting and reporting policies of First Georgia Holding, Inc. and subsidiary conform to accounting principles generally accepted in the United States of America. The following is a description of the more significant of those policies which the Company follows in preparing and presenting its consolidated financial statements.

a. Basis of Financial Statement Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowances for losses on loans and real estate acquired through foreclosure, management obtains independent appraisals on underlying collateral and reviews available market data such as comparable sales and recent market trends through discussions with local real estate professionals.

The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits in other banks and Federal funds sold. Generally, Federal funds sold are held for one day.

(c) Investment Securities Held to Maturity

The Company has classified all its investments in securities as held to maturity based upon positive intent and ability to hold those securities until maturity.

Held to maturity securities are recorded at cost adjusted for the amortization or accretion of premiums and discounts. Premiums and discounts are amortized or accreted over the life of the related investment security using a method which approximates the interest method. Purchase premiums and discounts on mortgage-backed securities are amortized and accreted to interest income using a method which approximates the interest method, over the remaining lives of the securities taking into consideration assumed prepayment patterns.

(d) Loans Receivable and the Allowance for Loan Losses

Loans are reported at principal amounts outstanding, less unearned income and the allowance for loan losses. Interest income is accrued on the unpaid balance.

Loans are placed on a nonaccrual basis when reasonable doubt exists as to the full, timely collection of interest and principal or they become contractually in default for 90 days or more as to either interest or principal unless they are both well secured and in the process of collection.

Additions to the allowance for loan losses are charged to operations based upon management's evaluation of the probable losses in its loan portfolio. This evaluation considers the estimated value of the underlying collateral and such other factors as, in management's judgment, deserve recognition under existing economic conditions. While management uses the best information available to make evaluations, future adjustments to the allowance may be

necessary if conditions differ substantially from the assumptions used in making the evaluations. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowances for losses on loans and real estate owned. Such agencies may require the Bank to recognize additions to the allowances based on their judgments of information available to them at the time of their examination.

A loan is considered impaired when it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. The Bank's impaired loans include nonaccrual loans, troubled debt restructurings, and large loans more than 90 days delinquent in which full payment of principal and interest is not expected. Cash receipts on impaired loans are used to reduce principal balances. Impairment losses are included in the allowance for loan losses through a charge to the provision for loan losses. Impairment losses are measured by the present value of expected future cash flows discounted at the loan's effective interest rate, or at either the loan's observable market price or the fair value of the collateral. Adjustment to impairment losses due to changes in the fair value of an impaired loan's underlying collateral are included in the provision for losses. Upon disposition of an impaired loan, any related valuation allowance is reversed through a charge-off to the allowance for loan losses.

Large groups of smaller balance homogeneous loans (consumer loans) are collectively evaluated for impairment. Commercial loans and larger balance real estate and other loans are individually evaluated for impairment.

(e) Loan Origination and Commitment Fees

Loan origination fees, net of certain direct origination costs, are deferred and amortized on a basis that approximates the interest method over the contractual lives of the underlying loans. In addition, fees for a commitment to originate or purchase loans are offset against direct loan origination costs incurred to make such commitments. The net amounts are deferred and, if the commitment is exercised, recognized over the life of the related loan as a yield adjustment or, if the commitment expires unexercised, recognized as income upon expiration of the commitment.

(f) Real Estate Owned

Real estate owned represents real estate acquired through foreclosure or deed in lieu of foreclosure and is reported at lower of cost or fair value, adjusted for estimated selling costs. Fair value is determined on the basis of current appraisals, comparable sales, and other estimates of value obtained principally from independent sources. Any excess of the loan balance at the time of foreclosure over the fair value of the real estate held as collateral is recorded as a loan loss. Gain or loss on sale and any subsequent permanent decline in fair value is recorded to operations.

(g) Federal Home Loan Bank Stock

Investment in stock of the Federal Home Loan Bank is carried at cost and is required of those institutions who utilize its services. No ready market exists for the stock, and it has no quoted value.

(h) Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets.

(i) Intangible Assets

Intangible assets consist of core deposit premiums and cost in excess of net assets acquired resulting from the Company's branch acquisitions in 1987. Such amounts are amortized using the straight-line method over the estimated life (19 years) of the customer deposit base. The Company writes off the unamortized balance of the intangible assets upon the disposition of the related branches. Intangible

assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. In the event that facts and circumstances indicate that the carrying value of the intangible asset may be impaired, an evaluation of their recoverability would be performed and any resulting impairment loss recorded.

(j) Income Taxes

The Company files consolidated income tax returns with its subsidiary.

Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting basis of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(k) Net Income Per Share

Basic net income per share excludes dilution and is computed by dividing earnings available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted net income per share includes the potential dilutive securities that could share in the earnings.

(l) Stock Options

The Company has elected to account for its stock options under the intrinsic value based method with pro forma disclosures of net earnings and net earnings per share, as if the fair value based method of accounting defined in SFAS No. 123, "Accounting for Stock Based Compensation" had been applied. Under the intrinsic value based method, compensation cost is the excess, if any, of the quoted market price of the stock at the grant date or other measurement date over the amount an employee must pay to acquire the stock. Under the fair value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period.

(m) Reclassification

Certain reclassifications have been made to the 2001 and 2000 consolidated financial statements to conform with the presentation adopted in 2002.

(n) Recent Accounting Pronouncements

In July of 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets". SFAS No. 141 established accounting and reporting standards for business combinations. This Statement eliminates the use of the pooling-of-interests method of accounting for business combinations, requiring future business combinations to be accounted for using the purchase method of accounting. The provisions of this Statement apply to all business combinations initiated after June 30, 2001. This Statement also applies to all business combinations accounted for using the purchase method of accounting for which the date of acquisition is July 1, 2001 or later. Adoption of

SFAS No. 141 had no impact on the Company's consolidated financial position and consolidated results of operations.

SFAS No. 142 established accounting and reporting standards for goodwill and other intangible assets. With the adoption of this Statement, goodwill is no longer subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value based test. SFAS No. 142 is required to be adopted for fiscal years beginning after December 31, 2001. Adoption of SFAS No. 142 did not have a material impact on the Company's consolidated financial position and consolidated results of operations.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and requires that the amount recorded as a liability be capitalized by increasing the carrying amount of the related long-lived assets. Subsequent to initial measurement, the liability is accreted to the ultimate amount anticipated to be paid, and is also adjusted for revisions to the timing or amount of estimated cash flows. The capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS No. 143 is required to be adopted for fiscal years beginning after June 15, 2002, with earlier application encouraged. The adoption of SFAS No. 143 will not have an effect on the Company's consolidated financial position and results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. The adoption of SFAS No. 144 did not have an effect on the Company's consolidated financial position and results of operations.

In April 2002, the Financial Accounting Standards Board issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections". This Statement rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". This Statement also rescinds SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers". This Statement amends SFAS No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The Company adopted SFAS No. 145 on July 1, 20 02. The statement did not have a material impact on the consolidated financial position or results of operations.

In June 2002, the Financial Accounting Standards Board issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". This Statement nullifies Emerging Issues Task force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." Under Issue 94-3, a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. It does not appear that this statement will have a material effect on the financial position, operations or cash flows of the Company.

In October 2002, the FASB issued SFAS No. 147, "Acquisitions of Certain Financial Institutions". This statement removes acquisitions of financial institutions (other than transactions between two or more mutual enterprises) from the scope of SFAS No. 72 "Accounting for Certain Acquisitions of Banking or Thrift Institutions" and FASB Interpretation No. 9, "Applying APB Opinions 16 and 17 When a Savings and Loan or a Similar Institution Is Acquired in a Business Combination Accounted for by the Purchase Method". These types of transactions are now accounted for under SFAS 141 and 142. In addition, this Statement amends SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", to include in its scope long-term customer relationship intangible assets of financial institutions. The

provisions of this Statement are effective October 1, 2002, with earlier adoption permitted. The Company adopted the provisions of this statement on October 1, 2002, which had no material impact on the Company's consolidated financial position and consolidated results of operations.

(2) Investment Securities Held to Maturity

Investment securities held to maturity consist of the following:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
September 30, 2002:				
Mortgage-backed securities and SBA's	$ 19,989,246	$ 1,019,468	$ (335,963)	$ 20,672,751
State and municipal	5,862,273	65,432	(70,436)	5,857,269
	$ 25,851,519	$ 1,084,900	$ (406,399)	$ 26,530,020
September 30, 2001:				
Mortgage-backed securities and SBA's	$ 21,470,502	$ 635,972	$ (172,932)	$ 21,933,542
State and municipal	4,480,175	64,117	(18,772)	4,525,520
	$ 25,950,677	$ 700,089	$ (191,704)	$ 26,459,062

A summary of investment and mortgage-backed securities by maturity as of September 30, 2002 is shown below. The entire principal amount of mortgage-backed securities is shown in the year of contractual maturity. Expected maturities will differ from the maturities shown because borrowers have the right to prepay obligations without prepayment penalties, and principal is paid down over the contractual life of the mortgage-backed securities.

	Amortized Cost	Fair Value
Due within 1 year	$ 101,129	$ 103,472
Due after 1 year through 5 years	1,599,354	1,651,466
Due after 5 years through 10 years	5,148,443	5,202,460
Due after 10 years	19,002,593	19,572,622
	$ 25,851,519	$ 26,530,020

At September 30, 2002 and 2001, the Company had pledged approximately $11,076,000 and $13,340,000, respectively, of its securities to government and municipal depositors.

(3) Loans Receivable

Loans receivable at September 30, are summarized as follows:

	2002	2001
Real estate mortgage loans	$153,885,801	$123,603,340
Real estate construction loans	29,567,026	34,202,379
Consumer loans	16,841,699	17,454,671
Commercial and other loans	14,941,148	14,823,605
	215,235,674	190,083,995
Less:		
Deferred loan fees and costs, net	(118,371)	(119,042)
Unearned interest income	(7,263)	(24,318)
Allowance for loan losses	(2,240,312)	(2,414,477)
	$212,869,728	$187,526,158

An analysis of the activity in the allowance for loan losses is as follows:

	2002	2001	2000
Balance at beginning of year	$ 2,414,477	$ 2,364,704	$ 1,235,566
Provision for loan losses	120,000	435,000	2,640,000
Recoveries	474,311	325,298	142,448
Charge-offs	(768,476)	(710,525)	(1,653,310)
Balance at end of year	$ 2,240,312	$ 2,414,477	$ 2,364,704

The Bank extends credit to customers throughout its market area with a concentration in real estate mortgage loans. The real estate loan portfolio is substantially secured by properties located throughout Southeast Georgia. Although the Bank has a diversified loan portfolio, a substantial portion of its borrowers' ability to repay such loans is dependent upon the economy in the Bank's market area.

At September 30, 2002 and 2001, the Bank had nonaccrual loans aggregating approximately $5,477,000 and $3,541,000, respectively. The effects of carrying nonaccrual loans during 2002, 2001 and 2000 resulted in a reduction of interest income of approximately $215,000, $183,000, and $136,000, respectively.

The following is a summary of information pertaining to impaired loans:

	September 30,	
	2002	2001
Impaired loans with a valuation allowance	$1,639,662	$1,195,238
Impaired loans without a valuation allowance	-	-
Total impaired loans	$1,639,662	$1,195,238
Valuation allowance related to impaired loans	$ 655,924	$ 711,000

(3) Loans Receivable (Cont'd)

	Years ended September 30,		
	2002	**2001**	**2000**
Average investment in impaired loans	$1,417,450	$798,529	$1,668
Interest income recognized on impaired loans	$ -	$ -	$ -
Interest income recognized on a cash basis on impaired loans	$ 143,281	$ 83,738	$ -

No additional funds are committed to be advanced in connection with impaired loans.

At September 30, 2002 and 2001, the Bank had no loans held for sale.

The Bank has direct and indirect loans outstanding to certain directors and executive officers. All of these loans were made in the ordinary course of business on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal credit risk or present other unfavorable features. The following is a summary of such loans outstanding and the activity in these loans for 2002 and 2001:

	2002	**2001**
Balance at beginning of year	$ 5,581,212	$ 4,802,788
New borrowings	9,624,005	4,929,244
Repayments	(7,428,972)	(4,150,820)
Balance at end of year	$ 7,776,245	$ 5,581,212

At September 30, 2002, 2001, and 2000, the Bank was servicing loans for others under a participation agreement, aggregating approximately $2,700,000, $10,856,000, and $11,652,000, respectively.

At September 30, 2002 and 2001, the Company had pledged specific residential real estate mortgage loans amounting to approximately $21,578,000 and $10,441,000, respectively, as collateral for Federal Home Loan Bank advances.

(4) Premises and Equipment

Premises and equipment at September 30 are summarized as follows:

	2002	**2001**
Land	$ 893,410	$ 893,410
Buildings and improvements	3,830,362	3,814,488
Buildings under capital lease	403,466	403,466
Furniture, equipment, and automobiles	5,969,516	5,598,813
	11,096,754	10,710,177
Less accumulated depreciation and amortization	(5,766,981)	(5,094,123)
Premises and equipment, net	$ 5,329,773	$ 5,616,054

Depreciation expense for the years ended September 30, 2002, 2001 and 2000 amounted to approximately $709,000, $756,000 and $764,000, respectively.

(5) Accrued Interest Receivable

Accrued interest receivable at September 30 is summarized as follows:

	2002	2001
Loans	$ 953,140	$ 1,089,240
Investment securities	72,393	71,437
Mortgage-backed securities	146,718	167,330
	$ 1,172,251	$ 1,328,007

(6) Deposits

Deposits are summarized at September 30 as follows:

	2002		2001	
	Balance	Weighted Average Rate	Balance	Weighted Average Rate
Non-interest demand deposits	$ 30,882,093		$ 28,450,103	
Negotiable orders of withdrawal	27,882,433	0.50%	24,090,739	0.75%
Money market deposit accounts	26,548,611	2.05%	10,657,545	2.00%
Savings deposits	12,305,218	1.25%	12,352,185	1.75%
Certificates of deposits:				
Certificates less than $100,000	111,325,224	3.65%	126,935,300	5.75%
Jumbo certificates	17,034,274	3.98%	16,496,916	5.94%
	$225,977,853	2.86%	$218,982,788	4.06%

Interest expense on deposits is summarized below:

	2002	2001	2000
Negotiable orders of withdrawal	$ 200,546	$ 249,088	$ 189,363
Money market deposit accounts	474,820	410,710	543,966
Savings deposits	146,945	221,289	190,971
Certificates of deposit:			
Certificates less than $100,000	5,323,685	8,044,949	7,195,245
Jumbo certificates	742,911	1,017,524	949,261
Less:			
Early withdrawal penalties	(38,375)	(24,582)	(32,383)
	$ 6,850,532	$ 9,918,978	$ 9,036,423

At September 30, 2002, the rates on deposits were as follows:

Negotiable orders of withdrawal .50%

Money market deposit accounts 2.05%

Savings deposits 1.25%

Certificates of deposits 1.75-7.52%

As of September 30, 2002, and 2001, the Bank had no brokered deposits.

(6) Deposits (Cont'd)

The amount and maturities of certificates of deposits at September 30, 2002 are as follows:

Year Ending September 30,	Amount
2003	$105,335,095
2004	15,191,487
2005	5,984,627
2006	1,254,980
After 2006	593,309
	$128,359,498

(7) Federal Home Loan Bank Advances And Other Borrowed Funds

Advances from the Federal Home Loan Bank at September 30 are summarized as follows:

	2002		2001	
Due During Year Ending September 30,	Amount	Weighted Average Rate	Amount	Weighted Average Rate
2002	$ -	-	$ 500,000	7.90%
2003	7,500,000	2.17%	-	-
2005	1,000,000	5.90%	-	-
2006	500,000	5.18%	1,000,000	5.90%
2008	2,000,000	5.51%	2,000,000	5.51%
	$11,000,000	3.25%	$3,500,000	5.96%

The Bank has the ability to borrow additional funds from the Federal Home Loan Bank. The advances and any future borrowings are collateralized by certain qualifying real estate loans under a security agreement with the Federal Home Loan Bank. Additionally, all stock of the Federal Home Loan Bank is pledged as collateral for the advances.

The Federal Home Loan Bank has the option to convert both the $1,000,000 and $2,000,000 advances outstanding at September 30, 2001 into a three-month LIBOR-based floating rate advance effective November 10, 2001 and March 26, 2003, respectively, and any payment date thereafter with at least two business days prior notice to the Company.

If the Federal Home Loan Bank elects to convert this advance, then the Company may elect, with at least two business days prior written notice, to terminate in whole or part this transaction without payment of a termination amount on any subsequent payment date. The Company may elect to terminate the advance and pay a prepayment penalty, with two days prior written notice, if the Federal Home Loan Bank does not elect to convert this advance.

First Georgia Holding, Inc. obtained a line of credit for up to $3,000,000 from the Bankers Bank in March 2000. Interest is payable quarterly at the Prime rate minus 50 basis points (4.25% at September 30, 2002). All of the issued and outstanding shares of capital stock of First Georgia Bank are pledged as collateral for this line of credit. As of September 30, 2002 and 2001, the Company had borrowed $2,000,000 against this line of credit. The line of credit matured on March 31, 2002 but the Company elected to extend the maturity date until March 31, 2012.

(8) Stockholders' Equity and Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practice. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined) of tangible capital (as defined) to tangible assets (as defined) and of Core capital (as defined) to adjusted tangible assts (as defined). Management believes, as of September 30, 2002 and 2001, that the Bank met all capital adequacy requirements to which it is subject.

On August 19, 2002, the Bank became a state chartered commercial bank, subject to examination by the FDIC and the Georgia State Department of Banking and Finance. The Bank's primary regulatory agency up to this point was the Office of Thrift Supervision ("OTS").

As of September 30, 2002, the most recent notification date from the FDIC, the Bank was categorized as "Well Capitalized" under the regulatory framework for prompt corrective action. To be categorized as "Well Capitalized", the Bank must maintain minimum core, and total capital and Tier 1 capital ratios of at least 5%, 10%, and 6%, respectively. There are no conditions or events since that notification that management believes have changed the Bank's category.

	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt CorrectiveAction Provisions	
As of September 30, 2002	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital						
(to risk-weighted assets)						
First Georgia Holding, Inc.	$ 22,753,000	11.48%	$ 15,850,000	8.00%	N/A	N/A
First Georgia Bank	24,679,000	12.46%	15,850,320	8.00%	$ 19,813,000	10.00%
Tier 1 capital						
(to risk-weighted assets)						
First Georgia Holding, Inc.	20,512,000	10.35%	7,925,160	4.00%	N/A	N/A
First Georgia Bank	22,438,000	11.32%	7,925,160	4.00%	11,887,740	6.00%
Tier 1 capital						
(to average assets)						
First Georgia Holding, Inc.	20,512,000	7.88%	10,418,640	4.00%	N/A	N/A
First Georgia Bank	22,438,000	8.61%	10,418,640	4.00%	13,023,300	5.00%

	Actual		For Capital Adequacy Purposes (For OTS Purposes)		To Be Categorized as "Well Capitalized" Under Prompt Corrective Action Provisions	
As of September 30, 2001	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tangible Capital	$ 21,126,000	8.62%	$ 3,674,000	1.50%	N/A	N/A
(to tangible assets)						
Core Capital	21,628,000	8.81%	9,819,000	4.00%	$ 12,273,000	5.00%
(to adjusted tangible assets)						
Total Capital	22,920,000	11.17%	16,421,000	8.00%	20,526,000	10.00%
(to risk-weighted assets)						
Tier 1 Capital	21,628,000	10.54%	N/A	N/A	12,316,000	6.00%
(to risk-weighted assets)						

9. Income Taxes

The components of income tax expense are as follows:

	2002	2001	2000
Federal: Current	$698,313	$ 909,140	$1,143,255
Deferred	84,957	92,160	(323,395)
	783,270	1,001,300	819,860
State: Current	59,685	112,366	149,927
Deferred	15,949	17,554	(60,636)
	75,634	129,920	89,291
	$858,904	$1,131,220	$ 909,151

The difference between the actual provision for income taxes and income taxes computed at the Federal statutory rate of 34% is as follows:

	2002	2001	2000
Federal taxes at statutory rate	$824,888	$1,067,259	$795,874
Increase (decrease) resulting from:			
State income taxes, net	42,069	48,193	52,217
Amortization of intangibles	8,686	8,686	8,686
Tax exempt income	(82,796)	(32,788)	(6,828)
Other, net	66,057	39,870	59,202
	$858,904	$1,131,220	$909,151

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of September 30, 2002 and 2001 are presented below:

	2002	2001
Deferred tax assets:		
Allowance for loan losses	$ 739,642	$ 808,522
Deferred loan costs	44,934	45,188
Total gross deferred tax assets	784,576	853,710
Less valuation allowance	-	-
Net deferred tax assets	784,576	853,710
Deferred tax liabilities:		
FHLB stock dividends	127,763	127,763
Depreciation	71,392	39,620
Total deferred tax liabilities	199,155	167,383
Net deferred tax assets	$ 585,421	$ 686,327

Prior to January 1, 1996, under the Internal Revenue Code (the "Code"), the Company was allowed a special bad debt deduction related to additions to tax bad debt reserves established for the purpose of absorbing losses. The provisions of the Code permitted the Company to deduct from taxable income an allowance for bad debts based on the greater of a percentage of taxable income before such deductions or actual loss experience. Retained earnings at September 30, 2002 and 2001 include approximately $248,000 for which no deferred Federal income tax liability has been recognized. The amount represents an allocation of income for bad debt deductions for tax purposes only. Reduction of amount so allocated

for purposes other than tax bad debt losses or adjustments arising from carry back of net operating losses would create income for tax purposes only, which would be subject to the then current corporate income tax rate.

(10) Leases

On September 28, 1987, the Bank entered into a sale-leaseback of one of its branches. The facility has been capitalized and the related obligation is recorded as a liability in the accompanying financial statements based on the present value of future minimum lease payments. The lease term expires August 28, 2007. Premises and equipment includes buildings under capital leases of $403,466 at September 30, 2002 and 2001 and accumulated amortization of $290,943 and $270,243 at September 30, 2002 and 2001, respectively.

The present value of future minimum capital lease payments as of September 30, 2002, is:

Year ending September 30,	
2003	$ 36,711
2004	36,711
2005	36,711
2006	36,711
2007	36,711
Total minimum lease payments	183,555
Less amount representing interest at 10%	(33,295)
Present value of future minimum capital lease payments	$150,260

During the year ended September 30, 2000, the Bank terminated its operating lease for an operating facility that was replaced by a new, permanent branch facility. The balance of the lease was paid off based on the net present value of the future lease payments which was approximately $32,000. There was no additional penalty for this transaction and no further liability exists.

Total rent expense was approximately $89,000 for the year ended September 30, 2000.

(11) Employee Benefit Plans

The Company has a 401(k) Profit Sharing Plan (the "Plan") which covers substantially all of its employees. The Company matches 75% of employee contributions to the Plan, up to 6% of an employee's salary. The Company contributed approximately $104,000, $103,000, and $69,000 to the Plan during the years ended September 30, 2002, 2001, and 2000, respectively.

Also, the Company has an Employee Stock Purchase Plan which covers substantially all of its employees. Employees pay 85% of the price at which the Company buys its stock in the open market. During the years ended September 30, 2002, 2001 and 2000, approximately 21,000, 19,000 and 16,000 shares, respectively, were purchased by employees. As a result of such employee stock purchases, the Company incurred employee benefits expense of approximately $18,000, $18,000 and $15,000 for the years ended September 30, 2002, 2001 and 2000, respectively.

(12) Stock Option Plan

During 2001, the Board of Directors and the Stockholders of the Company adopted the 2000 Stock Incentive Plan (the "2000 Option Plan"). The Company has reserved 825,000 shares of common stock for issuance under the 2000 Option Plan. There were no options granted under the 2000 Option Plan for the years ended September 30, 2002 and 2001.

During 1995, the Company adopted a nonqualified Stock Option Plan (the "1995 Option Plan"). The Company has reserved 1,033,125 shares of common stock for issuance under the 1995 Option Plan. The Company also has a nonqualified Stock Option Plan (the "Option Plan") adopted prior to 1995. For the year ended September 30, 2002, the remaining 37,970 options outstanding under this plan were exercised. The Company has no remaining options outstanding under this plan.

Outstanding options, consisting of five-year incentive stock options, vest and become exercisable over a five-year period from the date of grant. The outstanding options expire five years from the date of grant or upon retirement from the Company, and are contingent upon continued employment during the applicable five-year period.

Options for a total of 360,000 shares were granted on September 23, 1998. Under SFAS No. 123, for pro forma disclosure purposes, the fair value of such options of $663,722 is to be expensed over the vesting period of five years. There were no stock options granted in the years ended September 30, 2002, 2001 or 2000.

If compensation cost for stock option grants had been determined based on the fair value at the grant dates for 2002, 2001 and 2000 consistent with the method prescribed by SFAS No. 123, the Company's net earnings and earnings per share would have been the pro forma amounts indicated below:

September 30,	**2002**	**2001**	**2000**
Net Income			
As Reported	$1,567,239	$2,007,786	$1,431,655
Pro forma	1,492,292	1,914,452	1,376,494
Net Income Per Share - Basic			
As Reported	0.20	0.26	0.20
Pro forma	0.19	0.25	0.19
Net Income Per Share - Diluted			
As Reported	0.20	0.26	0.19
Pro forma	0.19	0.25	0.18

A summary of the status of fixed stock option grants under the Company's stock-based compensation plans as of September 30, 2002, 2001 and 2000, and changes during the years ending on those dates is presented below.

	2002		**2001**		**2000**	
		Weighted Average		Weighted Average		Weighted Average
	Options	Exercise Price	Options	Exercise Price	Options	Exercise Price
Outstanding - October 1	397,970	$ 5.68	397,970	$ 5.68	1,056,095	$ 3.00
Exercised	(37,970)	$ 0.66	-	-	(658,125)	$ 1.38
Forfeited	(60,000)	$ 5.92				
Outstanding - September 30	300,000	$ 6.27	397,970	$ 5.68	397,970	$ 5.68
Options exercisable at year end	240,000	$ 6.21	232,970	$ 5.21	127,970	$ 4.36

(12) Stock Option Plan (Cont'd)

The following table summarizes information about fixed stock options outstanding at September 30, 2002:

Exercise Price	Options Outstanding	Options Exercisable	Weighted Average Remaining Life
$ 5.92	120,000	120,000	0.98
6.51	180,000	120,000	0.98
	300,000	240,000	

Remaining non-exercisable options as of September 30, 2002 become exercisable in 2003.

(13) Net Income Per Share

Following is a reconciliation of the denominator used in the computation of basic and diluted earnings per common share for the years ended September 30:

	Net Income	Weighted Average Shares Outstanding	Earnings Per Share
2002			
Basic	$1,567,239	7,734,752	$ 0.20
Effect of Dilution:			
Stock Options		13,921	
Diluted	$1,567,239	7,748,673	$ 0.20
2001			
Basic	$2,007,786	7,713,733	$ 0.26
Effect of Dilution:			
Stock Options		31,892	
Diluted	$2,007,786	7,745,625	$ 0.26
2000			
Basic	$1,431,655	7,315,984	$ 0.20
Effect of Dilution:			
Stock Options		267,196	
Diluted	$1,431,655	7,583,180	$ 0.19

The incremental shares from the assumed conversion of stock options were determined using the treasury stock method under which the assumed proceeds were equal to the amount that the Company would receive upon the exercise of the options. The assumed proceeds are used to purchase outstanding common shares at the average market price during the period.

For the years ended September 30, 2002, 2001 and 2000, 300,000, 360,000 and 360,000 stock options, respectively, were excluded from the computation of diluted earnings per share due to their antidilutive effect.

(14) Condensed Financial Information of First Georgia Holding, Inc. (Parent Only)

First Georgia Holding, Inc., was organized December 16, 1987. The following represents parent company only condensed financial information.

	September 30,	
Condensed Balance Sheets	**2002**	**2001**
Assets		
Cash	$ 73,002	$ 39,522
Investment in subsidiary	22,845,425	21,629,638
Total assets	$22,918,427	$21,669,160
Liabilities and Stockholders' Equity		
Other borrowed funds	$ 2,000,000	$ 2,000,000
Stockholders' Equity		
Common stock	7,751,712	7,713,733
Additional paid-in capital	427,931	396,297
Retained earnings	12,738,784	11,559,130
Total liabilities and stockholders' equity	$22,918,427	$21,669,160

	Years Ended September 30,		
Condensed Statements of Operations	**2002**	**2001**	**2000**
Dividends from Bank	$ 485,000	$ 795,000	$ 555,000
Expenses	(89,000)	(154,562)	(91,715)
Income before equity in undistributed income of Bank	396,000	640,438	463,285
Equity in undistributed income of Bank	1,171,239	1,367,348	968,370
Net income	$1,567,239	$2,007,786	$1,431,655

	Years Ended September 30,		
Condensed Statements of Cash Flows	**2002**	**2001**	**2000**
Operating Activities:			
Net income	$1,567,239	$2,007,786	$1,431,655
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed income of Bank	(1,171,239)	(1,367,348)	(968,370)
Net cash provided by operating activities	396,000	640,438	463,285
Investing Activities:			
Distribution of capital to subsidiary	-	-	(2,000,000)
Financing Activities:			
Dividends paid on common stock	(387,585)	(694,232)	(596,479)
Net proceeds from exercise of stock options	25,065	-	195,919
Proceeds from other borrowed funds	-	-	2,000,000
Net cash (used in) provided by financing activities	(362,520)	(694,232)	1,599,440
Increase (decrease) in cash and cash equivalents	33,480	(53,794)	62,725
Cash and cash equivalents at beginning of year	39,522	93,316	30,591
Cash and cash equivalents at end of year	$ 73,002	$ 39,522	$ 93,316

(14) Condensed Financial Information of First Georgia Holding, Inc. (Parent Only) (Cont'd)

The primary source of funds available to the Company to pay stockholder dividends and other expenses is dividends from its Bank. Regulatory agencies impose restrictions on the amount of dividends that may be declared by the Bank and require maintenance of minimum capital amounts. For the years ended September 30, 2002, 2001 and 2000 all dividends declared by the Bank were approved by its primary regulatory agency.

(15) Commitments and Contingencies

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect the Company's consolidated financial statements or results of operations.

(16) Fair Value of Financial Instruments

SFAS No. 107, "Disclosures About Fair Value of Financial Instruments", requires disclosure of the fair value of financial instruments, whether or not recognized on the face of the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions would significantly affect the estimates. SFAS No. 107 excludes certain financial instruments and all nonfinancial instru ments from its disclosure requirements. Fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments.

Cash and due from banks, interest-bearing deposits in other banks, Federal funds sold and accrued interest receivable: The carrying amounts approximate those assets' fair values because of their short-terms to maturity.

Investment securities: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans receivable: For variable-rate loans that reprice frequently and are of normal credit risk, fair values are considered to approximate carrying values. The fair values for all other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Off-balance sheet instruments: Fair values for the Company's off-balance sheet instruments are based on a comparison with terms, including interest rate and commitment periods currently being offered in similar agreements, taking into account credit worthiness of the counter parties. The contract amount and fair values of off-balance-sheet instruments at September 30, 2002, are the same based on the fact that the Company generally does not offer lending commitments to its customers for long periods and, therefore, the underlying rates of the commitments approximate market rates.

(16) Fair Value of Financial Instruments (Cont'd)

Deposits: Fair values for fixed-rate certificates of deposits are estimated using a discounted cash flow calculation that considers interest rates currently being offered on certificates of similar terms to maturity. The carrying amounts of all other deposits, due to their nature, approximate their fair value.

Federal Home Loan Bank advances: Fair values for fixed-rate borrowings from the Federal Home Loan Bank are estimated using a discounted cash flow calculation that considers interest rates currently being offered on advances of similar terms to maturity.

Other borrowed funds: For variable rate borrowings that reprice frequently, fair values approximate carrying values.

The following is a summary of the Company's Financial instruments as of September 30, 2002 and 2001:

	2002		2001	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets				
Cash and due from banks	$ 7,704,000	$ 7,704,000	$ 8,972,000	$ 8,972,000
Interest bearing deposits in other financial institutions	167,000	167,000	220,000	220,000
Federal funds sold	3,975,000	3,975,000	10,759,000	10,759,000
Investment securities	25,852,000	26,530,000	25,951,000	26,459,000
Loans	212,870,000	218,175,000	187,526,000	196,996,000
Liabilities				
Deposits:				
Non-interest bearing	30,882,000	30,882,000	28,450,000	28,450,000
Interest-bearing demand and savings	66,736,000	66,736,000	47,100,000	47,100,000
Certificates of deposit	128,359,000	126,869,000	143,432,000	148,527,000
Federal Home Loan Bank advances	11,000,000	11,625,000	3,500,000	3,496,000
Other borrowed funds	2,000,000	2,000,000	2,000,000	2,000,000

(17) Off-Balance Sheet Activities

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

As of September 30, 2002 and 2001, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount (approximately)	
	2002	**2001**
Unfunded commitments under lines of credit	$29,049,000	$36,413,000
Commercial and standby letters of credit	166,000	781,000
Available credit card lines	2,681,000	2,959,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements, are commitments for possible future extensions of credit to existing customers. These lines-of-credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Commercial and standby letters-of-credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters-of-credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally holds collateral supporting those commitments if deemed necessary.

(18) Summarized Quarterly Data (Unaudited)

Following is a summary of the quarterly results of operations for the years ended September 30, 2002 and 2001:					
	Fiscal Quarter				
	First	Second	Third	Fourth	Total
$ In Thousands Except Per Share Amounts					
2002					
Total interest income	$ 4,190,891	$ 4,006,281	$ 4,035,452	$ 3,818,986	$ 16,051,610
Interest expense	2,149,827	1,823,879	1,672,988	1,560,582	7,207,276
Net interest income	2,041,064	2,182,402	2,362,464	2,258,404	8,844,334
Provision for loan losses	30,000	30,000	30,000	30,000	120,000
Net interest income after provision					
for loan losses	2,011,064	2,152,402	2,332,464	2,228,404	8,724,334
Other income	822,690	729,458	799,614	722,531	3,074,293
Other expense	2,295,720	2,347,809	2,392,706	2,336,249	9,372,484
Income before income taxes	538,034	534,051	739,372	614,686	2,426,143
Income tax expense	202,528	185,913	273,909	196,554	858,904
Net income	$ 335,506	$ 348,138	$ 465,463	$ 418,132	$ 1,567,239
Basic income per share	$ 0.04	$ 0.05	$ 0.06	$ 0.05	$ 0.20
Diluted income per share	$ 0.04	$ 0.05	$ 0.06	$ 0.05	$ 0.20
2001					
Total interest income	$ 5,468,756	$ 5,252,554	$ 4,908,356	$ 4,622,254	$ 20,251,920
Interest expense	2,638,394	2,623,725	2,578,569	2,457,604	10,298,292
Net interest income	2,830,362	2,628,829	2,329,787	2,164,650	9,953,628
Provision for loan losses	210,000	210,000	15,000	-	435,000
Net interest income after provision					
for loan losses	2,620,362	2,418,829	2,314,787	2,164,650	9,518,628
Other income	711,385	677,272	723,708	792,522	2,904,887
Other expense	2,320,341	2,181,981	2,302,325	2,479,862	9,284,509
Income before income taxes	1,011,406	914,120	736,170	477,310	3,139,006
Income tax expense	422,962	347,648	292,890	67,720	1,131,220
Net income	$ 588,444	$ 566,472	$ 443,280	$ 409,590	$ 2,007,786
Basic income per share	$ 0.08	$ 0.07	$ 0.06	$ 0.05	$ 0.26
Diluted income per share	$ 0.08	$ 0.07	$ 0.06	$ 0.05	$ 0.26

(19) Subsequent Events

In November of 2002, the Company declared a $0.05 per share dividend to shareholders of record as of November 15, 2002 payable November 30, 2002.

On October 21, 2002, the Company's Board of Directors approved a change in the fiscal year end from September 30 to December 31.

SELECTED FINANCIAL AND OTHER DATA

First Georgia Holding, Inc.

Selected consolidated financial data is presented below as of and for each of the years in the five-year period ended September 30, 2002.

(Dollars in thousands, except per share data)

	September 30,				
	2002	**2001**	**2000**	**1999**	**1998**
Balance Sheet Data:					
Total assets	$ 260,873	$ 245,468	$ 239,185	$ 204,296	$ 190,463
Loans receivable, net	212,870	187,526	193,645	173,197	151,253
Total investments	25,852	25,951	17,878	14,442	11,565
Deposits	225,978	218,983	214,973	173,174	162,890
Borrowings	13,000	5,500	4,500	11,460	8,600
Stockholders' equity	20,918	19,669	18,356	17,325	15,681
Book value per share	2.70	2.55	2.38	2.41	2.18
Number of shares outstanding	7,751,712	7,719,733	7,713,733	7,198,371	7,198,458

	Year Ended September 30,				
	2002	**2001**	**2000**	**1999**	**1998**
Income Statement Data:					
Interest income	$ 16,052	$ 20,252	$ 19,932	$ 16,148	$ 15,078
Interest expense	7,207	10,298	9,535	7,905	7,832
Net interest income	8,845	9,954	10,397	8,243	7,246
Provision for loan losses	120	435	2,640	509	6
Other income	3,074	2,905	2,707	2,894	1,997
Other expense	9,373	9,285	8,123	6,986	6,005
Income before income taxes	2,426	3,139	2,341	3,642	3,232
Income tax expense	859	1,131	909	1,422	1,218
Net Income	$ 1,567	$ 2,008	$ 1,432	$ 2,220	$ 2,014
Net income per share:					
Basic	$ 0.20	$ 0.26	$ 0.20	$ 0.31	$ 0.28
Diluted	$ 0.20	$ 0.26	$ 0.19	$ 0.29	$ 0.27

	At or For Year Ended September 30,				
	2002	**2001**	**2000**	**1999**	**1998**
Other Data:					
Net income to average assets	0.62%	0.82%	0.61%	1.11%	1.21%
Net income to average equity	7.70%	10.37%	7.79%	13.59%	14.60%
Average equity to average assets	8.10%	7.90%	7.87%	8.15%	8.29%
Number of full-service offices	6	6	6	6	7

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

First Georgia Holding, Inc. and subsidiary

General

First Georgia Holding, Inc. (the Company) was organized in 1987 to acquire the outstanding common stock of First Georgia Bank, F.S.B. (the Bank or First Georgia). On April 30, 1988, the Company became the sole shareholder of the Bank and issued its stock to the former Bank shareholders. Management's Discussion and Analysis which follows, relates primarily to the Bank since the Company has not had material operations since it was organized.

First Georgia's net income depends on (a) its net interest income, which is the difference between its interest income from loans and investments and its interest expense on deposits and borrowings, (b) its non-interest income, which consists principally of fee income generated by First Georgia's retail banking operations, and (c) its non-interest expenses, such as employee salaries and benefits. Interest income on loans and investments (yield) is a function of the average balances outstanding during the period and the average rates earned. Interest expense (cost of funds) is a function of the average amount of deposits and borrowings outstanding during the period and average rates paid on such deposits and borrowings. Retail banking fee income, consisting mainly of recurring fees collected for deposit-related services rendered by the Bank, varies with the volume of the Bank's retail banking business. Non-interest expenses vary primarily with the number of employees, expansion of facilities and inflation.

Capital Resources

The following is reconciliation at September 30, 2002 of the Company's capital under generally accepted accounting principles to regulatory capital.

First Georgia Holding, Inc.	
Stockholder's equity	$ 20,918,000
Less:	
Intangible assets	406,000
Total Tier 1 capital	20,512,000
Plus:	
General allowance for loan losses	2,241,000
Total Risk-based capital	$ 22,753,000

Current regulations require financial institutions to have minimum regulatory tier 1 capital equal to 4.0% of risk-weighted assets, minimum tier 1 capital to average assets of 4% (the leverage ratio), and total risk-based capital to risk-adjusted assets of 8.0%. At September 30, 2002, the Company was in compliance with its minimum capital requirements.

The Company's regulatory capital and the required minimum amounts, at September 30, 2002, are summarized in the following table.

	Capital		Required Minimum Amount		Excess (Deficiency)	
	%	$	%	$	%	$
Total Risk-based capital	11.48	22,753,000	8.00	15,850,000	3.48	6,903,000
Tier 1 Risk-based capital	10.35	20,512,000	4.00	7,925,000	6.35	12,587,000
Leverage Ratio	7.88	20,512,000	4.00	10,419,000	3.88	10,093,000

As of September 30, 2002, the Company exceeded all the required minimum capital amounts as demonstrated by the chart above. The Company had strong earnings during the year which helped to strengthen its capital position.

The Federal Deposit Insurance Corporation Improvement Act (FDICIA) requires Federal banking agencies to take "prompt corrective action" with respect to institutions that do not meet minimum capital requirements. In addition to the ratios described above, FDICIA introduced an additional capital measurement, the Tier 1 risk-based capital ratio. The Tier 1 ratio is the ratio of Tier 1 or core capital to total risk-adjusted assets. FDICIA establishes five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." The five capital tiers established by FDICIA and the regulator's minimum requirements for each are summarized below.

	Total Risk-Based Capital Ratio	Tier 1 Risk-Based Capital Ratio	Leverage Ratio
Well Capitalized	10% or above	6% or above	5% or above
Adequately capitalized	8% or above	4% or above	4% or above
Undercapitalized	Less than 8%	Less than 4%	Less than 4%
Significantly undercapitalized	Less than 6%	Less than 3%	Less than 3%
Critically undercapitalized	-	-	2% or less

An institution may be deemed to be in a capitalization category lower than is indicated by its capital position based on safety and soundness considerations other than capital levels.

At September 30, 2002, the Company's total risk-based ratio, tier 1 risk-based ratio, and leverage ratio were 11.48%, 10.35%, and 7.88%, respectively, placing the Company in the well-capitalized category under FDICIA for each ratio.

Liquidity

First Georgia has traditionally maintained levels of liquidity in excess of levels required by regulatory authorities. As a member of the Federal Home Loan Bank system, the Bank is required to maintain a daily average balance of cash and eligible liquidity investments in an amount equal to a monthly average of 5% of withdrawable savings and short-term borrowings. The Bank's liquidity level was 12.88% and 9.51% at September 30, 2002 and 2001, respectively.

The Bank's operational needs, demand for loan disbursements, and savings withdrawals can be met by loan principal and interest payments, new deposits and excess liquid assets. While significant loan demand, deposit withdrawal, increased delinquencies and increased foreclosed properties could alter this condition, the Bank has sufficient borrowing capacity through Federal Home Loan Bank advances and other short-term borrowings to manage such an occurrence. Management does not foresee any liquidity problems for fiscal 2003.

Asset/Liability Management

First Georgia has implemented a program of asset/liability management to limit the Bank's vulnerability to material and prolonged increases in interest rates (interest rate risk). The principal determinant of the exposure of the Bank's earnings to interest rate risk is the difference in the time between interest rate adjustments or maturities on interest-earning assets and interest rate adjustments or maturities of interest-bearing liabilities. If the maturities of the Bank's assets and liabilities were perfectly matched and if the interest rates earned on its assets and paid on its liabilities moved concurrently, which is not the case, the impact on net interest income of rapid increases or decreases in interest rates would be minimized. The Bank's asset/liability management policy seeks to increase the adjustability of the interest rates earned on its

assets and paid on its liabilities and to match the maturities of its interest-earning assets and interest-bearing liabilities so that the Bank will be able to restructure and reprice its asset portfolio in a relatively short period to correspond to changes in its cost and flow of funds. The Bank's policy also seeks to encourage the flow of deposits into longer-term certificates during periods of lower interest rates and to emphasize shorter-term accounts during periods of high rates. During fiscal 2002, the Bank actively managed its interest rate risk by limiting its lending to short-term fixed rate balloon notes or adjustable rate loans and attempting to lengthen the maturity on its deposits.

It is a policy of First Georgia not to originate for its own portfolio any fixed-rate residential mortgage loans that exceed 15 years. This allows First Georgia to better match the maturities of its assets and liabilities, thereby limiting interest rate risk. Similarly, the Bank emphasizes the origination of commercial real estate loans, construction loans, consumer loans and commercial loans with either adjustable rates or short maturities.

The interest rate sensitivity of the Bank's assets and liabilities provides an indication of the extent to which the Bank's net interest income may be affected by interest rate movements. The concept of interest rate sensitivity recognizes that certain assets and liabilities have interest rates that are subject to change prior to maturity. One method of measuring the impact of interest rate changes on net interest income is to measure, in a number of time frames, the interest sensitivity gap by subtracting interest rate sensitive liabilities from interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities, and is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Generally, during a period of rising interest rates, a negative gap would adversely affect net interest income while a positive gap would result in an increase i n net interest income, while conversely during a period of falling interest rates, a negative gap would result in an increase in net interest income and a positive gap would negatively affect net interest income. To the extent that the gaps are close to zero, net interest income can be considered to be relatively immune from interest rate movements. The following table sets forth the Bank's interest-earning assets and interest-bearing liabilities at September 30, 2002. The information presented, however, may not be indicative of actual future trends of net interest income in rising or declining interest rate environments.

	One Year or Less	Over One Through Five Years	Over Five Through Ten Years	Over Ten Years
		(in thousands)		
Interest-earning assets (IEA's):				
Investments	$ 101	1,600	5,149	19,002
Interest earning deposits and federal funds sold	4,141	-	-	-
Loans	164,197	41,726	3,778	-
Total	168,440	43,326	8,927	19,002
Interest-bearing liabilities (IBL's):				
Demand deposits	$ 27,882	-	-	-
Savings and money market deposits	38,854	-	-	-
Other time deposits	105,335	23,024	-	-
Debt	7,500	1,500	2,000	-
Total	179,571	24,524	2,000	-
Interest sensitivity gap	$ (11,131)	18,802	6,927	19,002
Cumulative gap	$ (11,131)	7,670	14,597	33,599
Ratio of IEA's to IBL's	0.94	1.77	4.46	63,978.00
Cumulative ratio of IEA's to IBL's	0.94	1.04	1.07	1.16

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2002 AND 2001

Results of Operations

General

First Georgia Holding, Inc. reported net income of $1,567,239, a decrease of $440,547. This decrease is due primarily to lower interest rates earned on loans. Net interest income after provision for loan losses decreased $794,294. Other income increased $169,406 and other expenses increased $87,975. Several factors discussed below contributed to the increases and decreases in these areas.

Interest Income

Total interest income decreased $4,200,310 for the year or 20.74%. Interest income on loans decreased $4,048,261 or 22.31%. Average loans for the year increased by more than $8,000,000 during the year ended September 30, 2002. However, interest rates earned on loans decreased from the prior year resulting in decreased interest income. The Bank increased its position in mortgage-backed securities, resulting in a $143,318 or 9.89% increase in the related interest income. Investment income increased by $103,459 or 51.21% for the year ended September 30, 2002 as compared to the same period last year. Because of increased loan growth, the average balance of federal funds sold decreased more than $7,000,000. These lower balances account for a $398,826, or 86.80% decrease in other interest income.

Interest Expense

Total interest expense decreased $3,091,016 or 30.01% for the year. The Bank experienced substantial deposit growth over the year. While most of this growth was in interest-free checking accounts, the Bank concentrated on managing the mix of deposits by lowering interest rates on certificates of deposits while also maintaining customers' total banking business, resulting in increased growth in money market accounts. Interest expense on deposits decreased $3,068,446, or 30.94%. Due to the increased deposit balances, the Bank was able to decrease its position in federal funds purchased. Interest expense on advances and other borrowings decreased $22,570, or 5.95% for the year ended September 30, 2002 as compared to the year ended September 30, 2001. The Bank was able to sell federal funds on a consistent basis during the year rather than purchase.

Yields Earned and Rates Paid

Net interest income is affected by (a) the difference between rates of interest earned on interest-earning assets and rates of interest paid on interest-bearing liabilities (interest rate spread) and (b) the relative amounts of interest-earning assets and interest-bearing liabilities. When interest-earning assets approximate or exceed interest-bearing liabilities, any positive interest rate spread will generate net interest income. Financial institutions have traditionally used interest rate spreads as a measure of net interest income. Another indication of an institution's net interest income is its "net yield on interest-earning assets" which is net interest income divided by average interest- earning assets. The following table sets forth information with respect to weighted average contractual yields on loans, yields on investments and the cost of funds on deposits and borrowings for and as of the end of the periods indicated.

	Year Ended September 30,			At September 30,
	2002	2001	2000	2002
Weighted average yield on:				
Loans	7.00%	9.40%	9.58%	6.62%
Investment securities	6.90	6.58	6.42	6.16
Interest earning deposits in other banks	2.38	4.70	5.52	5.23
Total weighted average yield on all interest earning assets	6.94	9.05	9.24	6.59
Weighted average rate paid on:				
Deposits	3.09	4.57	5.73	2.86
Other borrowings	5.25	6.12	5.57	4.25
Federal Home Loan Bank advances				
Short term advances	2.17	5.50	7.90	2.17
Long term advances	5.18	5.90	5.51	5.57
Total weighted average rate paid on all interest-bearing liabilities	3.14	4.61	4.49	3.02
Weighted average interest rate spread (spread between weighted average yield on all interest-earning assets and rate paid on all interest-earning liabilities)	3.80	4.44	4.75	3.57
Net yield on average interest-earning assets (net interest income as a percentage of average interest-earning assets)	3.82	4.44	4.41	N/A

Provision for Loan Losses

The provision for loan losses for the fiscal year ended September 30, 2002 totaled $120,000, decreasing $315,000 over the fiscal year 2001. The provision has continued to decrease to levels experienced prior to fiscal year 2000 as a result of the resolution of loans originated by a particular loan officer. The Bank experienced substantial charge-offs in 2000 primarily as a result of under collateralized loans made by a particular loan officer. During a six-month period, the loan officer made loans totaling approximately $3.3 million that were under collateralized. The loan officer provided falsified collateral information to the loan committee and granted a large number of small dollar loans that were under the scope of a loan review. Once it was determined that the loan officer was making under collateralized loans, he was immediately terminated and a suspicious activities report was filed with the Office of Thrift Supervision. Of the total loan charged-off in 2000, 84.70% or $1.4 million was related to the particular loan officer. Management felt it necessary to increase the allowance for loan losses in fiscal year 2000 as a result of the increased charge-offs and to allocate a portion of the reserve to loans remaining in the portfolio that were originated by the particular loan officer and thought to have a high risk of loss based upon the characteristics of the loan. Of the total provision at September 30, 2000 approximately 72.94% or $1.9 million related to loans remaining in the portfolio related to the particular loan officer.

The Bank has made significant progress in resolving loan problems related to fiscal year 2000. Of the total allowance at September 30, 2002, approximately 16.83% or $378,000 relates to loans originated by the particular loan officer. The Bank has recovered approximately $116,000 of the $1.4 million charged-off in fiscal year 2000. Charge-offs for fiscal year ended September 30, 2002 totaled $768,476, of those $393,350, or 59.18% were related to the particular loan officer.

Management has taken additional precautions since that time to ensure that all loans are properly collateralized. The Company engaged an outside firm to conduct quarterly loan reviews of the loan portfolio in order to assist in identifying all loans originated by the particular loan officer and as a preventative measure to ensure timely recognition of under collateralized loans. The quarterly review process includes all loans,

regardless of principal amount. The Company also hired a credit analyst to review and provide recommendations on larger loan applications.

See "Allowance for Loan Losses" herein for a discussion of all factors considered in determining the provision for loan losses.

Net interest income after the provision for loan losses at September 30, 2002 decreased $794,294, or 8.34% from the same period last year. The decrease is directly related to the decrease in loan interest income resulting from a decrease in interest rates.

Other Income

Other income increased $169,406 or 5.83% for the year ended September 30, 2002 as compared to 2001. Deposit service charges increased $12,009, or 0.59% for the year ended September 30, 2002. This increase is attributable to the significant increase in deposit balances for the year. The increase in the number of deposits creates an increase in service charges and non-sufficient funds fees. Loan fees decreased $3,277 or 0.58%. The relatively small decrease is attributable to a decrease in late fees and other charges related to loan balances. Other operating income increased $160,674 or 53.37% which is primarily due to an approximate $160,000 increase in ATM fees. This increase in ATM fees is attributable to a new ATM machine installed at the main office location and increased usage of ATM machines by customers and non-customers.

Other Expenses

Other expenses increased $87,976, or 0.95% for the year. Personnel related expenses had the largest increase, growing by $263,735 or 5.76%, for the year ended September 30, 2002. The increase in salary and employee benefits is attributable to annual salary increases and additional employees hired. Occupancy expense decreased by $183,402 or 9.86% for the year ended September 30, 2002. The decrease in occupancy expense is due primarily to decreased repairs and maintenance expenses of approximately $57,000 and a decrease in depreciation expense of approximately $40,000. The decrease in repairs and maintenance is attributable to costs incurred during last fiscal year associated with the new information technology location, which opened in April of fiscal year 2001. Office supplies decreased $13,206 or 5.33% during the year. This decrease reflects the continuing effect of a more stringent policy put into place for ordering supplies. Data processing expense increased $76,836 or 73.74% for the year. This inc rease is related to the deposit growth. Federal Insurance premiums decreased $25,618 or 32.14% because of increased capital balances.

Income Tax Expense

The Company incurred $858,904 in income tax expense for the year based on applicable income tax rates at September 30, 2002.

Financial Condition

Assets

Total assets of the Company increased $15,404,709 from September 30, 2001 to September 30, 2002. Increased loan demand was the driving force behind this increase, as loan receivable grew $25,343,570, or 13.51%. This increase is primarily attributable to the continued trend of decreased interest rates. This increase in loan balances also contributed to the decrease of approximately $6,784,000 or 63.05% in the federal funds sold account. Premises and equipment decreased $286,281, or 5.10%, primarily related to an approximate $423,000 increase in fixed assets offset by depreciation expense of approximately $709,000.

Allowance for Loan Losses

Management conducts an extensive review of the provision for loan losses on a monthly basis. Additions to the allowance for loan losses are charged to operations based upon management's evaluation of the probable losses in its loan portfolio. This evaluation considers the estimated value of the underlying collateral and such other factors as, in management's judgment, deserve recognition under existing economic conditions. While management uses the best information available to make evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the assumptions used in making the evaluations. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowances for losses on loans and real estate owned. Such agencies may require the Bank to recognize additions to the allowances based on their judgments of information available to them at the time of their examination.

Management determines the allowance for loan losses by establishing a general allowance by loan type determined for groups of smaller, homogenous loans possessing similar characteristics and non-homogeneous loans that are not impaired. All classified loans are reviewed on an individual basis. The Bank currently engages an outside firm to conduct a quarterly review of the loan portfolio to assist in determining specific allowances as well as identify trends in the loan portfolio.

General Allowance

The Company determines the general allowance by applying historical loss percentages to all loans not impaired. Historical loss percentages are calculated and applied to each category of loans by risk grade. Loans are grouped into categories based upon the specific characteristics of the loan such as type of collateral. The Company generally calculates the historical loss percentages using a six-year moving average. However, for the past year, the Company has moved to a two-year moving average. As a result of changes in the loan portfolio, a decline in the economy and a significant increase in charge-offs, management feels that the losses experienced in the past two years provides a more accurate estimate of losses occurring in the present.

The Company may adjust the allowance determined by the method described above for qualitative factors that are probable to impact future loan losses. Management has reviewed various factors to determine the impact on the current loan portfolio. These adjustments reflect management's best estimate of the level of loan losses resulting from these factors. The following current qualitative factors were considered in this analysis:

- Changes in lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices.
- Changes in the nature and volume of the portfolio.
- Changes in the experience, ability, and depth of lending management and staff.
- Changes in the volume and severity of past dues and classified loans; and the volume of non-accruals, troubled debt restructurings and other loan modifications
- The existence and effect of any concentrations of credit, and changes in the level of such conditions.
- The effect of external factors, such as competition and legal and regulatory requirements, on the level of estimated credit losses in the Bank's portfolio.
- The effect of changes in national and local economic business.
- Bank regulatory exam results

Specific Allowances

Management feels that given the small number of impaired loans, type of historical loan losses, and the nature of the underlying collateral, creating specific allowances for classified assets results in the most accurate and

objective allowance. Should the number of these types of assets grow substantially, other methods may have to be considered.

The method used in setting the specific allowance uses current appraisals as a starting point, based on the Bank's possible liquidation of the collateral. On assets other than real estate, which tend to depreciate rapidly, another current valuation is used. For instance, in the case of commercial loans collateralized by automobiles, the current NADA wholesale value is used. On collateral such as over-the-road equipment, trucks or heavy equipment, valuations are sought from firms or persons knowledgeable in the area, and adjusted for the probable condition of the collateral. Other collateral such as furniture, fixtures and equipment, accounts receivable, and inventory, are considered separately with more emphasis given to the borrower's financial condition and trends rather than the collateral support. The value of the collateral is then discounted for estimated selling cost. In addition, the allowance incorporates the results of measuring impaired loans as provided by Statement of Financial Accounting Sta ndards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan" and SFAS No. 118, "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures". These accounting standards prescribe the measurement methods, income recognition and disclosures related to impaired loans.

Summary

The various methodologies included in this analysis take into consideration the historic loan losses and specific allowances. The analysis of the allowance indicated a historical allocation, adjusted for qualitative factors, of approximately $1.5 million and a specific allowance of $656,000 at September 30, 2002. The historical allocation decreased approximately $57,000 from fiscal year-end, primarily as a result of the decrease in charge-offs from the prior year. Net charge-offs to average loans outstanding decreased to 0.15% at September 30, 2002 compared to .20% at September 30, 2001. Net charge-offs have decreased primarily as a result of an increase in recoveries offset by a decrease in charge-offs. The bank has been successful in recovering loans that were charged-off related to events that occurred in fiscal year 2000 involving a particular loan officer. (See "Provision for Loan Losses" herein). Additionally, in determining the general allowance, management considered improvements in Georgia ec onomic indicators such as unemployment rates and economic growth rates. Additionally, management considered the increase in non-accruing loans of approximately $1,936,000 from the end of fiscal year 2001. Non-accrual loans are examined on an individual basis to determine the appropriate action. Specific allowances decreased $55,076 from prior year as result of a decrease in impaired loans. The allowance for loan losses decreased $174,165 or 7.21% to $2,240,312 at September 30, 2002. The ratio of the allowance for loan losses to total loans was 1.04% at September 30, 2002 compared to 1.27% at September 30, 2001.

The following tables illustrate the Bank's allowance for loan losses and its problem loans. When a loan has been past due ninety days or more, Management reevaluates the loan and its underlying risk elements to determine if it should be placed on non-accrual status. These loans are loans for which unpaid interest is not recognized into income. Past due loans are loans which are ninety days or more delinquent and still accruing interest.

ANALYSIS OF NON-ACCRUING AND PAST DUE LOANS

Table 1

	September 30,				
	2002	**2001**	**2000**	**1999**	**1998**
Non-accruing loans (1)					
Real estate					
Construction	$ 518,675	$ 52,925	$ 211,769	$ -	$ -
First mortgage	2,861,019	2,670,843	3,204,748	1,907,612	2,225,603
Second mortgage	1,171,226	161,288	182,759	79,781	117,619
Consumer	926,446	655,854	121,057	21,672	21,214
Total non-accruing loans (3)	5,477,366	3,540,910	3,720,333	2,009,065	2,364,436
Past due loans (2)					
Real estate					
Construction	-	-	-	-	-
First mortgage	-	-	-	-	-
Second mortgage	-	-	-	-	-
Consumer	-	-	-	-	-
Total past due loans	-	-	-	-	-
Total non-accruing and past due loans	$5,477,366	$3,540,910	$3,720,333	$ 2,009,065	$2,364,436
Percentage of total loans	2.54%	1.86%	1.90%	1.16%	101.16%
Real estate acquired through foreclosure	$ 587,913	$ 928,739	$ 314,338	$ 225,000	$ 225,001
Total non-accruing and past due loans and nonperforming assets.	$6,065,279	$4,469,649	$4,034,671	$ 2,234,065	$2,589,437

1. Non-accruing loans are loans for which unpaid interest is not recognized into income. The effects of carrying non-accrual loans during 2002 resulted in a reduction of income of approximately $215,000. Actual interest income received on non-accrual loans totaled approximately $331,000 for the year ended September 30, 2002.
2. Past due loans are 90 days or more delinquent for which interest is still accruing.

ANALYSIS OF ALLOWANCE FOR LOAN LOSSES

Table 2

	September 30,				
	2002	**2001**	**2000**	**1999**	**1998**
Beginning balance	$ 2,414,477	$ 2,364,704	$ 1,235,566	$ 968,632	$ 1,012,322
Loans charged-off:					
Real estate construction	-	7,639	-	-	-
Real estate mortgage	365,713	392,634	540,371	56,589	179,995
Consumer and other	402,763	310,252	1,112,939	242,560	63,762
	768,476	710,525	1,653,310	299,149	243,757
Recoveries:					
Real estate construction	-	-	-	-	-
Real estate mortgage	282,745	213,924	11,344	860	78,084
Consumer and other	191,566	111,374	131,104	56,156	115,820
	474,311	325,298	142,448	57,016	193,904
Net charge-offs	294,165	385,227	1,510,862	242,133	49,853
Provision charged to operations	120,000	435,000	2,640,000	509,067	6,163
Balance at end of period	$ 2,240,312	$ 2,414,477	$ 2,364,704	$ 1,235,566	$ 968,632
Ratio of net charge-offs to average loans outstanding	0.15%	0.20%	0.78%	0.15%	0.03%
Ratio of allowance to total loans	1.04%	1.27%	1.21%	0.71%	0.64%

Liabilities

Total deposits increased $6,995,065, or 3.19%. Much of this increase was in non-interest bearing deposits, as the Bank offers free checking to its customers. The Bank is well positioned to take advantage of the growing local market. The balance of Federal Home Loan Bank advances increased $7,500,000 at September 30, 2002 as compared with September 30, 2001. The Bank borrowed additional funds during the last quarter of the fiscal year to meet increased loan volume. Due to the increased deposit levels the Bank was able to sell federal funds on a regular basis during the remainder of year.

Other borrowed funds remains at $2,000,000 for the year ended September 30, 2002. Due to the increase in Federal Home Loan Bank advances and deposit balances, the bank did not increase its position in other borrowed funds.

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2001 AND 2000

Results of Operations

General

First Georgia Holding, Inc. reported net income of $2,007,786, an increase of $576,131. This increase is due primarily to the decrease in the provision for loan losses of approximately $2,200,000 due to the reduction in net charge-offs and a reduction in loans outstanding. Net interest income after provision for loan losses increased $1,761,464. Other income increased $198,191 and other expenses increased $1,161,455.

Several factors discussed below contributed to the increases and decreases in these areas.

Interest Income

Total interest income increased $319,721 for the year, or 1.60%. Interest income on loans decreased $348,013, or 1.88%. Average loans for the year decreased by more than $6,000,000 during the year ended September 30, 2001, resulting in decreased interest income. The Bank increased its position in mortgage-backed securities, resulting in a $501,324, or 52.92% increase in the related interest income. Investment income increased by $103,858 or 105.79% for the year ended September 30, 2001 as compared to the same period last year. Because of increased deposit growth, the average balance of federal funds sold increased more than $2,000,000. These higher balances account for a $62,552, or 15.76% increase in other interest income.

Interest Expense

Total interest expense increased $763,257, or 8.00% for the year. This is attributable to an increase in average deposits of approximately $13,000,000. The Bank experienced substantial deposit growth over the year, which is attributable to the introduction of more competitive deposit products. While most of this growth was in interest-free checking accounts, the Bank concentrated on obtaining customers' total banking business, resulting in increased growth in other interest-bearing deposits. Interest expense on deposits increased $882,555, or 9.77%. Due to the increased deposit balances, the Bank was able to decrease its position in federal funds purchased. Interest expense on advances and other borrowings decreased $119,298, or 23.93% for the year ended September 30, 2001 as compared to the year ended September 30, 2000. The Bank was able to sell federal funds on a consistent basis during the year rather than purchase.

Other Income

Other income increased $198,191, or 7.32% for the year ended September 30, 2001 as compared to 2000. Deposit service charges increased $97,669, or 5.04% for the year ended September 30, 2001. This increase is attributable to the significant increase in deposit balances for the year. The increase in the number of deposits creates an increase in service charges and non-sufficient funds fees. Loan fees increased $5,735, or 1.02%. The relatively small increase is attributable to late fees and other charges related to loan balances. Other operating income increased $94,787, which is primarily due to an $82,124 gain on the sale of real estate owned and a $5,340 increase in ATM fees.

Other Expenses

Other expenses increased $1,161,455, or 14.30% for the year. Personnel related expenses had the largest increase, growing by $617,859, or 15.60%, for the year ended September 30, 2001. The Bank added more employees to maintain a superior level of customer service in response to the Bank's continued growth. Occupancy expense also increased by $168,866, or 9.98%, for the year. The increase in occupancy expense is due primarily to increased repairs and maintenance expenses of approximately $32,000 and an increase in depreciation expense of approximately $62,000 related to the new information technology location, which opened in April of fiscal year 2001. Office supplies decreased $12,476 or 4.79% during the year. This decrease is attributable to a more stringent policy put into place for ordering supplies. Orders are limited to a select list of supplies carried by specific vendors the Bank does business with. Special requests are accepted on a case-by-case basis. Data processing expense increased $14,583 , or 16.27% for the year. This increase is related to the deposit growth. Federal Insurance premiums increased 25,696 or 47.57% because of increased capital balances.

Income Tax Expense

The Company incurred $1,131,220 in income tax expense for the year based on applicable income tax rates at September 30, 2001.

Financial Condition

Total assets of the Company increased $6,282,833 from September 30, 2000 to September 30, 2001. Increased investment balances were the driving force behind this increase, as the balances grew $8,072,556, or 45.15%. Loan demand decreased during the year. Loans receivable decreased $6,118,218 or 3.16%. This decrease is primarily attributable to the recent economic slow-down. The increased deposit balances resulted in an increase of $919,000 or 9.34% in the federal funds sold account. Premises and

equipment increased $46,296, or .83%, primarily related to the purchase of new cubicle furniture for the Operations Department and the Loan Department located in the main branch on Gloucester Street.

Total deposits increased $4,009,758, or 1.87%. Much of this increase was in non-interest bearing deposits, as the Bank offers free checking to its customers. The Bank is well positioned to take advantage of the growing local market. The balance of Federal Home Loan Bank advances increased $1,000,000 at September 30, 2001 as compared with September 30, 2000. The Bank borrowed additional funds at the beginning of the fiscal year to meet increased loan volume. Due to the increased deposit levels the Bank was able to sell federal funds on a regular basis during the remainder of year.

Other borrowed funds remains at $2,000,000 for the year ended September 30, 2001. Due to the increase in Federal Home Loan Bank advances and deposit balances, the bank did not increase its position in other borrowed funds.

EFFECTS OF INFLATION AND CHANGING PRICES

First Georgia's consolidated financial statements and related data presented herein have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation. Unlike industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services. Non-interest expenses, however, do reflect general levels of inflation.

Shareholder Information

A limited trading market has developed in the Company's common stock which is quoted on the NASDAQ (National Association of Securities Dealers Automated Quotation) National Market System under the symbol "FGHC." Set forth below are the high and low sales prices of the Company's common stock for each full quarterly period since October 2000. Such prices reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not represent actual transactions.

Quarterly Period	High	Low
October 1 - December 31, 2000	$4.5	$3.63
January 1 - March 31, 2001	4.36	3.64
April 1 - June 30, 2001	6.24	3.40
July 1 - September 30, 2001	5.20	3.85
October 1 - December 31, 2001	4.25	3.66
January 1 - March 31, 2002	4.20	3.07
April 1 - June 30, 2002	4.25	2.50
July 1 - September 30, 2002	4.99	3.06

At November 15, 2002, the Company had 388 shareholders of record. The Company paid cash dividends of $0.05 per share in March 2002 and has declared a $0.05 per share dividend to shareholders of record as of November 15, 2002 payable November 30, 2002. The primary source of funds available to the Company is the payment of dividends by the Bank. Banking regulations limit the amount of dividends that may be paid without prior approval of the Bank's regulators. Approximately $2,000,000 was available to be paid as dividends by the Bank to the Company at September 30, 2002 upon regulatory approval.

OFFICES

1703 Gloucester Street

Brunswick, Georgia 31520

912-267-7283

2461 Demere Road

St. Simons Island, Georgia 31522

912-638-7118

2001 Commercial Drive South

Brunswick, Georgia 31525

912-262-1500

4510 Altama Avenue

Brunswick, Georgia 31520

912-267-0010

109 Scranton Connector

Brunswick, Georgia 31525

912-262-0936

1010 Plant Avenue

Waycross, Georgia 31501

912-287-2265

OTHER INFORMATION

Transfer Agent:

First Georgia Bank

1703 Gloucester Street

Brunswick, Georgia 31520

Independent Auditors:

Deloitte & Touche LLP

Suite 2801, Independent Square

One Independent Drive

Jacksonville, Florida 32202

Legal Counsel:

James A. Bishop

Suite 40

First Federal Plaza

Brunswick, Georgia 31520

Special Counsel:

Powell, Goldstein, Frazer & Murphy

Sixteenth Floor

191 Peachtree Street, N.E.

Atlanta, Georgia 30303

DIRECTORS AND OFFICERS

FIRST GEORGIA HOLDING, INC.

OFFICERS

HENRY S. BISHOP	G. FRED COOLIDGE III	WENDI O'CONNOR
Chairman and President, Chief Executive Officer	Secretary and Treasurer	Assistant Secretary and Assistant Treasurer

DIRECTORS

HENRY S. BISHOP	B.W. BOWIE	WILLIAM B. STEMBLER
Chairman of the Board, President First Georgia Bank	Retired Senior Vice President, General Manager, and Director Federal Paper Board Company	Owner, Georgia Theater Company
TERRY DRIGGERS	ROY K. HODNETT	E. RAYMOND MOCK
President, Driggers Construction Company	President, T.H.E. Island Group, T.H.E. Hotel Group, and T.H.E. Island Inn	Owner, Piggly Wiggly food stores St. Simons and Nahunta, GA
JAMES D. MOORE		D. LAMONT SHELL
President, J.D. Moore, Inc.		President, Glynn Electric

FIRST GEORGIA BANK, BRUNSWICK

HENRY S. BISHOP	G. FRED COOLIDGE	MEL BAXTER
Chairman, President, and CEO	Executive Vice President, COO	Senior Vice President
JUDY DIXON	WENDI O'CONNOR	LAURA FRIEND
Vice President	Assistant Vice President	Vice President
MARK WESTBERRY	CATHERINE BOYNE	DIANE SHARPE
Senior Vice President	Assistant Vice President	Vice President
GEORGE MCMANUS	JODI TODD	APRIL JONES
Assistant Vice President	Assistant Vice President	Assistant Vice President
TAMMY FLOWERS	MEME HULSEY	LAURA LEE
Assistant Vice President	Assistant Vice President	Assistant Vice President
ANGIE FERRA	JAN WILDSMITH	RITA BOATRIGHT
Assistant Vice President	Assistant Vice President	Assistant Vice President
ANN GARLAND	JOE RICCIO	JAMES C. DAVIS
Assistant Vice President	Assistant Vice President	Assistant Vice President

FIRST GEORGIA BANK, ALTAMA

ELZIE JACOBS
Vice President

APRIL BECK
Assistant Vice President

FIRST GEORGIA BANK, ST. SIMONS ISLAND

CHAD KIDWELL
Senior Vice President

SUSAN USSERY
Vice President

FELICIA SALTER
Assistant Vice President

FIRST GEORGIA BANK , COLONIAL MALL

MERLENE BURGESS
Vice President

DONNA GIBBS
Assistant Vice President

FIRST GEORGIA BANK, NORTH BRUNSWICK

FRED ALEXANDER
Vice President

CHINITA DAVIS
Assistant Vice President

FIRST GEORGIA BANK, WAYCROSS

PAM TAYLOR
Vice President

LINDA WALKER
Assistant Vice President

EXHIBIT 23

Consent of Deloitte & Touche LLP

Certified Public Accountants

INDEPENDENT AUDITORS' CONSENT

The Board of Directors

First Georgia Holding, Inc.

We consent to the incorporation by reference in Registration Statements (N0.33-62245 and No. 33-62249) of First Georgia Holding, Inc. on Form S-8 of our report dated November 22, 2002, appearing in and incorporated by reference in this Annual Report on

Form 10-KSB of First Georgia Holding, Inc. for the year ended September 30, 2002.

/s/ Deloitte & Touche LLP

Certified Public Accountants

Jacksonville, Florida

December 27, 2002

Exhibit 99.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that this Annual Report on Form 10-KSB for the year ended September 30, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This 16th day of December, 2002.

/s/ Henry S. Bishop

Chief Executive Officer

/s/ G.F. Coolidge III

Chief Financial Officer

Exhibit 99.2

FORM 10-QSB

U. S. Securities and Exchange Commission

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended December 31, 2002

[ ] TRANSITIONS REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1943.

For the transition period from _____ to _____

Commission file number 0-16657

FIRST GEORGIA HOLDING, INC.

Georgia	58-1781773
(State or other jurisdiction or incorporation or organization)	(IRS Employer Identification No.)

1703 Gloucester Street
Brunswick, Georgia 31520
(Issuer's Address)

(912) 267-7283
(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No_____

Number of shares of Common Stock outstanding as of December 31, 2002

7,751,712

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements. The consolidated financial statements of First Georgia Holding, Inc. filed as part of this report are as follows:

PART II

FIRST GEORGIA HOLDING, INC
CONSOLIDATED BALANCE SHEETS
(unaudited)

Assets	**December 31, 2002**	**September 30, 2002**
Cash and cash equivalents:		
Cash and due from banks	$ 6,513,944	$ 7,704,464
Federal funds sold	-	3,975,000
Interest bearing deposits in other banks	259,606	166,850
Total cash and cash equivalents	6,773,550	11,846,314
Investment securities held to maturity, fair value approximately $27,752,000 and $26,530,000 at December 31, 2002 and September 30, 2002, respectively	27,250,470	25,851,519
Loans receivable, net of allowance for loan loss of approximately $2,990,000 and $2,240,000 at December 31, 2002 and September 30, 2002, respectively	213,628,224	212,869,728
Real estate owned	497.190	578,913
Federal Home Loan Bank stock, at cost	1,025,900	1,025,900
Premises and equipment, net	5,292,908	5,329,773
Accrued interest receivable	1,207,535	1,172,251
Intangible assets, net	382,490	406,397
Deferred income taxes, net	901,526	585,421
Other assets	1,084,547	1,206,529
Total Assets	$ 258,044,340	$ 260,872,745
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits	$ 224,869,555	$ 225,977,853
Federal Home Loan Bank advances	5,500,000	11,000,000
Other borrowed funds	6,056,000	2,000,000
Accrued interest payable	378,469	375,206
Obligations under capital lease	144,217	150,260
Accrued expenses and other liabilities	566,745	450,999
Total liabilities	237,514,986	239,954,318
Stockholders' Equity:		
Common stock, $1 par value; 10,000,000 shares authorized; 7,751,712 shares issued and outstanding	7,751,712	7,751,712
Additional paid-in capital	427,931	427,931
Retained earnings	12,349,711	12,738,784
Total stockholders' equity	20,529,354	20,918,427
Total Liabilities and Stockholders' Equity	$ 258,044,340	$ 260,872,745

See accompanying notes to consolidated financial statements.

FIRST GEORGIA HOLDING, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended December 31,	
	2002	**2001**
Interest income:		
Loans	$ 3,443,962	$ 3,634,269
Federal funds sold	-	12,234
Investments	412,359	543,936
Other	6,932	452
Total interest income	3,863,253	4,190,891
Interest expense:		
Deposits	1,433,965	2,070,665
FHLB advances and other borrowings	84,646	79,162
Total interest expense	1,518,611	2,149,827
Net interest income	2,344,642	2,041,064
Provision for loan losses	780,000	30,000
Net interest income after provision for loan losses	1,564,642	2,011,064
Other income:		
Loan fees	139,441	151,595
Deposit service charges	712,993	598,851
Other operating income	109,392	72,444
Total other income	961,826	822,890
Other expenses:		
Salaries and employee benefits	1,226,356	1,172,770
Net occupancy expense	442,336	444,503
Amortization of intangibles	23,907	23,907
Federal insurance premiums	9,310	26,018
Loss on sale of real estate owned	27,022	-
Other operating expenses	807,303	628,722
Total other expenses	2,536,234	2,295,920
Income (loss) before income taxes	(9,766)	538,034
Income tax (benefit) expense	(8,278)	202,528
Net income	$ (1,488)	$ 335,506
Income per share of common stock:		
Basic	$ 0.00	$ 0.04
Diluted	$ 0.00	$ 0.04

See accompanying notes to consolidated financial statements.

FIRST GEORGIA HOLDING, INC.
CONOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended December 31,	
	2002	**2001**
OPERATING ACTIVITIES:		
Net income (loss)	$ (1,488)	$ 335,506
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Provision for loan losses	780,000	30,000
Depreciation and amortization	168,407	191,214
Deferred income taxes	(316,106)	-
Accretion of discounts on investments, net	(57,071)	(147,353)
Amortization of intangibles	23,907	23,907
Amortization of deferred loan fees	19,670	9,532
Loss on sale of real estate owned	27,022	-
(Increase) decrease in accrued interest receivable	(35,284)	36,051
Decrease in other assets	121,982	1,139,988
Increase (decrease) in accrued interest payable	3,263	(59,875)
Increase (decrease) in accrued expenses and liabilities	115,746	(282,948)
Net cash provided by operating activities	850,048	1,276,022
INVESTING ACTIVITIES:		
Principal payments received on mortgage-backed securities	411,587	297,541
Maturities of investment securities held to maturity	-	428,000
Purchase of investment securities held to maturity	(1,753,467)	(2,170,820)
Loan originations, net of principal repayments	(1,635,660)	(7,299,662)
Purchase of premises and equipment	(131,542)	(94,989)
Proceeds from the sale of real estate owned	132,196	-
Net cash used in investing activities	(2,976,886)	(8,839,930)
FINANCING ACTIVITIES:		
Net decrease in deposits	(1,108,298)	(7,907,647)
Net increase in Federal funds purchased	4,056,000	3,268,925
Proceeds from FHLB advances	4,000,000	-
Principal payments on obligations under capital lease	(6,043)	(5,472)
Repayments of FHLB advances	(9,500,000)	-
Dividends	(387,585)	-
Net cash used in financing activities	(2,945,926)	(4,644,194)
Net decrease in cash and cash equivalents	(5,072,764)	(12,208,102)
Cash and cash equivalents at beginning of quarter	11,846,314	19,951,313
Cash and cash equivalents at end of quarter	$ 6,773,550	$ 7,743,211
Supplemental disclosure of cash paid during the period for:		
Interest	$ 1,515,348	$ 2,149,827
Supplemental disclosure of non-cash activities:		
Loans transferred to real estate owned	$ 107,600	$ 212,469
Sale of real estate owned financed by bank	43,000	-

See accompanying notes to consolidated financial statements.

(1) BASIS OF PRESENTATION

In the opinion of Management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the financial position of First Georgia Holding, Inc. (the "Company") as of December 31, 2002 and September 30, 2002. Also included are the results of its operations and changes in financial position for the three months ended December 31, 2002 and 2001. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

The consolidated financial statements include the accounts of the Company and its subsidiary, First Georgia Bank (the "Bank"). All significant intercompany balances and transactions have been eliminated in consolidation.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report to Shareholders, incorporated by reference into the Company's Form 10-KSB for the year ended September 30, 2002.

(2) EARNINGS PER SHARE

Earnings per share were calculated using the weighted-average number of shares outstanding for the period. The diluted earnings per share takes into consideration the assumed increase in shares from the conversion of stock options as well.

	Three Month Period Ended December 31,	
	2002	**2001**
Weighted average number of common shares outstanding - Basic	7,751,712	7,713,733
Incremental shares from the assumed conversion of stock options	-	19,578
Total - Diluted	7,751,712	7,733,311

The incremental shares from the assumed conversion of stock options were determined using the treasury stock method under which the assumed proceeds were equal to the amount that the Company would receive upon the exercise of the options plus the amount of tax benefit that would be credited to additional paid-in-capital assuming exercise of options. The assumed proceeds are used to purchase outstanding shares at the average market price during the period.

For the three months ended December 31, 2002 and 2001, 300,000 and 360,000 stock options, respectively, were excluded from the computation of diluted earnings per share due to their anti-dilutive effect.

(3) ALLOWANCE FOR LOAN LOSSES

Changes in the allowance for loan losses are summarized as follows:

	Three Months Ended December 31, 2002	**Year Ended September 30, 2002**
Beginning Balance	$ 2,240,312	$ 2,414,477
Provision charged to operations	780,000	120,000
Charge-offs	(71,753)	(768,476)
Recoveries	41,393	474,311
Balance, end of period	$ 2,989,952	$ 2,240,312

(4) RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and requires that the amount recorded as a liability be capitalized by increasing the carrying amount of the related long-lived assets. Subsequent to initial measurement, the liability is accreted to the ultimate amount anticipated to be paid, and is also adjusted for revisions to the timing or amount of estimated cash flows. The capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS No. 143 is required to be adopted for fiscal years beginning after June 15, 2002, with earlier application encouraged. The Company's adoption of SFAS No, 143 on October 1, 2002 did not have an effect on the Company's consolidated financial position and results of operations.

In December 2002, SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure ("SFAS 148") was issued. This Statement amends SFAS 123 to provide alternative methods of transition for an entity that voluntarily changes to the fair value-based method of accounting for stock-based employee compensation. Is also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, this Statement amends APB Opinion No. 28, "Interim Financial Reporting," to require disclosure about those effects in interim financial information. The amendments to Statement 123 shall be effective for financial statements for fiscal years ending after December 15, 2002. The amendment to Opinion 28 shall be effective for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002. Early application is encouraged. The Company is currently assessing the amendments to Statement 123 as they relate to voluntary changes to the fair value-based method of accounting for stock-based employee compensation. The amendments to Opinion 28 will be adopted for the Company's quarter ending March 31, 2003.

(5) SUBSEQUENT EVENTS

On January 22, 2003, the Company signed an agreement to merge with United Community Banks, Inc. The proposed acquisition is subject to appropriate shareholder and regulatory approvals. The Company's subsidiary, First Georgia Bank, will merge into United's Georgia banking subsidiary, United Community Bank.

On October 21, 2002, the Company's Board of Directors approved a change in fiscal year end from September 30 to December 31. However, due to the pending merger agreement between United Community Bank, Inc. and the Company, the Board of Directors decided a change was not necessary. Therefore, on January 22, 2003, the Company's Board of Directors approved a change in fiscal year from December 31 to September 30.

FIRST GEORGIA HOLDING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and related notes appearing elsewhere in this Form 10-QSB.

CRITICAL ACCOUNTING POLICIES

The accounting and reporting policies for the Company and its subsidiary are in accordance with accounting principles generally accepted in the United States and conform to general practices within the banking industry. The more critical accounting and reporting policies include the Company's accounting for the allowance for loan losses, other real estate owned and income taxes. In particular, the accounting for these areas requires significant judgments to be made by management. Different assumptions in the application of these policies could result in material changes in the Company's consolidated financial position or consolidated results of operations. See "Allowance for Loan Losses" herein for a complete discussion. Please also refer to Note 1 in the "Notes to Consolidated Financial Statements" in the

Company's Annual Report on Form 10-KSB on file with the Securities and Exchange Commission for details regarding all of the Company's critical and significant accounting policies.

LIQUIDITY

First Georgia Bank (the "Bank") has traditionally maintained levels of liquidity above levels required by regulatory authorities. As a member of the Federal Home Loan Bank System, the Bank is required to maintain a daily average balance of cash and eligible liquidity investments equal to a monthly average of 5% of withdrawable savings and short-term borrowings. The Bank's liquidity level was 10.05% and 12.88% at December 31, 2002 and September 30, 2002, respectively.

The Bank's operational needs, demand for loan disbursements, and savings withdrawals can be met by loan principal and interest payments, new deposits, and excess liquid assets. While significant loan demand, deposit withdrawal, increased delinquencies, and increased foreclosed property could alter this condition, the Bank has sufficient borrowing capacity through Federal Home Loan Bank advances and other short-term borrowings to manage such an occurrence. Management does not foresee any liquidity problems for fiscal 2003.

CAPITAL RESOURCES

The following is reconciliation at December 31, 2002 of the Bank's equity capital to regulatory capital, under generally accepted accounting principles:

First Georgia Holding, Inc.	
Stockholder's Equity	$ 20,529,000
Less:	
Intangible assets	382,000
Total Tier 1 Capital	20,147,000
Plus:	
Qualifying Portion of allowance for loan loss	2,445,000
Total Risk-Based Capital	$ 22,592,000

Current regulations require institutions to keep minimum regulatory tier 1 capital equal to 4.0% of risk-weighted assets, minimum tier 1 capital to average assets of 4% (the leverage ratio), and total risk-based capital to risk-adjusted assets of 8%. At December 31, 2002, the Bank met all three capital requirements.

The Bank's regulatory capital and the required minimum amounts at December 31, 2002 are summarized as follows:

			Required Minimum			
	Capital		**Amount**		**Excess (Deficiency)**	
	%	$	%	$	%	$
Total Risk-based capital	11.58%	$22,592,000	8.00%	$15,609,000	3.58%	$ 6,983,000
Tier 1 Risk-based capital	10.33%	20,147,000	4.00%	7,805,000	6.33%	12,342,000
Leverage Ratio	7.81%	20,147,000	4.00%	10,313,000	3.81%	9,834,000

The Federal Deposit Insurance Corporation Improvement Act (FDICIA) requires Federal banking agencies to take "prompt corrective action" in respect to institutions that do not meet minimum capital requirements. Along with the ratios described above, FDICIA also introduced an additional capital measurement, the Tier 1 risk-based capital ratio. The Tier 1 ratio is the ratio of Tier 1 or core capital to total risk-adjusted assets. FDICIA establishes five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." The regulators summarize their minimum requirements for the five capital tiers established by the FDICIA as follows:

	Total Risk-Based Capital Ratio	Tier I Risk-Based Capital Ratio	Leverage Ratio
Well Capitalized	10% or above	6% or above	5% or above
Adequately Capitalized	8% or above	4% or above	4% or above
Undercapitalized	Less than 8%	Less than 4%	Less than 4%
Significantly Undercapitalized	Less than 6%	Less than 3%	Less than 3%
Critically Undercapitalized	-	-	2% or less

An institution may be deemed to be in a capitalization category lower than is indicated by its capital position based on safety and soundness considerations other than capital levels.

At December 31, 2002, the Company's total risk-based ratio, tier 1 risk-based ratio and leverage ratio was 11.58%, 10.33% and 7.81%, respectively, placing the Company in the well-capitalized category under FDICIA for each ratio.

RESULTS OF OPERATIONS

INTEREST INCOME

Interest income on loans decreased $190,307, or 5.24%, for the three-month period ended December 31, 2002 as compared to the same period in 2001. This decrease is directly related to the decrease in interest rates as compared to the same period last year. Interest on Federal funds sold decreased $12,324 for the quarter or 100.00% as compared to the same period in 2001. Increased loan demand and increased investment balances during the quarter, combined with a decrease in average deposit balances caused the Bank to borrow overnight Federal funds periodically during the quarter instead of selling on a regular basis as was the case in the previous year. The Bank continues to offer a variety of deposit products, such as free checking, which have been favorably accepted in the marketplace. Interest on investments decreased $131,577 or 24.19% for the quarter as compared to the same period in 2001. Although the Bank has increased its position in mortgage-backed securities (approximately $1.6 million at December 31, 2002 as compared to the same period in 2001), interest earned on investments decreased due to decreased average balances during the three-month period.

INTEREST EXPENSE

Interest on deposits decreased $636,700 or 30.75% for the quarter ended December 31, 2002 as compared to the same period in 2001. This decrease is primarily attributable to decreased interest rates paid on interest bearing deposits. The Bank lowered interest rates being offered on certificates of deposits as compared to the same period last year. Although average deposit balances have continued to increase, the mix of deposits has changed significantly resulting in decreased interest expense. The market in which the Bank operates remains conducive to deposit growth, and the Bank has positioned its deposit products to take full advantage of the area's deposit growth. Interest on FHLB advances and other borrowings increased $5,484 or 6.93% for the quarter ended December 31, 2002 as compared to same period in 2001. The increase primarily is related to a $2.0 million increase in Federal Home Loan Bank advances as compared to the same period in the prior year.

NET INTEREST INCOME

Net interest income for the quarter ended December 31, 2002 increased $303,578 or 14.87% when compared to the same period in 2001. This increase is primarily attributable to the $636,700 decrease in interest expense paid on deposits.

PROVISION FOR LOAN LOSSES

The provision for loan losses for the three-month period ended December 31, 2002 totaled $780,000. The loan loss provision increased $750,000 during the quarter ended December 31, 2002 as compared to the quarter ended December 31, 2001. During the three-month period ended December 31, 2002 management became aware of two borrowers who began to encounter financial difficulties that have affected their ability to repay the loans. Specific allowances increased approximately $411,000 from September 30, 2002 as result of an increase in impaired loans specifically related to the two borrowers who filed for bankruptcy during the period ended December 31, 2002. The increase in the provision for the quarter results from increases in the loan portfolio coupled those additional factors.

The Bank experienced substantial charge-offs in 2000 primarily as a result of under collateralized loans made by a particular loan officer. During a six-month period, the loan officer made loans totaling approximately $3.3 million that were under collateralized. The loan officer provided falsified collateral information to the loan committee and granted a large number of small dollar loans that were under the scope of a loan review. Once it was determined that the loan officer was making under collateralized loans, he was immediately terminated and a suspicious activities report was filed with the Office of Thrift Supervision. Of the total loan charged-off in 2000, 84.70% or $1.4 million was related to the particular loan officer. Management felt it necessary to increase the allowance for loan losses in fiscal year 2000 as a result of the increased charge-offs and to allocate a portion of the reserve to loans remaining in the portfolio that were originated by the particular loan officer and thought to hav e a high risk of loss based upon the characteristics of the loan. Of the total provision at September 30, 2000 approximately 72.94% or $1.9 million related to loans remaining in the portfolio related to the particular loan officer.

The Bank has made significant progress in resolving loan problems related to fiscal year 2000. Of the total allowance at December 31, 2002, approximately 7.91% or $378,000 relates to loans originated by the particular loan officer. The Bank has recovered approximately $116,000 of the $1.4 million charged-off in fiscal year 2000. Management has taken additional precautions since that time to ensure that all loans are properly collateralized. The Company engaged an outside firm to conduct quarterly loan reviews of the loan portfolio in order to assist in identifying all loans originated by the particular loan officer and as a preventative measure to ensure timely recognition of under collateralized loans. The quarterly review process includes all loans, regardless of principal amount. The Company also hired a credit analyst to review and provide recommendations on larger loan applications.

See "Allowance for Loan Losses" herein for a discussion of all factors considered in determining the provision for loan losses.

Net interest income after the provision for loan losses for the quarter ended December 31, 2002 decreased $446,422 or 22.20% from the same period in the prior year. The decrease is directly related to the increase in provision for loan losses.

OTHER INCOME

Other income for the quarter increased $139,128 or 16.91% from the same quarter in the previous year. Loan fees decreased $12,154, or 8.02% as compared to the same period in 2001. The decrease is attributable an approximate $12,000 decrease in late fees earned on loans. Deposit service charges increased $114,142 or 19.06% for the quarter ended December 31, 2002. The increase is directly related to increased fee income, such as service charges and insufficient funds fees. During the quarter ended December 31, 2002, the Bank began offering a new overdraft protection service, "Bounce Protection" to deposit account customers. This product has significantly increased the non-sufficient fees earned. Other operating income increased $36,948 or 51% for the three-months ended December 31, 2002 as compared to the same period in the prior year. The increase is primarily a result of an increase in ATM fees of approximately $27,000 coupled with an approximate $3,000 increase in check printing fees earned.

OTHER EXPENSES

Other expenses for the quarter ended December 31, 2002 increased $240,314 or 10.48%, over the quarter ended December 31, 2001. Salaries and employee benefits increased $53,586, or 4.57% for the three-month period ending December 31, 2002 over the same period in the prior year. The increase in salary and employee benefits is attributable to annual salary increases and additional employees hired.

Net occupancy expense decreased $2,167 or 0.49% in the quarter ended December 31, 2002 over the same period last year. Other operating expenses increased $178,608 or 28.41% for the three-month period ended December 31, 2002 as compared to the same period in 2001. This increase results from an approximate $5,000 increase in small fixtures; an approximate $9,000 increase in data processing services related to internet monitoring services; an approximate $7,000 increase in charitable contributions; a $35,000 increase in travel and lodging expenses resulting from costs associated with the travel by upper level management related to the recently announced merger; an approximate $25,000 increase in postage resulting from increase postage rates coupled with increased volume; a $25,000 increase in advertising related to the roll out of the new "Bounce Protection" product; a $20,000 increase in consulting fees also related to the merger; and an approximate $40,000 increase in audit related fees.

PROVISION FOR INCOME TAXES

The provision for income taxes was a benefit of $8,278 for the three-month period ended December 31, 2002 compared to an expense of $202,528 for the comparable period in 2001. The decrease in the provision is directly related to the decrease in income before income taxes as compared to the same period in 2001.

FINANCIAL CONDITION

ASSETS

Cash and cash equivalents decreased $5,072,764 or 42.82%, over the three-month period ended December 31, 2002. With the decrease in transaction deposit accounts offset by increased loan demand, the Bank has maintained lower cash and cash equivalents balances. Included in cash equivalents is a decrease of $3,975,000 in Federal funds sold during the three-month period. Because loan volume has increased, the Bank has had less cash available and has not been able to sell federal funds on a nightly basis. Investment balances increased $1,398,951 or 5.41%, for the three months ended December 31, 2001. The Bank is investing more of its cash into interest earning assets. Premises and equipment decreased $36,865 or 0.69%. The decrease results primarily from $168,407 depreciation expense during the three-month period offset by $131,542 in purchases. Other assets decreased $121,982 or 10.11% during the three-month period ended December 31, 2002. The decrease is primarily related to a $112,750 decrease in the federal income tax receivable account along with a $15,819 decrease in prepaid expenses. Real estate owned balances decreased $81,723 or 14.12% over the three-month period. This decrease is related to the sale of real estate held by the Bank. Accrued interest receivable increased $35,284 or 3.01% as a result of increased loan balances.

Loans receivable increased $758,496 or 0.36% during the three months ended December 31, 2002. The allowance for loan losses increased from $2,240,312 at September 30, 2002 to $2,989,952 at December 31, 2002. The Bank's loan portfolio at December 31, 2002 and September 30, 2002 are summarized as follows:

LOANS RECEIVABLE

	December 31, 2002	September 30, 2002
Real estate mortgage loans	$ 153,564,046	$ 153,885,801
Real estate construction loans	33,389,476	29,567,026
Consumer loans	16,906,276	16,841,699
Commercial and other loans	12,862,721	14,941,148
	216,722,519	215,235,674
Less:		
Deferred loan fees	(98,701)	(118,371)
Unearned interest income	(5,642)	(7,263)
Allowance for loan losses	(2,989,952)	(2,240,312)
	$ 213,628,224	$ 212,869,728

ALLOWANCE FOR LOAN LOSSES

Management conducts an extensive review of the provision for loan losses on a monthly basis. Additions to the allowance for loan losses are charged to operations based upon management's evaluation of the probable losses in its loan portfolio. This evaluation considers the estimated value of the underlying collateral and such other factors as, in management's judgment, deserve recognition under existing economic conditions. While management uses the best information available to make evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the assumptions used in making the evaluations. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowances for losses on loans and real estate owned. Such agencies may require the Bank to recognize additions to the allowances based on their judgments of information available to them at the time of their examination.

Management determines the allowance for loan losses by establishing a general allowance by loan type determined for groups of smaller, homogenous loans possessing similar characteristics and non-homogeneous loans that are not impaired. All classified loans are reviewed on an individual basis. The Bank currently engages an outside firm to conduct a quarterly review of the loan portfolio to assist in determining specific allowances as well as identify trends in the loan portfolio.

General Allowance

The Company determines the general allowance by applying historical loss percentages to all loans not impaired. Historical loss percentages are calculated and applied to each category of loans by risk grade. Loans are grouped into categories based upon the specific characteristics of the loan such as type of collateral. The Company generally calculates the historical loss percentages using a six-year moving average. However, for the past year, the Company has moved to a two-year moving average. As a result of changes in the loan portfolio, a decline in the economy and a significant increase in charge-offs, management feels that the losses experienced in the past two years provides a more accurate estimate of losses occurring in the present.

The Company may adjust the allowance determined by the method described above for qualitative factors that are probable to impact future loan losses. Management has reviewed various factors to determine the impact on the current loan portfolio. These adjustments reflect management's best estimate of the level of loan losses resulting from these factors. The following current qualitative factors were considered in this analysis:

- Changes in lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices.
- Changes in the nature and volume of the portfolio.
- Changes in the experience, ability, and depth of lending management and staff.
- Changes in the volume and severity of past dues and classified loans; and the volume of non-accruals, troubled debt restructurings and other loan modifications
- The existence and effect of any concentrations of credit, and changes in the level of such conditions.
- The effect of external factors, such as competition and legal and regulatory requirements, on the level of estimated credit losses in the Bank's portfolio.
- The effect of changes in national and local economic business.
- Bank regulatory exam results

Specific Allowances

Management feels that given the small number of impaired loans, type of historical loan losses, and the nature of the underlying collateral, creating specific allowances for classified assets results in the most accurate and objective allowance. Should the number of these types of assets grow substantially, other methods may have to be considered.

The method used in setting the specific allowance uses current appraisals as a starting point, based on the Bank's possible liquidation of the collateral. On assets other than real estate, which tend to depreciate rapidly, another current valuation is used. For instance, in the case of commercial loans collateralized by automobiles, the current NADA wholesale value is used. On collateral such as over-the-road equipment, trucks or heavy equipment, valuations are sought from firms or persons knowledgeable in the area, and adjusted for the probable condition of the collateral. Other collateral such as furniture, fixtures and equipment, accounts receivable, and inventory, are considered separately with more emphasis given to the borrower's financial condition and trends rather than the collateral support. The value of the collateral is then discounted for estimated selling cost. In addition, the allowance incorporates the results of measuring impaired loans as provided by Statement of Financial Accounting Sta ndards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan" and SFAS No. 118, "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures". These accounting standards prescribe the measurement methods, income recognition and disclosures related to impaired loans.

Summary

The various methodologies included in this analysis take into consideration the historic loan losses and specific allowances. The analysis of the allowance indicated a historical allocation, adjusted for qualitative factors, of approximately $1.8 million and a specific allowance of $1,067,000 at December 31, 2002. The historical allocation increased approximately $295,000 from fiscal year-end, primarily as a result of the increase in loans. Net charge-offs to average loans outstanding decreased to 0.01% at December 31, 2002 compared to .15% at September 30, 2002. The Bank has been successful in recovering loans that were charged-off related to events that occurred in fiscal year 2000 involving a particular loan officer. (See "Provision for Loan Losses" herein). Additionally, in determining the general allowance, management considered improvements in Georgia economic indicators such as unemployment rates and economic growth rates. Non-accrual loans are examined on an individual basis to determine the a ppropriate action. Non-accrual loans decreased approximately $2,061,000 due in part to a system change that allows the Bank to better account for the loans that are in bankruptcy status, but are continuing to be paid post-petition current. Previously the Bank included all of those types of loans as non-accrual. Specific allowances increased approximately $411,000 from September 30, 2002 as result of an increase in impaired loans specifically related to two borrowers who have filed for bankruptcy during the period ended December 31, 2002. The allowance for loan losses increased $749,640 or 33.46% to $2,989,952 at December 31, 2002. The ratio of the allowance for loan losses to total loans was 1.38% at December 31, 2002 compared to 1.04% at September 30, 2002.

The following tables illustrate the Bank's allowance for loan losses and its problem loans. When a loan has been past due ninety days or more, Management reevaluates the loan and its underlying risk elements to determine if it should be placed on non-accrual status. These loans are loans for which unpaid interest is not recognized into income. Past due loans are loans which are ninety days or more delinquent and still accruing interest.

ANALYSIS OF NON-ACCRUING AND PAST DUE LOANS

	December 31, 2002	September 30, 2002
Non-accruing Loans (1)		
Construction	$ 341,771	$ 518,675
First Mortgage	1,199,803	2,861,019
Second Mortgage	952,113	1,171,226
Consumer	922,402	926,446
Total non-accruing loans	3,416,089	5,477,366
Past Due Loans (2)		
Real Estate	-	-
Construction	-	-
Mortgage	-	-
Consumer	-	-
Total past due loans	-	-
Total non-accruing and past due loans	$ 3,416,089	$ 5,477,366
Percentage of total loans	1.58%	2.54%
Real estate acquired through foreclosure	$ 497,190	$ 587,913
Total non-accruing, past due loans, and non-performing assets	$ 3,913,279	$ 6,065,279

(1) Non-Accruing loans are loans for which unpaid interest is not recognized into income.
(2) Past due loans are 90 days or more delinquent for which interest is still accruing.

ANALYSIS OF ALLOWANCE FOR LOAN LOSSES

	Three Months Ended December 31, 2002	Year Ended September 30, 2002
Beginning balance	$2,240,312	$2,414,477
Loans charged-off:		
Real estate construction	-	-
Real estate mortgage	20,230	365,713
Consumer and other	51,523	402,763
Total charge-offs	71,753	768,476
Recoveries:		
Real estate construction	-	-
Real estate mortgage	13,494	282,745
Consumer and other	27,899	191,566
Total recoveries	41,393	474,311
Net charge-offs	30,360	294,165
Provision charged to operations	780,000	120,000
Balance at end of period	$2,989,952	$2,240,312
Ratio of net charge-offs to loans outstanding	0.01%	0.15%

LIABILITIES

Deposits have decreased $1,108,289, or 0.49%, for the three-month period ended December 31, 2002. This decrease is primarily the result of a decrease in certificate of deposit accounts. First Georgia has continued to be successful in its efforts to obtain new deposit business. However, due to a declining economy and falling interest rates the Bank has lowered the interest rates paid on CD's. Accrued expenses and other liabilities increased $115,746 or 25.66% for the three months ended December 31, 2002. This increase is attributable to an approximate $195,000 increase in federal income tax payable and an approximate $36,000 increase in accrued audit fees as a result of increased audit work related to the proposed merger offset by an approximate $95,000 decrease accrued expenses, primarily attributable to the payment of annual bonuses to employees during the quarter ended December 31, 2002.

ITEM 3. CONTROLS AND PROCEDURES

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) that is required to be included in the Company's periodic filings with the Securities and Exchange Commission. There have been no significant changes in the Company's internal controls or, to the Company's knowledge, in other factors that could significantly affect those internal controls subsequent to the date the Company carried out its evaluation, and there have been no corrective actions with respect to significant deficiencies and material weaknesses.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits.

A. Exhibit 1. Certification Pursuant to 18 U.S.C. Section 1350

B. Reports on Form 8-K

Form 8-K dated January 27, 2003 reporting a change in fiscal year end from December to September.

Form 8-K dated January 27, 2003 reporting a news release related to Registrant signing merger agreement with United Community Banks, Inc.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 14, 2003

By: /s/ Fred Coolidge III
Secretary and Treasurer

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, G. F. Coolidge III, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of First Georgia Holding, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report if there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ G. F. Coolidge III
Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Henry S. Bishop, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of First Georgia Holding, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report if there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ Henry S. Bishop
Chief Executive Officer

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies that this Quarterly Report on Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This 14th day of February, 2003.

/s/ Henry S. Bishop
Chief Executive Officer

/s/ G. Fred Coolidge, III
Chief Operating Officer