
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):
February 22, 2011

UNITED COMMUNITY BANKS, INC.

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation)

No. 0-21656
(Commission File Number)

No. 58-180-7304
(IRS Employer
Identification No.)

125 Highway 515 East
Blairsville, Georgia 30512
(Address of principal executive offices)

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

Not applicable
(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

Tax Benefits Preservation Plan

As of February 22, 2011, United Community Banks, Inc. (the “**Company**”) adopted a Tax Benefits Preservation Plan (the “**Plan**”) designed to protect the Company’s ability to utilize substantial tax assets. The Company’s tax attributes (the “**Tax Benefits**”) include net operating losses that it could utilize in certain circumstances to offset taxable income and reduce its federal income tax liability.

The Company’s ability to use the Tax Benefits would be substantially limited if it were to experience an “ownership change” as defined under Section 382 of the Internal Revenue Code of 1986, as amended, and related Internal Revenue Service pronouncements (“**Section 382**”). In general, an “ownership change” would occur if the Company’s “5-percent shareholders,” as defined under Section 382, collectively increase their ownership in the Company by more than 50% over a rolling three-year period. The Plan is designed to reduce the likelihood that the Company will experience an ownership change by discouraging any person or group from becoming a beneficial owner of 4.99% or more of the common stock of the Company (the “**Common Stock**”) then outstanding (a “**Threshold Holder**”). There is no guarantee, however, that the Plan will prevent the Company from experiencing an ownership change.

As part of the Plan, the Company’s Board of Directors (the “**Board**”) declared a dividend of one preferred share purchase right (individually, a “**Right**”, and collectively the “**Rights**”) in respect of each share of the Common Stock outstanding at the close of business on February 23, 2011 (the “**Record Date**”), which are to become outstanding between the Record Date and the earlier of the Distribution Date and the Expiration Date (as such terms are defined below). Each Right represents the right to purchase, for an initial purchase price of \$8.00, subject to adjustment (the “**Purchase Price**”), one-hundredth of a share of Junior Participating Preferred Stock, Series E, \$1.00 par value per share (the “**Preferred Shares**”), of the Company. The terms and conditions of the Rights are set forth in the Plan.

Prior to the Distribution Date (as defined below), the Rights will be evidenced by, and trade with, the Common Stock and will not be exercisable. After the Distribution Date, the Company will cause the Rights Agent (as defined in the Plan) to mail rights certificates to shareholders of the Company and the Rights will trade independently of the Common Stock.

The Rights will be separate from the Common Stock and become exercisable following the close of business on the tenth business day following the earlier of (i) the date of the first public announcement by the Company in a press release expressly referring to the Plan indicating that a person has become an Acquiring Person (as defined below) (the “**Shares Acquisition Date**”) and (ii) the date of the commencement of a tender or exchange offer by any person if, upon consummation thereof, such person would or could be an Acquiring Person (the “**Tender Offer Date**”). The date that the Rights become exercisable is referred to as the “**Distribution Date**”.

Following the Shares Acquisition Date, (i) Rights owned by the Acquiring Person or its transferees will automatically be void and (ii) each other Right will automatically become a Right to buy, for the Purchase Price, that number of one-hundredth of a Preferred Share determined by dividing the aggregate Purchase Price by 50% of the current market value of the Common Stock.

“**Acquiring Person**” means any Threshold Holder, other than (i) the U.S. government; (ii) the Company or any subsidiary or employee benefit plan or compensation arrangement of the Company; (iii) any person who or which, together with its affiliates, was on the Record Date, the beneficial owner of 4.99% or more of the Common Stock; (iv) subject to the Plan, Fletcher International, Ltd. and certain of

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its assignees, (v) any person who or which would qualify as a Threshold holder as a result of a reduction in outstanding Common Stock by the Company; (vi) any person that has become a Threshold Holder if the Board in good faith determines that the attainment of such status has not jeopardized or endangered the Company's utilization of the Tax Benefits; and (vii) any person who or which would qualify as a Threshold Holder as a result of an Approved Acquisition; provided, however, that in the event that a person is not an Acquiring Person by reason of clause (iii), (vi) or (vii) above, such person will become an Acquired Person if such person later becomes the beneficial owner of any additional shares of Common Stock unless the acquisition of such Common Stock is solely as a result of a reduction in outstanding Common Stock by the Company.

"**Approved Acquisition**" means (i) any acquisition of Company Securities that causes a person to qualify as a Threshold Holder and is approved in advance by the Board or (ii) a conversion (or other exchange) of common stock or any other interest that would be treated as "stock" of the Company for purposes of Section 382, for other common stock or interests that would be treated as "stock" of the Company for purposes of Section 382, where such conversion (or other exchange) does not increase the beneficial ownership in the Company by any person for purposes of Section 382.

At any time after the Shares Acquisition Date, the Board may, at its option, exchange all or part of the then outstanding and exercisable Rights for Preferred Shares or Common Stock at an exchange ratio of one-hundredth Preferred Share or one share of Common Stock per Right, subject to adjustments and limitations described in the Plan and a reduction in the shares issuable to pay the deemed Purchase Price. The Board may enter into a trust agreement pursuant to which the Company would deposit into a trust such securities that would be distributable to shareholders (excluding the Acquiring Person) in the event the exchange is implemented.

The issuance of the Rights is not taxable to holders of the Common Stock for U.S. federal income tax purposes.

The Board may redeem all, but not fewer than all, of the then outstanding Rights at a redemption price of \$0.001 per Right at any time prior to a Shares Acquisition Date.

The Rights will expire on the earliest of (i) the Final Expiration Date (as defined below), (ii) the time at which all Rights are redeemed, (iii) the time at which all Rights are exchanged, (iv) such date on which the Board determines, in its sole discretion, that the Rights and the Plan are no longer necessary for the preservation of existence of the Tax Benefits, and (v) such date prior to a Shares Acquisition Date on which the Board determines, in its sole discretion, that the Rights and the Plan are no longer in the best interests of the Company and its shareholders (such earliest date, the "**Expiration Date**"). The "**Final Expiration Date**" means the close of business on the date that is the fifth (5th) anniversary of the date of the Plan; provided that if a Shares Acquisition Date occurs fewer than thirty (30) days prior to such date, then the Final Expiration Date shall be the date that is thirty (30) days after the Shares Acquisition Date.

At any time prior to the Shares Acquisition Date, the Plan may be supplemented or amended in any manner without the approval of any holders of Rights (or, prior to the Distribution Date, the holders of Common Stock). After the Shares Acquisition Date, the Plan may not be amended in any manner which would adversely affect the interests of the holders of Rights.

The foregoing summary of the Plan is not complete and is qualified by reference to the full text of the Plan, a copy of which is attached hereto as Exhibit 4.1 to this Form 8-K and incorporated herein by reference in its entirety.

Share Exchange Agreement

On February 22, 2011, the Company entered into a share exchange agreement (the “*Share Exchange Agreement*”) with Elm Ridge Offshore Master Fund, Ltd. (the “*Master Fund*”) and Elm Ridge Value Partners, L.P. (“*Value Partners*”) and, together with the Master Fund, collectively, the “*Elm Ridge Parties*”). Under the Share Exchange Agreement, (a) the Master Fund agreed to transfer to the Company 7,546,900 shares of the Company’s Common Stock, \$1.00 par value per share (the “*Common Shares*”), in exchange for (i) 16,166.11 shares of the Company’s Cumulative Perpetual Preferred Stock, Series D, par value \$1.00 per share (the “*Series D Preferred Shares*”) and (ii) warrants to purchase 7,546,900 Common Shares and (b) Value Partners agreed to transfer to the Company 208,731 Common Shares in exchange for (i) 446.89 Series D Preferred Shares and (ii) warrants to purchase 208,731 Common Shares.

The closing of the Share Exchange occurred on February 22, 2011. Prior to entering into the Share Exchange Agreement, collectively, the Elm Ridge Parties were the Company’s largest shareholder. By exchanging the Elm Ridge Parties’ Common Shares for the Series D Preferred Shares and warrants, the Company eliminated its only “5-percent shareholder” and, as a result, obtained further protection against an ownership change under Section 382.

The form of warrant is filed herewith as Exhibit 4.3 to this Current Report on Form 8-K and is incorporated by reference into this Item 1.01.

Item 3.03 Material Modification to Rights of Security Holders.

The information set forth under “Item 1.01 Entry Into a Material Definitive Agreement” of this Current Report on Form 8-K is incorporated into this Item 3.03 by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

In connection with the Tax Benefits Preservation Plan and Share Exchange referred to in this Current Report on Form 8-K, on February 22, 2011, the Company filed with the Georgia Secretary of State, Articles of Amendment to the Company’s Restated Articles of Incorporation setting forth the rights, restrictions, privileges and preferences of the Cumulative Perpetual Preferred Stock, Series D and Articles of Amendment to the Company’s Restated Articles of Incorporation setting forth the rights, restrictions, privileges and preferences of the Junior Participating Preferred Stock, Series E.

The Articles of Amendment are filed herewith as Exhibits 3.1 and 3.2 to this Current Report on Form 8-K and are incorporated by reference into this Item 5.03.

Item 8.01 Other Events.

On February 24, 2011, the Company issued a press release relating to the Tax Benefits Preservation Plan and the Share Exchange referred to in this Current Report on Form 8-K. The full text of the press release is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
3.1	Articles of Amendment to the Restated Articles of Incorporation, as amended, setting forth the rights, restrictions, privileges and preferences of the Cumulative Perpetual Preferred Stock, Series D
3.2	Articles of Amendment to the Restated Articles of Incorporation, as amended, setting forth the rights, restrictions, privileges and preferences of the Junior Participating Preferred Stock, Series E
4.1	Tax Benefits Preservation Plan, dated as of February 22, 2011, by and between United Community Banks, Inc. and Illinois Stock Transfer Company, which includes the Company's Articles of Amendment to its Restated Articles of Incorporation, setting forth the rights, restrictions, privileges and preferences of the Junior Participating Preferred Stock, Series E, as Exhibit A and Form of Right Certificate as Exhibit B
4.2	Form of Summary of Rights for Tax Benefits Preservation Plan, dated as of February 22, 2011, by and between United Community Banks, Inc. and Illinois Stock Transfer Company
4.3	Form of Warrant to Purchase Shares of Common Stock issued on February 22, 2011
99.1	Press Release, dated February 24, 2011.

SIGNATURES

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

UNITED COMMUNITY BANKS, INC.

By: /s/ Rex S. Schuette

Rex S. Schuette
Executive Vice President and Chief Financial Officer

Date: February 24, 2011

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<u>Exhibit No.</u>	<u>Description</u>
3.1	Articles of Amendment to the Restated Articles of Amendment as amended, setting forth the rights, restrictions, privileges and preferences of the Cumulative Perpetual Preferred Stock, Series D
3.2	Articles of Amendment to the Restated Articles of Amendment as amended, setting forth the rights, restrictions, privileges and preferences of the Junior Participating Preferred Stock, Series E
4.1	Tax Benefits Preservation Plan, dated as of February 22, 2011, by and between United Community Banks, Inc. and Illinois Stock Transfer Company, which includes the Company's Articles of Amendment to its Restated Articles of Incorporation, setting forth the rights, restrictions, privileges and preferences of the Junior Participating Preferred Stock, Series E, as Exhibit A and Form of Right Certificate as Exhibit B
4.2	Form of Summary of Rights for Tax Benefits Preservation Plan, dated as of February 22, 2011, by and between United Community Banks, Inc. and Illinois Stock Transfer Company
4.3	Form of Warrant to Purchase Shares of Common Stock issued on February 22, 2011
99.1	Press Release, dated February 24, 2011.

ARTICLES OF AMENDMENT
OF
UNITED COMMUNITY BANKS, INC.

1.

The name of the corporation is United Community Banks, Inc.

2.

The Restated Articles of Incorporation, as amended, of the corporation are amended by adding the powers, rights, and preferences, and the qualifications, limitations, and restrictions thereof, of the Cumulative Perpetual Preferred Stock, Series D as set forth in Exhibit A attached hereto.

3.

The amendment was adopted by the board of directors of the corporation at a meeting duly convened and held on January 17, 2011. Pursuant to O.C.G.A. § 14-2-602 and Article V of the Restated Articles of Incorporation, as amended, of the corporation, shareholder consent was not required.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Amendment to the Restated Articles of Incorporation, as amended, of United Community Banks, Inc. this 22nd day of February, 2011.

UNITED COMMUNITY BANKS, INC.

By: /s/ Rex S. Schuette
Name: Rex S. Schuette
Title: Executive Vice President and Chief Financial Officer

**DESIGNATIONS, POWERS, PREFERENCES,
LIMITATIONS, RESTRICTIONS, AND RELATIVE RIGHTS
OF
CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES D
OF
UNITED COMMUNITY BANKS, INC.**

Pursuant to the authority vested in the board of directors (the "Board of Directors") by the Restated Articles of Incorporation of United Community Banks, Inc. (the "Corporation"), as amended (the "Articles of Incorporation"), the Board of Directors does hereby designate, create, authorize and provide for the issue of a series of preferred stock, which shall be designated as Cumulative Perpetual Preferred Stock, Series D (the "Series D Preferred Stock"), consisting of 25,000 shares having the following powers, preferences, participation and other special rights, qualifications, limitations, restrictions and other designations:

Section 1. General Matters. Each share of the Series D Preferred Stock shall be identical in all respects to every other share of the Series D Preferred Stock. The Series D Preferred Stock shall be perpetual, subject to the provisions of Section 5 of this Certificate of Designation. The Series D Preferred Stock shall rank at least equally with all Parity Stock outstanding as of the date hereof (except for any senior series that may be issued following the date hereof with the requisite consent of the holders of the Series D Preferred Stock and any other class or series whose vote is required) and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation.

Section 2. Definitions.

(a) "Applicable Dividend Rate" means a rate per annum equal to (i) the sum of 10.00% minus the three-month United States Dollar London Interbank Offered Rate, ("LIBOR"), as announced and published on February 22, 2011 in *The Wall Street Journal* plus (ii) the most recently published LIBOR, as announced and published from time to time in *The Wall Street Journal*, and in effect on the last day of the month preceding the applicable Dividend Period; *provided, however*, that the initial Applicable Dividend Rate shall be 10.00% and shall continue in effect until May 15, 2011. In the event that more than one LIBOR is published in *The Wall Street Journal* as of the last day of the month preceding any Dividend Period, the highest LIBOR published will be used.

(b) "Articles of Incorporation" has the meaning set forth in the preamble.

(c) "Business Day," means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(d) "Bylaws" means the Amended and Restated Bylaws of the Corporation, as they may be further amended from time to time.

(e) "Certificate of Designation" means this Certificate of Designation or comparable instrument relating to the Series D Preferred Stock, as it may be amended from time to time.

(f) "Closing Date" means the date on which the closing of the issuances occurs.

(g) "Common Stock" means the common stock, \$1.00 par value per share, of the Corporation.

(h) "Corporation" has the meaning set forth in the preamble.

(i) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.

(j) "Dividend Period" has the meaning set forth in Section 3(a).

(k) "Dividend Record Date" has the meaning set forth in Section 3(a).

(l) "Junior Stock" means Common Stock and any other class or series of stock of the Corporation the terms of which expressly provide that it ranks junior to the Series D Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation.

(m) "Liquidation Amount" means \$1,000.00 per share of the Series D Preferred Stock.

(n) "Liquidation Preference" has the meaning set forth in Section 4(a).

(o) "Parity Stock" means any class of capital stock or series of stock of the Corporation (other than the Series D Preferred Stock) the terms of which expressly provide that such class or series will rank on senior or junior to the Series D Preferred Stock as to dividend rights and/or as to rights upon the liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

(p) "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series D Preferred Stock.

(q) "Share Dilution Amount" has the meaning set forth in Section 3(b).

Section 3. Dividends.

(a) Rate. Holders of the Series D Preferred Stock shall be entitled to receive, on each share of the Series D Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at the Applicable Dividend Rate on (i) the Liquidation Amount per share of the Series D Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of the Series D Preferred Stock, if any. Dividends shall begin to accrue and be cumulative from the Closing Date and shall compound on each subsequent Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date), in each case whether or not declared, and shall be payable quarterly in arrears on each Dividend Payment Date, commencing May 15, 2011. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period," provided that the initial Dividend Period shall be the period from and including the Closing Date to, but excluding, May 15, 2011.

Dividends that are payable on the Series D Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on the Series D Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on the Series D Preferred Stock on any Dividend Payment Date will be payable to holders of record of the Series D Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of the Series D Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on the Series D Preferred Stock as specified in this Section 3 (subject to the other provisions of this Certificate of Designation).

(b) Priority of Dividends. So long as any share of the Series D Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of the Series D Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of the Series D Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice, *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) purchases by a broker-dealer subsidiary of the Corporation of capital stock of the Corporation for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary; (iv) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; (v) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock or Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Closing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. "Share Dilution Amount" means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Closing Date) resulting from the grant, vesting or exercise of equity-based compensation to

employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon the Series D Preferred Stock and any shares of Parity Stock, all dividends declared on the Series D Preferred Stock and/or all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of the Series D Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of the Series D Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of the Series D Preferred Stock shall be entitled to receive for each share of the Series D Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to the Series D Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "Liquidation Preference").

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of the Series D Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with the Series D Preferred Stock as to such distribution, holders of the Series D Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of the Series D Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with the Series D Preferred Stock as to such distribution has been paid in

full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of the Series D Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation, but only to the extent that the holders of the Series D Preferred Stock receive in such transaction an amount equal to at least the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount).

Section 5. Redemption.

(a) Optional Redemption. The Series D Preferred Stock may not be redeemed prior to either (i) the third anniversary of the Closing Date or (ii) September 30, 2014, as determined by the Board of Directors in its sole discretion (the "Optional Redemption Date"). On or after the Optional Redemption Date, the Corporation, at its option may redeem, in whole but not in part, at any time, out of funds legally available therefor, shares of the Series D Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether dividends are actually declared) to, but excluding, the date fixed for redemption.

The redemption price for any shares of the Series D Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent, or for uncertificated shares that are issued in book-entry form on the books of the Corporation, against surrender on the books of the Corporation in accordance with the Corporation's applicable direct registration system. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Series D Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of the Series D Preferred Stock will have no right to require redemption or repurchase of any shares of the Series D Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of the Series D Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of the Series D Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of the Series D Preferred Stock. Notwithstanding the foregoing, if shares of the Series D Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of the Series D Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption

date; (2) the number of shares of the Series D Preferred Stock to be redeemed; (3) the redemption price; and (4) the place or places where certificates for any such shares issued in certificated form are to be surrendered for payment of the redemption price.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

(e) Status of Redeemed Shares. Shares of the Series D Preferred Stock that are redeemed, repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of the Series D Preferred Stock may be reissued only as shares of any series of Preferred Stock other than the Series D Preferred Stock).

Section 6. Conversion. Holders of the Series D Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of the Series D Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law. In exercising the voting rights set forth below, each holder shall be entitled to one vote for each share of the Series D Preferred Stock held by such holder.

(b) Class Voting Rights as to Particular Matters. So long as any shares of the Series D Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Articles of Incorporation, the vote or consent of the holders of at least a majority of the shares of the Series D Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designation for the Series D Preferred Stock or the Articles of Incorporation to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for _____ shares of, any class or series of capital stock of the Corporation ranking senior to the Series D Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) Amendment of the Series D Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Series D Preferred Stock or the Articles of Incorporation (including, unless no vote on such merger or consolidation is required

by Section 7(b)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to materially and adversely affect the rights, preferences, privileges or voting powers of the Series D Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Series D Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of the Series D Preferred Stock remain outstanding (and there shall not have been any adverse effect to the rights, privileges, preferences or otherwise of such Series D Preferred Stock) or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, are securities in an issuer with a credit rating of at least as high a quality as the credit rating of the Corporation on the date immediately prior to the consummation of such transaction and further have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are at least as favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series D Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 7(b), any increase in the amount of the authorized Preferred Stock, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to the Series D Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Series D Preferred Stock.

(c) Changes after Provision for Redemption. No vote or consent of the holders of the Series D Preferred Stock shall be required pursuant to Section 7(b) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Series D Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(d) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of the Series D Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Articles of Incorporation, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which the Series D Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for the Series D Preferred Stock may deem and treat the record holder of any share of the Series D Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of the Series D Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or recognized courier service, if given by electronic mail or if given in such other manner as may be permitted in this Certificate of Designations, in the Articles of Incorporation or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of the Series D Preferred Stock are issued in book-entry form through The Depository Trust Corporation or any similar facility, such notices may be given to the holders of the Series D Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of the Series D Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

Section 12. Other Rights. The shares of the Series D Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Articles of Incorporation or as provided by applicable law.

**ARTICLES OF AMENDMENT
OF
UNITED COMMUNITY BANKS, INC.**

1.

The name of the corporation is United Community Banks, Inc.

2.

The Restated Articles of Incorporation, as amended, of the corporation are amended by adding the powers, rights, and preferences, and the qualifications, limitations, and restrictions thereof, of the Junior Participating Preferred Stock, Series E as set forth in Exhibit A attached hereto.

3.

The amendment was adopted by the board of directors of the corporation at a meeting duly convened and held on January 17, 2011. Pursuant to O.C.G.A. § 14-2-602 and Article V of the Restated Articles of Incorporation, as amended, of the corporation, shareholder consent was not required.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Amendment to the Restated Articles of Incorporation, as amended, of United Community Banks, Inc. this 22nd day of February, 2011.

UNITED COMMUNITY BANKS, INC.

By: /s/ Lois J. Rich

Name: Lois J. Rich

Title: Assistant Corporate Secretary

**DESIGNATIONS, POWERS, PREFERENCES,
LIMITATIONS, RESTRICTIONS, AND RELATIVE RIGHTS
OF
JUNIOR PARTICIPATING PREFERRED STOCK, SERIES E
OF
UNITED COMMUNITY BANKS, INC.**

Section 1. Designation And Amount. The shares of such series shall be designated as “Junior Participating Preferred Stock, Series E,” \$1.00 par value per share (the “*Series E Preferred Stock*”), and the number of shares constituting the Series E Preferred Stock shall be 1,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series E Preferred stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights, or warrants or upon the conversion of any outstanding securities issued by the Company convertible into Series E Preferred Stock.

Section 2. Dividends And Distributions.

(a) Subject to the rights of the holders of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series E Preferred Stock with respect to dividends, the holders of shares of Series E Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of funds legally available for the purpose, dividends in an amount per share (rounded to the nearest cent) equal to 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock. In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series E Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends paid on the shares of Series E Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series E Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. In addition to any other voting rights required by law, the holders of shares of Series E Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series E Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Company. In the event the Company shall at any time declare or pay any dividend on

the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series E Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar Stock, or by law, the holders of shares of Series E Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Company having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series E Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Reacquired Shares. Any shares of Series E Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of the Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles, or in any other Certificate of Designation creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 5. Liquidation, Dissolution Or Winding Up. Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made (a) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series E Preferred Stock unless, prior thereto, the holders of shares of Series E Preferred Stock shall have received \$100 per share, and any such additional amount such that the holders of shares of Series E Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (b) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series E Preferred Stock, except distributions made ratable on the Series E Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series E Preferred Stock were entitled immediately prior to such event under the proviso in clause (a) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 6. Consolidation, Merger, Etc. In case the Company shall enter into any consolidation, merger, combination, or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash, and/or any other property, then in any such case each share of Series E Preferred Stock shall at the same time be similarly exchanged or changed into

an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash, and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series E Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. No Redemption. The shares of Series E Preferred Stock shall not be redeemable.

Section 8. Rank. The Series E Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Company's Preferred Stock and shall rank senior to the Common Stock as to such matters.

Section 9. Amendment. The Articles shall not be amended in any manner which would materially alter or change the powers, preferences, or special rights of the Series E Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the outstanding shares of Series E Preferred Stock, voting together as a single class.

UNITED COMMUNITY BANKS, INC.
AND
ILLINOIS STOCK TRANSFER COMPANY
TAX BENEFITS PRESERVATION PLAN
DATED AS OF FEBRUARY 22, 2011

TAX BENEFITS PRESERVATION PLAN

This Tax Benefits Preservation Plan (this "**Plan**"), dated as of February 22, 2011 between United Community Banks, Inc., a Georgia corporation (the "**Company**"), and Illinois Stock Transfer Company, an Illinois corporation (the "**Rights Agent**").

WHEREAS, the Company and its Subsidiaries (as defined below) have generated certain Tax Benefits (as defined below) for United States federal income tax purposes, and the Company desires to avoid an "ownership change" within the meaning of Section 382 of the Code (as defined below) and thereby preserve the Company's ability to utilize such Tax Benefits;

WHEREAS, the Board of Directors of the Company (the "**Board**") has approved the execution of this Agreement and has authorized and declared a dividend of one preferred share purchase right (individually, a "**Right**," and collectively the "**Rights**") in respect of each share of common stock, \$1.00 par value per share, of the Company (the "**Common Stock**") outstanding at the Close of Business (as defined below) on February 23, 2011 (the "**Record Date**"), each such Right representing the right to purchase one-hundredth of a share of Junior Participating Cumulative Preferred Stock, Series E, \$1.00 par value per share, of the Company having the terms set forth in the Company's Restated Articles of Incorporation, as amended by the Articles of Amendment attached hereto as **Exhibit A** (the "**Preferred Stock**"; and each one-hundredth of a share of Preferred Stock, a "**Preferred Unit**"), and has further authorized and directed the issuance of one Right in respect of each share of Common Stock that shall become outstanding between the Record Date and the earlier of the Distribution Date and the Expiration Date (as such terms are defined below), all upon the terms and subject to the conditions contained herein; and

WHEREAS, the Company desires to appoint the Rights Agent to act on behalf of the Company, and the Rights Agent is willing so to act, in connection with the issuance, transfer, exchange and replacement of Right Certificates (as defined below), the exercise of Rights and other matters referred to herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

Section 1. Definitions. The following terms, as used herein, have the following meanings:

(a) "**Acquiring Person**" shall mean any Threshold Holder (as defined below) except:

- (i) the U.S. Government;
- (ii) any Exempt Person;
- (iii) any Grandfathered Person (as defined below);

(iv) Fletcher International, Ltd. to the extent it becomes a Beneficial Owner of Company 382 Securities pursuant to that certain Securities Purchase Agreement, dated as of April 1, 2010, by and between the Company and Fletcher International, Ltd. (the "**Fletcher SPA**") or those certain Warrants to Purchase Shares of Common Stock of United Community Banks, Inc. dated as of April 5, 2010, (the "**Fletcher Warrant**") and any Person who is a permitted assignee of the Fletcher SPA or the Fletcher Warrant in compliance with the terms thereof;

(v) any Person who or which would qualify as a Threshold Holder by reason of a reduction in the number of issued and outstanding shares of Company 382 Securities by the Company, by redemption or otherwise;

(vi) any Person that has become a Threshold Holder if the Board in good faith determines that the attainment of such status has not jeopardized or endangered the Company's utilization of the Tax Benefits; and

(vii) any Person who or which would qualify as a Threshold Holder as a result of an Approved Acquisition and, to the extent approved by the Board, any Person who or which acquires Company 382 Securities from any such Person;

provided, however, that in the event that a Person is not an Acquiring Person by reason of clause (iii), (vi) or (vii) above, such Person nonetheless shall become an Acquiring Person if such Person thereafter becomes the Beneficial Owner of any additional (i) shares of Common Stock then outstanding or (ii) shares of any class of Company 382 Securities (other than the Common Stock) then outstanding, unless the acquisition of such Common Stock or Company 382 Securities is an Approved Acquisition or unless such acquisition is solely as a result of a reduction in the number of issued and outstanding shares of Company 382 Securities by the Company, by redemption or otherwise.

(b) "**Affiliate**" shall have the meaning ascribed to such term in Rule 12b-2 under the Securities Exchange Act of 1934, as amended and in effect on the date of this Plan (the "**Exchange Act**"), and to the extent not included within the foregoing, shall also include with respect to any Person, any other Person whose common securities would be deemed to be (i) constructively owned by such first Person, or (ii) otherwise aggregated with shares owned by such first Person (other than any aggregation solely by reason of such shares being part of the same "public group" as defined under Treasury Regulation Section 1.382-2T(f)(13)), in each case pursuant to the provisions of Section 382 of the Code, or any successor or replacement provision, and the Treasury Regulations thereunder.

(c) "**Approved Acquisition**" shall mean (i) any acquisition of Company 382 Securities that would cause a Person to qualify as a Threshold Holder and that is approved in advance by the Board or (ii) a conversion (or other exchange) of Company 382 Securities for other Company 382 Securities where such conversion (or other exchange) does not increase the Beneficial Ownership in the Company by any Person for purposes of Section 382 of the Code.

(d) A Person shall be deemed the "**Beneficial Owner**" of, and shall be deemed to "**Beneficially Own**," and shall have "**Beneficial Ownership**" of any securities which such Person:

(i) directly owns, or

(ii) would be deemed to own constructively pursuant to Section 382 of the Code and the Treasury Regulations promulgated thereunder (including as a result of the deemed exercise of an "option" pursuant to Treasury Regulation Section 1.382-4(d) and including, without duplication, Company 382 Securities, as applicable, owned by any Affiliate of such Person);

provided that a Person shall not be treated as "Beneficially Owning" Company 382 Securities pursuant to clause (i) above to the extent that such Person does not have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such Company 382 Securities.

(e) "**Business Day**" shall mean any day other than a Saturday, a Sunday, or a day on which banks in Georgia are authorized or obligated by law or executive order to close.

(f) “**Close of Business**” on any given date shall mean 5:00 p.m., Blairsville, Georgia time, on such date; *provided, however*, that if such date is not a Business Day it shall mean 5:00 p.m., Blairsville, Georgia time, on the next succeeding Business Day.

(g) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, or any comparable successor statute.

(h) “**Company 382 Securities**” shall mean the Common Stock and any other interest that would be treated as “stock” of the Company for purposes of Section 382 of the Code (including pursuant to Treasury Regulation Section 1.382-2T(f)(18)).

(i) “**Distribution Date**” shall mean the earlier of the Close of Business on the tenth (10) Business Day after a (1) a Shares Acquisition Date, and (2) a Tender Offer Date.

(j) “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

(k) “**Exempt Person**” shall mean the Company, any Subsidiary, any employee benefit plan or compensation arrangement of the Company or any Subsidiary, or any entity or trustee holding Company 382 Securities to the extent organized, appointed or established by the Company or any Subsidiary for or pursuant to the terms of any such employee benefit plan or compensation arrangement.

(l) “**Expiration Date**” shall mean the earliest of:

(i) the Final Expiration Date,

(ii) the Redemption Date,

(iii) the time at which all Rights are exchanged as provided in [Section 24](#),

(iv) such date on which the Board determines, in its sole discretion, that the Rights and the Plan are no longer necessary for the preservation of existence of the Tax Benefits, and

(v) such date prior to a Shares Acquisition Date on which the Board determines, in its sole discretion, that the Rights and the Plan are no longer in the best interests of the Company and its shareholders.

(m) “**Final Expiration Date**” shall mean the Close of Business on the date that is the fifth (5th) anniversary of the date of this Plan; provided that if a Shares Acquisition Date occurs fewer than thirty (30) days prior to such date, then the Final Expiration Date shall be the date that is thirty (30) days after the Shares Acquisition Date.

(n) “**Grandfathered Person**” shall mean any Person who or which, together with all Affiliates of such Person, was on the Record Date, the Beneficial Owner of 4.99% or more of the Company 382 Securities outstanding on such date. Any Grandfathered Person who, together with all of its Affiliates, subsequently becomes the Beneficial Owner of less than 4.99% of the Company 382 Securities shall cease to be a Grandfathered Person.

(o) “**Person**” shall mean any individual, firm, corporation, partnership, bank or savings association, trust association, limited liability company, limited liability partnership, governmental entity, or other entity or organization, or any group of Persons making a “coordinated acquisition” of Company

382 Securities or otherwise treated as an entity within the meaning of Treasury Regulation Section 1.382-3(a)(1)(i), and shall include any successor (by merger or otherwise) of any such entity.

- (p) **"Purchase Price"** shall mean the price (subject to adjustment as provided herein) at which a holder of a Right may purchase a Preferred Unit (subject to adjustment as provided herein) upon exercise of a Right, which price shall initially be \$8.00.
- (q) **"Redemption Date"** shall mean the time at which the Rights are redeemed as provided in Section 23 hereof.
- (r) **"Section 382"** shall mean Section 382 of the Code, or any comparable successor provision.
- (s) **"Securities Act"** shall mean the Securities Act of 1933, as amended.
- (t) **"Share Acquisition Date"** shall mean the date of the first public announcement by the Company in a press release expressly referring to this Plan indicating that a Person has become an Acquiring Person.
- (u) **"Subsidiary"** of any Person shall mean any Person of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such first Person.
- (v) **"Tax Benefits"** shall mean the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any loss or deduction attributable to a "net unrealized built-in loss" within the meaning of Section 382 and the Treasury Regulations promulgated thereunder, of the Company or any Subsidiary.
- (w) **"Tender Offer Date"** shall mean the date of the commencement of a tender or exchange offer by any Person if, upon consummation thereof, such Person would or could be an Acquiring Person.
- (x) **"Threshold Holder"** shall mean any Person who or which, together with all Affiliates of such Person, is the Beneficial Owner of 4.99% or more of (i) the shares of Common Stock then outstanding or (ii) the shares of any class of Company 382 Securities (other than the Common Stock) then outstanding.
- (y) **"Trading Day"** shall mean a day on Nasdaq or, if the Company is no longer listed on Nasdaq, the principal national securities exchange or over-the-counter market on which the Common Stock is listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities exchange or over-the-counter market, a Business Day.
- (z) **"Treasury Regulation"** shall mean any final, proposed or temporary regulation of the Department of Treasury under the Code and any comparable successor regulation.
- (aa) **"U.S. Government"** shall mean any of (i) the federal government of the United States of America, (ii) any instrumentality or agency of the federal government of the United States of America and (iii) any Person wholly-owned by, or the sole beneficiary of which is, the federal government of the United States or any instrumentality or agency thereof.

Section 2. Other Definitional and Interpretative Provisions. The words “hereof”, “herein” and “hereunder” and words of like import used in this Plan shall refer to this Plan as a whole and not to any particular provision of this Plan. The captions and headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Plan unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Plan as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Plan. Any singular term in this Plan shall be deemed to include the plural, and any plural term the singular. Whenever the words “include”, “includes” or “including” are used in this Plan, they shall be deemed to be followed by the words “without limitation”, whether or not they are in fact followed by those words or words of like import. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of that Person.

Section 3. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable and, upon acceptance of such appointment by a co-Rights Agent, the provisions of this Plan applicable to the Rights Agent shall be deemed also to apply to such co-Rights Agent.

Section 4. Issuance of Right Certificates.

(a) Prior to the Distribution Date, (i) the Rights will be evidenced (subject to [Section 4\(b\)](#) hereof) by the certificates for shares of Common Stock registered in the names of the holders thereof (or, if shares of Common Stock are uncertificated, the registration of such shares of Common Stock on the stock transfer books of the Company) and not by separate Right Certificates, and the registered holders of the Common Stock shall be deemed to be the registered holders of the associated Rights, and (ii) the Rights will be transferable only in connection with the transfer of the underlying shares of Common Stock.

(b) As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested, send) by first-class, postage-prepaid mail, to each record holder of shares of Common Stock as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of [Exhibit B](#) hereto (a “**Right Certificate**”), evidencing one Right (subject to adjustment as provided herein) for each share of Common Stock so held. As of and after the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(c) Rights shall be issued in respect of all shares of Common Stock that become outstanding (on original issuance or out of treasury) after the Record Date but prior to the earlier of the Distribution Date and the Expiration Date. Certificates (or registrations in uncertificated book entry form on the books of the Company) for the Common Stock that become outstanding or shall be transferred or exchanged after the Record Date but prior to the earlier of the Distribution Date and the Expiration Date shall also be deemed to be certificates (or registrations in uncertificated book entry form on the books of the Company) for Rights, and registered holders of Common Stock shall also be deemed to be the registered holders of the associated Rights.

(d) Until the earlier of the Distribution Date and the Expiration Date, the surrender for

transfer of any certificate for shares of Common Stock (or, if shares of Common Stock are uncertificated, the transfer on the stock transfer books of the Company of such shares of Common Stock) outstanding on the Record Date or that become outstanding (on original issuance or out of treasury) after the Record Date but prior to the earlier of the Distribution Date and the Expiration Date shall also constitute the transfer of the Rights associated with the shares of Common Stock represented thereby.

(e) In the event that the Company purchases or acquires any Common Stock after the Record Date but prior to the Distribution Date, any Rights associated with such Common Stock shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the shares of Common Stock which are no longer outstanding.

Section 5. Form of Right Certificates. The Right Certificates (and the forms of election to purchase and of assignment to be printed on the reverse thereof) shall be substantially the same as **Exhibit B** hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Plan, or as may be required to comply with any applicable law, rule or regulation or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to custom and common usage. Except as otherwise provided herein, the Right Certificates shall entitle the holders thereof to purchase such number of Preferred Units as shall be set forth therein at the Purchase Price, but the number of such Preferred Units and the Purchase Price shall be subject to adjustment as provided herein.

Section 6. Countersignature and Registration.

(a) The Right Certificates shall be executed on behalf of the Company by its President, Chief Executive Officer, Chief Financial Officer or any of its Executive Vice Presidents, either manually or by facsimile signature, shall have affixed thereto the Company's seal or a facsimile thereof, and shall be attested by the Secretary or any Assistant Secretary of the Company, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless countersigned.

(b) Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its office designated as the appropriate place for surrender of Right Certificates upon exercise, transfer or exchange, books for registration and transfer of the Right Certificates. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 7. Transfer, Split Up, Combination and Exchange of Right Certificates, Mutilated, Destroyed, Lost, or Stolen Right Certificates.

(a) Subject to **Section 14** hereof, at any time after the Close of Business on the earlier of the Distribution Date and the Expiration Date, any Right Certificate (other than Right Certificates representing Rights that have become void pursuant to **Section 8(e)** hereof or that have been exchanged pursuant to **Section 24** hereof) may be transferred, split up, combined or exchanged for another Right Certificate, entitling the registered holder to purchase a like number of Preferred Units as the Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate to be transferred, split up, combined or exchanged at the office of the Rights Agent designated for such purpose. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate until the registered holder of the Right Certificate has complied with the requirements of

Section 8(f). Upon satisfaction of the foregoing requirements, the Rights Agent shall, subject to Sections 8(e), 8(f), 14 and 24, countersign and deliver to the person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will issue and deliver a new Right Certificate of like tenor to the Rights Agent for countersignature and delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 8. Exercise of Rights; Purchase Price; Expiration Date of Rights.

(a) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date and prior to the Expiration Date, upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the office of the Rights Agent designated for such purpose, together with payment of the aggregate Purchase Price for the total number of Preferred Units to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 10 hereof.

(b) The Purchase Price shall be payable in lawful money of the United States of America by certified check, cashier's check, or money order payable to the order of the Company.

(c) Upon an exercise of Rights pursuant hereto, the Rights Agent shall thereupon promptly:

(i) (A) requisition from any transfer agent of the Preferred Stock a certificate for the number of Preferred Units to be purchased (or, if the Preferred Stock is uncertificated, request from such transfer agent a statement setting forth such number of Preferred Units to be purchased for which registration will be made on the stock transfer books of the Company) and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B) if the Company shall have elected to deposit the Preferred Units issuable upon exercise of the Rights with a depository agent, requisition from the depository agent a depository receipt representing such number of Preferred Units as are to be purchased (in which case either (1) certificates for the Preferred Units represented by such receipts shall be deposited by the transfer agent with the depository agent, or (2) registrations in the depository agent's name in uncertificated book entry form on the books of the Company shall be made by the transfer agent), and the Company hereby directs the depository agent to comply with such request,

(ii) requisition from the Company the amount of cash, if any, to be paid in lieu of issuance of fractional shares in accordance with Section 14, and

(iii) after receipt of such certificate, statement or receipt and cash, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder.

(d) If the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, then a new Right Certificate evidencing Rights equivalent to the Rights remaining

unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to such person's duly authorized assigns, subject to Section 14 hereof.

(e) Notwithstanding anything in this Plan to the contrary, any Rights Beneficially Owned by:

(i) an Acquiring Person from and after the date on which the Person becomes an Acquiring Person or

(ii) a transferee of Rights Beneficially Owned by an Acquiring Person who:

(A) becomes a transferee after a public announcement relating to a Shares Acquisition Date with respect to an Acquiring Person who was identified on the Shares Acquisition Date, or

(B) becomes a transferee with respect to an Acquiring Person (or an Affiliate thereof) and receives such Rights:

(I) with actual knowledge that the transferor is or was an Acquiring Person (or an Affiliate of an Acquiring Person), or

(II) pursuant to either (x) a transfer (whether or not for consideration) from the Acquiring Person (or an Affiliate thereof) to holders of equity interests in such Acquiring Person (or in such Affiliate thereof) or to any Person with whom the Acquiring Person (or an Affiliate thereof) has any continuing agreement, arrangement or understanding regarding the transferred Rights or (y) a transfer which the Board determines in good faith is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of this Section 8(e);

shall become null and void without any further action, and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under this Plan or otherwise. The Company shall use all reasonable efforts to ensure that this Section 8(e) is complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or any transferee of an Acquiring Person hereunder. No Right Certificate shall be issued pursuant to Section 4 that represents Rights beneficially owned by an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Affiliate thereof; no Right Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Affiliate thereof or to any nominees of such Acquiring Person or Affiliate; and any Right Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be void pursuant to the preceding sentence shall be canceled.

(f) Notwithstanding anything in this Plan to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to any purported transfer pursuant to Section 7 or exercise pursuant to this Section 8 unless the registered holder of the applicable Rights (i) shall have completed and signed the certificate contained in the form of assignment or election to purchase, as the case may be, set forth on the reverse side of the Right Certificate surrendered for such transfer or exercise, as the case may be, and (ii) shall have provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) thereof as the Company shall reasonably request.

(g) The Company hereby waives application of each standstill or other similar provision

relating to Company 382 Securities by which a registered holder of Rights is bound as of the date of this Plan to the extent necessary to permit such registered holder to exercise such Rights in accordance with this Plan.

Section 9. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by this Plan. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. Subject to applicable law, rule and regulation, the Rights Agent shall maintain records of all cancelled or destroyed stock certificates which have been canceled or destroyed by the Rights Agent. The Rights Agent shall maintain such records for the time period required by applicable law, rule and regulation. Upon written request of the Company (and at the expense of the Company), the Rights Agent shall provide to the Company or its designee copies of such records relating to Right Certificates cancelled or destroyed by the Rights Agent.

Section 10. Availability of Shares of Preferred Stock.

(a) The Company covenants and agrees that it will use commercially reasonable efforts to cause to be reserved and kept available out of its authorized and unissued shares of Preferred Stock or any shares of Preferred Stock held in its treasury, the number of shares of Preferred Stock that will be sufficient to permit the exercise in full of all outstanding Rights as provided in this Agreement. The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Preferred Units delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Preferred Units (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully-paid and nonassessable shares, or fractions thereof.

(b) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Preferred Units upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a person other than, or the issuance or delivery of certificates (or, if uncertificated, the registration on the stock transfer books of the Company) or depository receipts for the Preferred Units in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or to issue or to deliver any certificates (or, if uncertificated, to register on the stock transfer books of the Company) or depository receipts for Preferred Units upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due.

Section 11. Preferred Stock Record Date. Each Person in whose name any certificate for Preferred Units (or registration in uncertificated book entry form on the books of the Company) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Units represented thereby on, and such certificate (or registration in uncertificated book entry form on the books of the Company) shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; *provided, however*, that if the date of such surrender and payment is a date upon which the Preferred Stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate (or registration in uncertificated book entry form on the books of the Company) shall be dated, the next succeeding Business Day on which the Preferred

Stock transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Preferred Units for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions, or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 12. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number of Preferred Units covered by each Right, and the number of Rights outstanding are subject to adjustment from time to time as provided in this [Section 12](#).

(a) In the event the Company shall at any time after the date of this Plan (i) declare a dividend on the Preferred Stock payable in shares of Preferred Stock, (ii) subdivide the outstanding Preferred Stock, (iii) combine the outstanding Preferred Stock into a smaller number of shares or effect a reverse split of the outstanding Preferred Stock, or (iv) issue any shares of its capital stock in a reclassification of the Preferred Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as provided in this [Section 12\(a\)](#), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Stock transfer books of the Company were open, such person would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification.

(b) Subject to [Section 24](#) hereof, following a Shares Acquisition Date, each holder of a Right (other than Rights which have become void pursuant to [Section 8\(e\)](#)), shall be entitled to receive, upon exercise of a Right in accordance with the terms of this Plan and payment of the Purchase Price, the number of Preferred Units equal to the result obtained by (i) multiplying the then current Purchase Price by the then number of Preferred Units for which for which such Right was exercisable immediately prior to the Shares Acquisition Date, and (ii) dividing that product by 50% of the current market price per share of the Common Stock (determined pursuant to [Section 12\(f\)](#)) on the Shares Acquisition Date.

(c) In the event that there shall not be sufficient shares of Preferred Stock authorized but unissued to permit the exercise in full of the Rights in accordance with subsection (b) above, the Company may substitute, for each Preferred Unit that would otherwise be issuable upon exercise of a Right, one (1) share of Common Stock.

(d) If the Company shall fix a record date for the issuance of rights, options, or warrants to all holders of Preferred Stock entitling such holders (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase shares of Preferred Stock or securities convertible into Preferred Stock at a price per share (or having a conversion price per share, if a security convertible into Preferred Stock) less than the then current per share market price of the Preferred Stock (as defined in [Section 12\(f\)](#)) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying (i) the Purchase Price in effect immediately prior to such record date by (ii) a fraction, (x) the numerator of which shall be the number of shares of Preferred Stock outstanding on such record date plus the number of shares of Preferred Stock which the aggregate offering price of the total number of shares of Preferred Stock so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current per share market price and (y) the denominator of which shall be the number of shares of Preferred Stock outstanding on such record date plus the number of additional shares of Preferred Stock to be offered for subscription or purchase (or into

which the convertible securities so to be offered are initially convertible); *provided, however*, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board, whose determination shall be described in a statement filed with the Rights Agent. Preferred Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed, and if such rights, options, or warrants are not so issued, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(e) If the Company shall fix a record date for the making of a distribution to all holders of the Preferred Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in shares of Preferred Stock) or subscription rights or warrants (excluding those referred to in [Section 12\(b\)](#) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying (i) the Purchase Price in effect immediately prior to such record date by (ii) a fraction, (x) the numerator of which shall be the then current per share market price of the Preferred Stock on such record date, less the fair market value (as determined in good faith by the Board, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one (1) share of Preferred Stock and (y) the denominator of which shall be such current per share market price of the Preferred Stock; *provided, however*, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed, and if such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(f) For the purpose of any computation hereunder, the "*current per share market price*" of any security (a "*Security*" for the purpose of this [Section 12\(f\)](#)) on any date shall be deemed to be the average of the daily closing prices per share of such Security for the thirty (30) consecutive Trading Days immediately prior to such date; *provided, however*, that in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of (i) a dividend or distribution on such Security payable in shares of such Security or securities convertible into such shares, or (ii) any subdivision, split, combination, reverse stock split or reclassification of such Security and prior to the expiration of thirty (30) Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, split, combination, reverse stock split or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price or, in case no such sale takes place on such day, the average of the closing bid and asked prices, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on Nasdaq or, if the Security is not listed or admitted to trading on Nasdaq, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed or admitted to trading on any national securities exchange the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by such system then in use, or, if on any such date the Security is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board. If the Preferred Stock is not publicly held or so listed or traded, current per share market price shall be

conclusively deemed to be the current per share market price of the shares of Common Stock as determined pursuant to the foregoing provisions of this Section 12(f) (appropriately adjusted to reflect any stock split, stock dividend, or similar transaction occurring after the date hereof), multiplied by one hundred. If neither the shares of Common Stock nor the shares of Preferred Stock are publicly held or so listed or traded, current per share market price shall mean the fair value per share as determined in good faith by the Board, whose determination shall be described in a statement filed with the Rights Agent.

(g) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the Purchase Price; *provided, however*, that any adjustments which by reason of this Section 12(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 12 shall be made to the nearest cent or to the nearest one-hundredth of a share of Preferred Stock or to the nearest one-hundredth of any other share of capital stock, as the case may be.

(h) If at any time as a result of an adjustment made pursuant to Section 12(a) hereof, the holder of any Right at any time shall become entitled to receive any shares of capital stock of the Company other than Preferred Stock, thereafter the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Stock contained in this Section 12, and Sections 8, 10 and 11 with respect to the Preferred Stock shall apply on like terms to any such other shares.

(i) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price then in effect, the number of Preferred Units and other capital stock of the Company issuable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(j) Unless the Company shall have exercised its election as provided in Section 12(k), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 12(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of Preferred Units obtained by (i) multiplying (x) the number of Preferred Units for which such Right was exercisable immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price, and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(k) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in lieu of any adjustment in the number of Preferred Units issuable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of Preferred Units for which such Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one-hundredth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least ten (10) days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 12(k), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which

such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(l) Irrespective of any adjustment or change in the Purchase Price or the number of Preferred Units issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price and the number of Preferred Units which was expressed in the initial Right Certificates issued hereunder but nevertheless shall represent the Rights as so adjusted.

(m) Before taking any action that would cause an adjustment reducing the Purchase Price below one-hundredth of the then par value, if any, of the Preferred Stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully-paid and nonassessable shares of Preferred Stock, or fractions thereof, at such adjusted Purchase Price.

(n) In any case in which this Section 12 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; *provided, however*, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(o) Anything in this Section 12 to the contrary notwithstanding, the Company shall be entitled to make such further adjustments in the number of Preferred Units which may be acquired upon exercise of the Rights, and such adjustments in the Purchase Price therefor, in addition to those adjustments expressly required by this Section 12, as and to the extent that the Board in its sole discretion, shall determine to be necessary or advisable in order for the holders of the Rights in such event to be treated equitably and in accordance with the purpose and intent of this Agreement or in order that any such event shall not, but for such adjustment, in the opinion of counsel to the Company, result in the shareholders of the Company being subject to any United States federal income tax liability by reason thereof.

(p) In the event that at any time after the date of this Plan and prior to the Distribution Date, the Company shall (i) declare or pay any dividend on the shares of Common Stock payable in shares of Common Stock, or (ii) effect a subdivision, combination or consolidation of the shares of Common Stock (by reclassification or otherwise than by payment of dividends in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in any such case the number of Preferred Units purchasable after such event upon proper exercise of each Right shall be determined by multiplying (1) the number of Preferred Units so purchasable immediately prior to such event by (2) a fraction, (x) the numerator of which is the number of shares of Common Stock outstanding immediately before such event and (y) the denominator of which is the number of shares of Common Stock outstanding immediately after such event. The adjustments provided for in this Section 12(p) shall be made successively whenever such a dividend is declared or paid or such a subdivision, combination or consolidation is effected.

Section 13. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Section 12 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment, and a brief statement of the facts accounting for such adjustment, (b) file with the Rights Agent and with each transfer agent for the Common Stock or the Preferred Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof.

Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of any such fractional Rights, such number of Rights or Right Certificates shall be rounded to the nearest whole number and thereafter such whole number of Rights or Right Certificates, as applicable, shall be issued or distributed.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are integral multiples of one-hundredth of a share of Preferred Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares of Preferred Stock (or, if uncertificated, register fractional shares of Preferred Stock on its stock transfer books, other than, in either case, fractions which are integral multiples of one-hundredth of a share of Preferred Stock). Fractions of shares of Preferred Stock in integral multiples of one-hundredth of a share may, at the election of the Company, be evidenced by depository receipts pursuant to an appropriate agreement between the Company and a depository selected by it; *provided, that* such agreement shall provide that the holders of such depository receipts shall have all the rights, privileges, and preferences to which they are entitled as beneficial owners of the Preferred Stock represented by such depository receipts. In lieu of fractional shares of Preferred Stock that are not integral multiples of one-hundredth of a share, the Company shall round the shares of Preferred Stock to the nearest one-hundredth of a share.

(c) The Company shall not be required to issue fractions of shares of Common Stock upon exercise of the Rights or to distribute certificates which evidence fractional shares of Common Stock (or, if uncertificated, register fractional shares of Common Stock on its stock transfer books). In lieu of fractional shares of Common Stock, the Company shall round the number of shares of Common Stock to the nearest whole number of shares.

(d) The holder of a Right by the acceptance of the Right expressly waives such Person's right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided above).

Section 15. Rights of Action. All rights of action in respect of this Plan, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of any Common Stock), and any registered holder of any Right Certificate (or, prior to the Distribution Date, of any Common Stock), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of any Common Stock), may, in such Person's own behalf and for such Person's own benefit, enforce, and may institute and maintain any suit, action, or proceeding against the Company to enforce, or otherwise act in respect of, such Person's right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Plan. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Plan and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Plan.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of Common Stock;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer;

(c) the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Stock) is registered as the absolute owner of such certificate and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Stock certificate (or registration in uncertificated book-entry form on the books of the Company) made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary; and

(d) notwithstanding anything in this Plan to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Plan by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority prohibiting or otherwise restraining performance of such obligation; *provided, however*, that the Company must use its commercially reasonable efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as reasonably practicable.

Section 17. Right Certificate Holder Not Deemed a Shareholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends, or be deemed for any purpose the holder of the Preferred Stock, Common Stock or any other capital stock of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in [Section 25](#) hereof), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Plan and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, claim or expense ("**Loss**") incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent in connection with its duties under this Plan, including the costs and expenses of defending itself against any Loss.

(b) The Rights Agent shall be protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its administration of this Plan in reliance upon any Right Certificate or certificate (or registration in uncertificated book-entry form on the books of the Company) for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

Section 19. Merger or Consolidation of Rights Agent. Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the stock transfer or corporate trust business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Plan without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Person would be eligible for appointment as a successor Rights Agent under Section 21 hereof.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Plan upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Plan the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the President, Chief Executive Officer, Chief Financial Officer or any Executive Vice President of the Company, in the manner specified in Section 6, and delivered to the Rights Agent. Any such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Plan in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own gross negligence, bad faith or willful misconduct. In no case will the Rights Agent be liable for special, indirect, incidental or consequential loss or damages of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the possibility of such damages.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Plan or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Plan or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Plan or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 8(e) hereof) or any adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Sections 4, 12, 23, or 24, or the ascertaining of the existence of facts that would require any such change or adjustment (except with

respect to the exercise of Rights evidenced by Right Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Stock to be issued pursuant to this Plan or any Right Certificate or as to whether any Preferred Stock will, when issued, be validly authorized and issued, fully-paid and non assessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments, and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Plan.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the President, Chief Executive Officer, Chief Financial Officer or any Executive Vice President of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such officer.

(h) The Rights Agent and any shareholder, director, officer, or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Plan. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect, or misconduct of any such attorneys or agents or for any loss to the Company or to any holder of Rights resulting from any such act, default, neglect, or misconduct; *provided, however*, reasonable care was exercised in the selection and continued employment thereof.

(j) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has not been completed or have been completed erroneously, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Plan upon thirty (30) days written notice mailed to the Company and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail, and after a Distribution Date, to the holders of the Right Certificates by first class mail. The Company may remove the Rights Agent or any successor Rights Agent upon thirty (30) days written notice, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail, and to the holders of the Right Certificates by first class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit such holder's Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. After

appointment, the successor Rights Agent shall be vested with the same powers, rights, duties, and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock or Preferred Stock, and after a Distribution Date, mail a notice thereof in writing to the registered holders of the Right Certificates by first class mail. Failure to give any notice provided for in this [Section 21](#), or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Plan or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by the Board to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Plan.

Section 23. Redemption.

(a) The Board may, at its option, at any time prior to a Shares Acquisition Date, redeem all but not less than all the then outstanding Rights at a redemption price of \$0.001 per Right, as such amount may be appropriately adjusted to reflect any stock split, stock dividend, or similar transaction occurring after the date hereof (the "**Redemption Price**"), and the Company may, at its option, pay the Redemption Price in shares of Common Stock (based on the current per share market price of the shares of Common Stock at the time of redemption), cash or any other form of consideration deemed appropriate by the Board. The redemption of the Rights by the Board may be made effective at such time on such basis and with such conditions as the Board in its sole discretion may establish.

(c) Immediately upon the action of the Board electing to redeem the Rights pursuant to subsection (a) above and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption. Within ten (10) days after such action of the Board ordering the redemption of the Rights pursuant to subsection (b), the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the shares of Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The failure to give, or any defect in, any notice provided for in this subsection shall not affect the validity of such redemption.

Section 24. Exchange.

(a) The Board may, at its option, at any time following a Shares Acquisition Date, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to [Section 8\(e\)](#) hereof) for either (i) shares of Common Stock at an exchange ratio of one (1) share of Common Stock per Right, or (ii) shares of Preferred Stock at an exchange ratio of one-hundredth of a share of Preferred Stock per Right, in each case, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "**Exchange Ratio**"); *provided, however*, that in connection with any exchange effected pursuant to this [Section 24](#), the number of shares of Common Stock or Preferred Units

to otherwise be issued shall be reduced by the number of such shares of capital stock that have an aggregate value equal to the Purchase Price for the Rights, determined based on the current per share market value of such capital stock; *provided further*, that in connection with any exchange effected pursuant to this [Section 24](#), no holder of Rights shall be entitled to receive shares of Common Stock (or other shares of capital stock of the Company) that would result in such holder, together with such holder's Affiliates, becoming the Beneficial Owner of more than 4.99% of the then-outstanding Common Stock. If a holder would, but for the previous sentence, be entitled to receive a number of shares that would otherwise result in such holder, together with such holder's Affiliates, becoming the Beneficial Owner of in excess of 4.99% of the then-outstanding Common Stock (such shares, the "**Excess Exchange Shares**"), in lieu of receiving such Excess Exchange Shares and to the extent permitted by law or orders applicable to the Company, such holder will be entitled to receive an amount in cash equal to current per share market price of a share of Common Stock at the Close of Business on the Trading Day following the date the Board effects the forgoing exchange multiplied by the number of Excess Exchange Shares that would otherwise have been issuable to such holder.

(b) The exchange of the Rights by the Board may be made effective at such time, on such basis and with such conditions as the Board in its sole discretion may establish. Promptly after the action of the Board electing to exchange the Rights, the Company shall give notice thereof (specifying the steps to be taken to receive shares of capital stock in exchange for Rights) to the Rights Agent and the holders of the Rights (other than Rights that have become null and void pursuant to [Section 8\(e\)](#)) outstanding immediately prior thereto by mailing such notice in accordance with [Section 26](#).

(c) Before effecting an exchange pursuant to this [Section 24](#), the Board may direct the Company to enter into a Trust Agreement in such form and with such terms as the Board shall then approve (the "**Trust Agreement**"). If the Board so directs, the Company shall enter into the Trust Agreement and shall issue to the trust created by such agreement (the "**Trust**") all or some (as designated by the Board) of the shares of capital stock issuable pursuant to the exchange, and all or some (as designated by the Board) holders of Rights entitled to receive shares pursuant to the exchange shall be entitled to receive such shares (and any dividends paid or distributions made thereon after the date on which such shares are deposited in the Trust) only from the Trust and solely upon compliance with the relevant terms and provisions of the Trust Agreement.

(d) Prior to effecting an exchange and registering shares of capital stock in any Person's name, including any nominee or transferee of a Person, the Company may require (or cause the trustee of the Trust to require), as a condition thereof, that any holder of Rights provide evidence, including, without limitation, the identity of the Beneficial Owners thereof and their Affiliates (or former Beneficial Owners thereof and their Affiliates) as the Company shall reasonably request in order to determine if such Rights are null and void. If any Person shall fail to comply with such request, the Company shall be entitled conclusively to deem the Rights formerly held by such Person to be null and void pursuant to [Section 8\(e\)](#) and not transferable or exercisable or exchangeable in connection herewith.

(e) Any shares of capital stock issued at the direction of the Board in connection herewith shall be validly issued, fully paid and nonassessable shares of such capital stock, and the Company shall be deemed to have received as consideration for such issuance a benefit having a value that is at least equal to the aggregate par value of the shares so issued. Approval by the Board of this Agreement shall constitute a determination by the Board that such consideration is adequate.

(f) Immediately upon the effective date of the action of the Board electing the exchange of any Rights pursuant to this [Section 24](#) and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of capital stock as set forth in subsection (a) above. The Company shall

promptly give public notice of any such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent on the effective date of said action of the Board ordering the exchange of Rights. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to Section 8(e) hereof) held by each holder of Rights.

(g) In the event that there shall not be sufficient shares of capital stock authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company may substitute, for each Preferred Unit that would otherwise be issuable upon exercise of a Right, one (1) share of Common Stock or, for each share of Common Stock that would otherwise be issuable upon exchange of a Right, one (1) Preferred Unit.

(h) The failure to give, or any defect in, any notice provided for in this Section 24 shall not affect the validity of such exchange

Section 25. Notice of Certain Events.

(a) If the Company shall propose (i) to pay any dividend payable in stock of any class to the holders of its Preferred Stock or to make any other distribution to the holders of its Preferred Stock (other than a regular quarterly cash dividend), (ii) to offer to the holders of its Preferred Stock rights or warrants to subscribe for or to purchase any additional shares of Preferred Stock or stock of any class or any other securities, rights, or options, (iii) to effect any reclassification of its Preferred Stock (other than a reclassification involving only the subdivision of outstanding shares of Preferred Stock), (iv) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, (v) to effect the liquidation, dissolution or winding up of the Company, or (vi) to declare or pay any dividend on the Common Stock payable in shares of Common Stock or to effect a subdivision, combination, or consolidation of the Common Stock (by reclassification or otherwise than by payment of dividends in shares of Common Stock) then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purpose of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of the shares of Preferred Stock or Common Stock, as the case may be, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least ten (10) days prior to the record date for determining holders of the shares of Preferred Stock or Common Stock, as the case may be, for purposes of such action, and in the case of any such other action, at least ten (10) days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the shares of Preferred Stock or Common Stock, as the case may be. The failure to give notice required by this Section 25, or any defect therein, shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

(b) In case any of the events set forth in Section 12 hereof shall occur, then the Company shall as soon as practicable thereafter give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such events which notice shall describe such event and the consequences of such event to holders of Rights under Section 12 hereof.

Section 26. Notices. Notices or demands authorized by this Plan to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage-prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

United Community Banks, Inc.
P.O. Box 398
Blairsville, Georgia 30514
Attention: Rex S. Schuette, Executive Vice President and Chief Financial Officer
Facsimile: (706) 745-9046

Subject to Section 21 hereof, any notice or demand authorized by this Plan to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage-prepaid, addressed (until another address is filed in writing with the Company) as follows:

Illinois Stock Transfer Company
209 W. Jackson Boulevard
Suite 903
Chicago, Illinois 60606
Attention: Robert G. Pearson, President and Chief Executive Officer
Facsimile: (312) 427-2879

Notices or demands authorized by this Plan to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage-prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company (or the Rights Agent on and after the Distribution Date).

Section 27. Supplements and Amendments. The Company may from time to time supplement or amend this Plan without the approval of any holders of Right Certificates (or, prior to the Distribution Date, the Common Stock) to make any provision with respect to the Rights which the Company may deem necessary or desirable, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent whether or not it would adversely affect the holders of Right Certificates; *provided, however*, that from and after a Shares Acquisition Date, this Plan shall not be amended in any manner which would materially and adversely affect the interests of the holders of Rights. Notwithstanding the foregoing, the Company may at any time prior to the Shares Acquisition Date amend this Plan to lower the thresholds set forth in Section 1(x).

Section 28. Determinations and Actions by the Board. For all purposes of this Plan, the Board shall have the exclusive power and authority to administer this Plan and to exercise all rights and powers specifically granted to the Board or to the Company, or as may be necessary or advisable in the administration of this Plan, including the right and power to (a) interpret the provisions of this Plan, and (b) make all determinations deemed necessary or advisable for the administration of this Plan (including a determination to redeem or exchange or not to redeem or exchange the Rights or to amend this Plan). All such actions, calculations, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) which are done or made by the Board in good faith, shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties, and (y) not subject the Board to any liability to the holders of the Rights.

Section 29. Successors. All the covenants and provisions of this Plan by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and

assigns hereunder.

Section 30. Benefits of this Agreement. Nothing in this Plan shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock) any legal or equitable right, remedy, or claim under this Plan; but this Plan shall be for the sole and exclusive benefit of the Company, the Rights Agent, and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock).

Section 31. Severability. If any term, provision, covenant, or restriction of this Plan is held by a court of competent jurisdiction or other authority to be invalid, void, or unenforceable, the remainder of the terms, provisions, covenants, and restrictions of this Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated; *provided, however*, that, notwithstanding anything in this Plan to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board determines in its good faith judgment that severing the invalid language from this Plan would adversely affect the purpose or effect of this Plan, the right of redemption set forth in [Section 23](#) hereof shall be reinstated and shall not expire until the Close of Business on the tenth day following the date of such determination by the Board.

Section 32. Governing Law. This Plan and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Georgia and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State, without regard to any conflicts of laws principles thereof.

Section 33. Counterparts. This Plan may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Plan to be duly executed and attested, all as of the date first above written.

UNITED COMMUNITY BANKS, INC.

By: /s/ Rex S. Schuette

Name: Rex S. Schuette

Title: Executive Vice President & Chief Financial Officer

ILLINOIS STOCK TRANSFER COMPANY

By: /s/ Robert G. Pearson

Name: Robert G. Pearson

Title: President & Chief Executive Officer

EXHIBIT A
CERTIFICATE OF DESIGNATION
OF
JUNIOR PARTICIPATING PREFERRED STOCK, SERIES E
OF
UNITED COMMUNITY BANKS, INC.

Section 1. Designation And Amount. The shares of such series shall be designated as "Junior Participating Preferred Stock, Series E," \$1.00 par value per share (the "*Series E Preferred Stock*"). and the number of shares constituting the Series E Preferred Stock shall be 1,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series E Preferred stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights, or warrants or upon the conversion of any outstanding securities issued by the Company convertible into Series E Preferred Stock.

Section 2. Dividends And Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series E Preferred Stock with respect to dividends, the holders of shares of Series E Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors out of funds legally available for the purpose, dividends in an amount per share (rounded to the nearest cent) equal to 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock. In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series E Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends paid on the shares of Series E Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series E Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. In addition to any other voting rights required by law, the holders of shares of Series E Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series E

Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Company. In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series E Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar Stock, or by law, the holders of shares of Series E Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Company having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series E Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Reacquired Shares. Any shares of Series E Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of the Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Articles, or in any other Certificate of Designation creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 5. Liquidation, Dissolution Or Winding Up. Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made (a) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series E Preferred Stock unless, prior thereto, the holders of shares of Series E Preferred Stock shall have received \$100 per share, and any such additional amount such that the holders of shares of Series E Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (b) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series E Preferred Stock, except distributions made ratable on the Series E Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series E Preferred Stock were entitled immediately prior to such event under the proviso in clause (a) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 6. Consolidation, Merger, Etc. In case the Company shall enter into any consolidation, merger, combination, or other transaction in which the shares of Common Stock are

exchanged for or changed into other stock or securities, cash, and/or any other property, then in any such case each share of Series E Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash, and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series E Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. No Redemption. The shares of Series E Preferred Stock shall not be redeemable.

Section 8. Rank. The Series E Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Company's Preferred Stock and shall rank senior to the Common Stock as to such matters.

Section 9. Amendment. The Articles shall not be amended in any manner which would materially alter or change the powers, preferences, or special rights of the Series E Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the outstanding shares of Series E Preferred Stock, voting together as a single class.

EXHIBIT B
UNITED COMMUNITY BANKS, INC.
FORM OF RIGHT CERTIFICATE

Certificate No. R-_____

NOT EXERCISABLE AFTER THE FINAL EXPIRATION DATE (AS DEFINED IN THE PLAN) OR EARLIER IF REDEMPTION, EXCHANGE OR OTHER EXPIRATION EVENT OCCURS. THE RIGHTS ARE SUBJECT TO REDEMPTION AND EXCHANGE ON THE TERMS SET FORTH IN THE PLAN. AS SET FORTH IN THE PLAN, RIGHTS ISSUED TO, OR HELD BY, ANY PERSON WHO IS, WAS OR BECOMES AN ACQUIRING PERSON OR AN AFFILIATE THEREOF (AS SUCH TERMS ARE DEFINED IN THE PLAN), WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR BY ANY SUBSEQUENT HOLDER, MAY BE NULL AND VOID.

This Right Certificate certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the holder thereof, subject to the terms, provisions and conditions of the Tax Benefits Preservation Plan, dated as of February 22, 2011 (the "**Plan**"), between United Community Banks, Inc., a Georgia corporation (the "**Company**"), and Illinois Stock Transfer Company, an Illinois corporation (the "**Rights Agent**"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Plan) and prior to the Expiration Date, at the designated office of the Rights Agent, or at the office of its successor as Rights Agent, one-hundredth of a share of the Company's Junior Participating Preferred Stock, Series E, \$1.00 par value per share (the "**Preferred Stock**"; and each one-hundredth of a share of Preferred Stock, a "**Preferred Unit**"), of the Company, at a purchase price of \$8.00 per Preferred Unit (the "**Purchase Price**"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Right Certificate (and the number of Preferred Units which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of February 22, 2011. As provided in the Plan, the Purchase Price and the number of Preferred Units which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions, and conditions of the Plan, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Plan reference is hereby made for a full description of the rights, limitations of rights, obligations, duties, and immunities hereunder of the Rights Agent, the Company, and the holders of the Right Certificates. Copies of the Plan are available upon written request to the Company or the Rights Agent.

This Right Certificate, with or without other Right Certificates, upon surrender at the designated office of the Rights Agent, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Preferred Units as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Plan, the Rights evidenced by this Certificate (i) may be

redeemed by the Company at a redemption price of \$0.001 per Right or (ii) may be exchanged in whole or in part for Preferred Units or shares of Common Stock.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Units or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Plan or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings of other actions affecting shareholders (except as provided in the Plan), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Plan.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal by its authorized officers dated as of _____, ____.

UNITED COMMUNITY BANKS, INC.

By: _____
Name: _____
Title: _____

(SEAL)

Attest:

Secretary

Countersigned:

_____, as Rights Agent

By: _____
Authorized Signature

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED

hereby sells, assigns and transfers unto

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer this Right Certificate on the books of the within-named Company, with full power of substitution.

The undersigned hereby certifies that:

- (1) the Rights evidenced by this Right Certificate are not being assigned by or on behalf of a Person who is or was an Acquiring Person or an Affiliate of any such Acquiring Person (as such terms are defined in the Plan); and
- (2) after due inquiry and to the best knowledge of the undersigned, it did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or became an Acquiring Person or an Affiliate of an Acquiring Person.

Dated: _____

By: _____

Name: _____

Title, if any: _____

Signature Medallion Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

Form of Reverse Side of Certificate — continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise the Rights represented by the Right Certificate.)

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase Preferred Units issuable upon the exercise of the Rights (or such other securities of the Company or of any other Person which may be issuable upon the exercise of the Rights) and requests that certificates (or registrations in uncertificated book-entry form on the books of the Company) for such securities be issued in the name of and delivered to:

Please print name, address and social security or tax identification number: _____

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Please print name, address and social security or tax identification number: _____

Dated: _____

By: _____
Name: _____
Title, if any: _____

Signature Medallion Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

Form of Reverse Side of Certificate — continued

NOTICE

The signature in the foregoing Forms of Assignment and Election must conform to the name written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, United Community Banks, Inc. and the Rights Agent will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate thereof (as defined in the Plan) and such Assignment or Election to Purchase will not be honored.

UNITED COMMUNITY BANKS, INC.
TAX BENEFITS PRESERVATION PLAN
SUMMARY OF TERMS

Purpose

The purpose of the Tax Benefits Preservation Plan (the "**Plan**") described in this summary of terms is to preserve the value of certain deferred tax assets ("**Tax Benefits**") of United Community Banks, Inc. (the "**Company**") for U.S. federal income tax purposes.

Rights; Rights Certificates

The Board of Directors of the Company (the "**Board**") would authorize and declare a dividend of one preferred share purchase right (a "**Right**") in respect of each share of common stock of the Company (the "**Common Stock**") outstanding at the close of business on the date of the Plan (the "**Record Date**") or to become outstanding between the Record Date and the earlier of the Distribution Date and the Expiration Date (as such terms are defined below).

Each Right represents the right to purchase, upon the terms and subject to the conditions in the Plan, one-hundredth of a share of Junior Participating Preferred Stock, Series E, \$1.00 par value per share ("**Preferred Stock**"; and such one-hundredth of a share of Preferred Stock, a "**Preferred Unit**").

Prior to the Distribution Date (as defined below), the Rights would be evidenced by, and trade with, the Common Stock and would not be exercisable. After the Distribution Date, the Company would cause the rights agent, to mail rights certificates to shareholders and the Rights would trade independently of the Common Stock.

**Distribution Date;
Separation of Rights**

Rights would separate from the Common Stock and become exercisable following the close of business on the tenth (10th) business day following the earlier of a Shares Acquisition Date and a Tender Offer Date (as such terms are defined below) (the "**Distribution Date**").

"**Shares Acquisition Date**" means the date of the first public announcement by the Company in a press release expressly referring to the Plan indicating that a person has become an Acquiring Person (as defined below).

"**Tender Offer Date**" means the date of the commencement of a tender or exchange offer by any person if, upon consummation thereof, such person would or could be an Acquiring Person.

"**Acquiring Person**" means any person who or which, together with its affiliates, beneficially owns 4.99% or more of the Common Stock, other than (i) the U.S. government; (ii) the Company or any subsidiary or employee benefit plan or compensation arrangement of the Company; (iii) any person who or which, together with its affiliates, was on the Record Date, the beneficial owner of 4.99% or more of the

Common Stock; (iv) subject to the Plan, Fletcher International, Ltd. and certain of its assignees, (v) any person who or which would beneficially own 4.99% or more of shares of Common Stock as a result of a reduction in outstanding Common Stock by the Company; (vi) any person that has become a 4.99% holder if the Board in good faith determines that the attainment of such status has not jeopardized or endangered the Company's utilization of the Tax Benefits; and (vii) any person who or which would qualify as a Threshold Holder as a result of an Approved Acquisition; provided, however, that in the event that a person is not an Acquiring Person by reason of clause (iii), (vi) or (vii) above, such person will become an Acquired Person if such person later becomes the beneficial owner of any additional shares of Common Stock unless the acquisition of such Common Stock is solely as a result of a reduction in outstanding Common Stock by the Company.

"**Approved Acquisition**" mean (i) any acquisition of Company Securities that causes a person to qualify as a Threshold Holder and is approved in advance by the Board or (ii) a conversion (or other exchange) of common stock or any other interest that would be treated as "stock" of the Company for purposes of Section 382 of the Internal Revenue Code of 1986, as amended, for other common stock or interests that would be treated as "stock" of the Company for purposes of Section 382 of the Internal Revenue Code of 1986, as amended, where such conversion (or other exchange) does not increase the beneficial ownership in the Company by any person for purposes of Section 382 of the Internal Revenue Code of 1986, as amended.

Exercise of Rights

On or after the Distribution Date, each Right would initially entitle the holder to purchase Preferred Units for \$8.00 per Preferred Unit (the "**Purchase Price**").

The Preferred Stock is designated so that each Preferred Unit has economic and voting terms similar to those of one whole share of Common Stock. Specifically:

- The Preferred Shares would participate in any dividends on the Common Stock with each whole Preferred Share being entitled to 100 times the dividend per share of Common Stock.
- The Preferred Shares would vote with the Common Stock with each whole Preferred Share being entitled to 100 votes.
- The liquidation and merger consideration preference for each whole Preferred Share would equal 100 times the liquidation or merger consideration amount per share of Common Stock.

Trigger

Following a Shares Acquisition Date, (i) Rights owned by the Acquiring Person or its transferees would automatically be void; and (ii) each other Right will automatically become a Right to buy, for the Purchase Price, that number of Preferred Units determined by dividing the aggregate Purchase Price by 50% of the current market value of the Common stock.

Example:

- A holder of a Right has the right to purchase 100,000 Preferred Units as a result of his ownership of 100,000 shares of Common Stock.
- The Purchase Price for each Right is \$10. His aggregate Purchase Price for all of his Rights is \$1,000,000.
- Following a Shares Acquisition Date when the Common Stock is trading at \$3.00, the Rights are adjusted to become the right to purchase 666,667 Preferred Units ($\$1,000,000/\1.50) for \$1,000,000. Because each Preferred Unit is equivalent to one share of Common Stock, an Acquiring Person would be so severely diluted that he would not have an incentive to purchase and trigger such Rights.

Exchange

At any time after the Shares Acquisition Date, the Board may, at its option, exchange all or part of the then outstanding and exercisable Rights for Preferred Stock or Common Stock at an exchange ratio of one Preferred Unit or one share of Common Stock per Right, subject to adjustments and limitations described in the Plan and a reduction in the shares issuable to pay the deemed Purchase Price. The Board may enter into a trust agreement pursuant to which the Company would deposit into a trust such securities that would be distributable to shareholders (excluding the Acquiring Person) in the event the exchange is implemented.

The provision is provides a cashless way for the dilutive issuance to occur.

Redemption

The Board may, at its option, redeem all, but not fewer than all, of the then outstanding Rights at a redemption price of \$0.001 per Right at any time prior to a Shares Acquisition Date.

Amendments

The Company may from time to time before the Shares Acquisition Date supplement or amend the Plan without the approval of any holders of Rights (or, prior to the Distribution Date, the holders of Common Stock).

After the Shares Acquisition Date, the Plan shall not be amended in any manner which would adversely affect the interests of the holders of Rights.

Expiration

The Rights will expire on the earlier of (i) the close of business on the date that is the fifth (5th) anniversary of the Plan, (ii) the time at which all Rights are redeemed, (iii) the time at which all Rights are exchanged, (iv) such date as the Board determines, in its sole discretion, that the Rights and the Plan are no longer necessary for the preservation of existence of the Tax Benefits, and (v) such date prior to a Shares Acquisition Date as the Board determines, in its sole discretion, that the or that the Rights and the Plan are no longer in the best interests of the Company and its shareholders.

FORM OF WARRANT TO PURCHASE COMMON STOCK

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

**WARRANT
to purchase
[]
Shares of Common Stock
of United Community Banks, Inc.**

Issue Date: February 22, 2011

1. **Definitions.** Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

“**Affiliate**” means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with, such other Person. For purposes of this definition, “**control**” (including, with correlative meanings, the terms “**controlled by**” and “**under common control with**”) when used with respect to any Person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such Person, whether through the ownership of voting securities by contract or otherwise.

“**Articles of Incorporation**” means the Restated Articles of Incorporation of the Company, as amended.

“**Board of Directors**” means the board of directors of the Company, including any duly authorized committee thereof.

“**Business Combination**” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company’s shareholders.

“**business day**” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

“**Common Stock**” means the common stock, \$1.00 par value per share, of the Company.

“**Company**” means United Community Banks, Inc., a Georgia corporation, and its successors.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"Exchange Agreement" means the Share Exchange Agreement, entered into February 22, 2011, as amended from time to time, among the Company and Elm Ridge Offshore Master Fund, Ltd. and Elm Ridge Value Partners, L.P., including all annexes, exhibits and schedules thereto.

"Exercise Price" means \$2.50 per share of Common Stock.

"Expiration Time" has the meaning set forth in Section 3.

"Fair Market Value" means, with respect to any security or other property, the fair market value of such security or other property as determined by the Board of Directors, acting in good faith.

"Issue Date" means the date set forth on the first page hereof.

"Market Price" means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose. "Market Price" shall be determined without reference to after hours or extended hours trading. If such security is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price per share of Common Stock shall be deemed to be the fair market value per share of such security as determined in good faith by the Board of Directors in reliance on an opinion of a nationally recognized independent investment banking corporation retained by the Company for this purpose and certified in a resolution to the Warrantholder. For the purposes of determining the Market Price of the Common Stock on the "trading day" preceding, on or following the occurrence of an event, (i) that trading day shall be deemed to commence immediately after the regular scheduled closing time of trading on the Nasdaq Global Select Market or, if trading is closed at an earlier time, such earlier time and (ii) that trading day shall end at the next regular scheduled closing time, or if trading is closed at an earlier time, such earlier time (for the avoidance of doubt, and as an example, if the Market Price is to be determined as of the last trading day preceding a specified event and the closing time of trading on a particular day is 4:00 p.m. and the specified event occurs at 5:00 p.m. on that day, the Market Price would be determined by reference to such 4:00 p.m. closing price).

"Ordinary Cash Dividends" means a cash dividend on shares of Common Stock out of surplus or net profits legally available therefor (determined in accordance with generally accepted accounting principles in effect from time to time).

"Person" means a natural person, company, government, or political subdivision, agency, or instrumentality of a government.

"Per Share Fair Market Value" has the meaning set forth in Section 13(B).

"Pro Rata Repurchases" means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of capital stock of the Company, other securities of the Company,

evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of capital stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The "**Effective Date**" of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

"**Regulatory Approvals**" means all authorizations, approvals or permits, if any, of any federal or state governmental authority or regulatory body that are required in order for the Warranholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warranholder being in violation of applicable law, rule or regulation.

"**SEC**" means the Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"**trading day**" means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a business day or (B) if the shares of Common Stock are traded on any national or regional securities exchange or association or over-the-counter market, a business day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock (i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.

"**Warrant**" means this Warrant, issued pursuant to the Exchange Agreement.

"**Warranholder**" has the meaning set forth in Section 2.

"**Warrant Shares**" has the meaning set forth in Section 2.

2. **Number of Warrant Shares; Exercise Price.** This certifies that, for value received, [_____] or its permitted assigns (the "**Warranholder**") is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of [_____] of fully paid and nonassessable shares of Common Stock, at a purchase price per share of Common Stock equal to the Exercise Price. The number of shares of Common Stock (the "**Warrant Shares**") and the Exercise Price are subject to adjustment as provided herein, and all references to "Common Stock," "Warrant Shares" and "Exercise Price" herein shall be deemed to include any such adjustment or series of adjustments.

3. **Exercise of Warrant; Term.** Subject to Section 2, to the extent permitted by applicable law, rule and regulation, the right to purchase the Warrant Shares represented by this Warrant is exercisable, in whole or in part by the Warranholder, at any time or from time to time after September 30, 2012, but in no event later than 5:00 p.m., New York City time on August 22, 2013 (the "**Expiration Time**"), by (A) the surrender of this Warrant and Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warranholder, at the principal executive office of the Company located at the address set forth in Section 20 (or such other office or agency of the Company in the United States as it

may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company), and (B) payment of the Exercise Price for the Warrant Shares thereby purchased by tendering in cash, by certified or cashier's check payable to the order of the Company, or by wire transfer of immediately available funds to an account designated by the Company. Notwithstanding anything to the contrary in this Warrant, in the event that the Company consummates any Business Combination, a sale of all or substantially all of its assets or any similar transaction, the Company shall notify the Warrantholder of such event no less than ten (10) business days prior to the effective date of such transaction and this Warrant shall become exercisable without limitation prior to such transaction in such manner as may be necessary to afford the Warrantholder the right to exercise the Warrant prior to such transaction and participate in such transaction as a holder of the exercised portion of the Warrant Shares.

If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time, and in any event not exceeding three business days, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for the Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

4. Issuance of Warrant Shares; Authorization; Listing. Certificates for the Warrant Shares issued upon exercise of this Warrant will be issued in such name or names as the Warrantholder may designate and will be delivered to such named Person or Persons within a reasonable time, not to exceed three business days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of Warrant Shares then issuable upon exercise of this Warrant at any time. The Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use commercially reasonable efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Warrant Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Market Price of the Common Stock on the last trading day preceding the date of exercise less the pro-rated Exercise Price for such fractional share.

6. **No Rights as Shareholders; Transfer Books.** This Warrant does not entitle the Warrantholder to any voting rights or other rights as a shareholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. **Charges, Taxes and Expenses.** Issuance of certificates for the Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company.

8. **Transfer/Assignment.** Subject to the following paragraph, this Warrant and all rights hereunder are transferable, in whole or in part, on the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

The Warrant and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. The Warrantholder is (A) acquiring the Warrant pursuant to an exemption from registration under the Securities Act and (B) shall not sell or otherwise dispose of the Warrant or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable United States securities laws.

All certificates or other instruments representing the Warrant and the Warrant Shares will bear a legend substantially to the following effect:

“THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR UNDER ANY APPLICABLE STATE SECURITIES LAW. THESE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, IF REQUESTED, OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.”

In the event that any of the Warrant or the Warrant Shares become registered under the Securities Act or are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act, any new such warrant or warrants, or other instruments representing this Warrant or the Warrant Shares, shall be issued without the legend in this Section 8; *provided* that the Warrantholder surrenders to the Company this Warrant or any other previously issued certificates or other instruments in compliance with Section 9.

9. **Exchange and Registry of Warrant.** This Warrant is exchangeable, upon the surrender hereof by the Warrantholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a

registry showing the name and address of the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Non-Business Days. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a business day, then such action may be taken or such right may be exercised on the next succeeding day that is a business day.

12. Rule 144 Information. The Company covenants that it will use its commercially reasonable efforts to timely file all reports and other documents required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations promulgated by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of any Warrantholder, make publicly available such information as necessary to permit sales pursuant to Rule 144 under the Securities Act), and it will use commercially reasonable efforts to take such further action as any Warrantholder may reasonably request, in each case to the extent required from time to time to enable such holder to, if permitted by the terms of this Warrant and the Exchange Agreement, sell this Warrant without registration under the Securities Act within the limitation of the exemptions provided by (A) Rule 144 under the Securities Act, as such rule may be amended from time to time, or (B) any successor rule or regulation hereafter adopted by the SEC. Upon the written request of any Warrantholder, the Company will deliver to such Warrantholder a written statement that it has complied with such requirements.

13. Adjustments and Other Rights. The Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13 is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13 so as to result in duplication:

(A) Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, or (iv) complete any similar transaction, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to purchase the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this

adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence. In the event that the Company makes an extraordinary dividend (e.g., a dividend of cash, stock or other assets of the Company other than as contemplated in this Section 13(A) and/or other than in the ordinary course of the Company's business and consistent with the Company's past dividend practices, which, for the avoidance of doubt, shall not include any cash dividends to the extent the aggregate per share dividends paid on the outstanding Common Stock in any quarter exceeds \$0.089 per share, as adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction), the Exercise Price then in effect shall be reduced proportionately; provided, that, for the avoidance of doubt, any dividend that is required to be made pursuant to the applicable certificate of designation of any preferred securities of the Company shall not be considered an "extraordinary dividend".

(B) Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(A)), the Warranholder's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warranholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warranholder's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warranholder shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

(C) Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one-hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares into which this Warrant is exercisable shall be made if the amount of such adjustment would be less than \$0.01 or one-tenth (1/10th) of a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or 1/10th of a share of Common Stock, or more.

(D) Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warranholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warranholder any amount of cash in lieu of a fractional share of Common Stock; *provided, however*, that the Company upon request shall deliver to such Warranholder a due bill or other appropriate instrument evidencing such Warranholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

(E) Other Events. For so long as Elm Ridge Value Partners, L.P., Elm Ridge Offshore Master Fund, Ltd. or any of their Affiliates or permitted transferees holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrant in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares into which this Warrant is exercisable shall not be adjusted in the event of a change in the par value of the Common Stock, a change in the jurisdiction of incorporation of the Company or an issuance of Common Stock by the Company at a price below the Exercise Price.

(F) Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares into which this Warrant is exercisable shall be adjusted as provided in this Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of Warrant Shares into which this Warrant shall be exercisable after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

(G) Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining regulatory, New York Stock Exchange, Nasdaq Global Select Market or other applicable national securities exchange or shareholder approvals or exemptions, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

(H) Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.

15. Governing Law. This Warrant will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Articles of Incorporation.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second business day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered in accordance with the information provided below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

If to the Company:

United Community Banks, Inc.
P.O. Box 398
Blairsville, Georgia 30514
Attention: Rex S. Schuette, EVP and Chief Financial Officer
Phone: (706) 781-2265
Facsimile: (706) 745-9046

If to the Warrantholder, at the address of such Warrantholder as listed in the registry maintained by the Company pursuant to Section 9, or to such other address as the Warrantholder shall have designated by notice given to the Company.

20. Entire Agreement. This Warrant, the forms attached hereto and the Exchange Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[Remainder of page intentionally left blank]

Form of Notice of Exercise

Date: _____, 20__

TO: United Community Banks, Inc.

RE: Election to Purchase Common Stock

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby agrees to subscribe for and purchase the number of shares of the Common Stock set forth below covered by such Warrant. The undersigned, in accordance with Section 3 of the Warrant, hereby agrees to pay the aggregate Exercise Price for such shares of Common Stock in the manner set forth below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

1. Number of Shares of Common Stock:

2. Method of Payment of Exercise Price:

3. Aggregate Exercise Price:

Holder: _____

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by a duly authorized officer and delivered effective as of the date first above written.

UNITED COMMUNITY BANKS, INC.

By: /s/ Rex S. Schuette

Name: Rex S. Schuette

Title: Executive Vice President and Chief Operating Officer

[Signature Page to Warrant]



For Immediate Release

February 24, 2011

For more information:

Rex S. Schuette
Chief Financial Officer
706-781-2265
rex_schuette@ucbi.com

**UNITED COMMUNITY BANKS, INC. ANNOUNCES
ADOPTION OF TAX BENEFITS PRESERVATION PLAN
AND RELATED STOCK EXCHANGE**

BLAIRSVILLE, GA, February 24, 2011 — United Community Banks, Inc. (Nasdaq: UCBI) announced that its Board of Directors has adopted a Tax Benefits Preservation Plan (the “Plan”) designed to protect the Company’s ability to utilize substantial tax assets. This Plan is similar to tax benefit preservation plans adopted by other public companies with significant tax attributes. United’s tax attributes include net operating losses that it could utilize in certain circumstances to offset taxable income and reduce its federal income tax liability.

United’s ability to use its tax attributes would be substantially limited if the Company were to experience an “ownership change” as defined under Section 382 of the Internal Revenue Code and related Internal Revenue Service pronouncements. In general, an ownership change would occur if United’s “five-percent or greater shareholders,” as defined under Section 382, collectively increase their ownership in United by more than 50% over a rolling three-year period. The Plan is designed to reduce the likelihood that United will experience an ownership change by discouraging any new person or entity from becoming a five-percent or greater shareholder or any existing five-percent shareholder from increasing their position. Five-percent shareholders generally do not

include certain institutional holders, such as mutual fund companies and investment companies that act as investment advisors, that hold United's stock on behalf of individual mutual funds or individuals where no single fund owns five percent or more of United's stock.

As part of the Plan, United's Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of its common stock. The Plan is designed to trigger slightly under the Internal Revenue Service's five-percent shareholder threshold at 4.99 percent. However, these Rights are only distributed when triggered under the Plan by a shareholder who purchases 4.99 percent or greater ownership or a then existing 4.99 percent shareholder who purchases additional shares. The Plan will be in effect for only five years, in contrast to traditional rights plans that generally last 10 years. Additionally, the Board has the discretion under certain circumstances to exempt acquisitions of Company securities from the provisions of the Plan. The Plan may be terminated by the Board at any time prior to the Rights being triggered. The issuance of the Rights will not affect United's reported earnings per share and is not taxable to United or its shareholders.

United also announced that it had entered into a Stock Exchange Agreement with two funds within Elm Ridge Capital Management LLC, its largest shareholder. The agreement provides that United will exchange all of Elm Ridge's existing 7,755,631 shares of common stock for \$16.6 million of newly created Cumulative Perpetual Preferred Stock, Series D and warrants to purchase 7,755,631 shares of common stock with an exercise price of \$2.50 per share that expire in two and a half years. By exchanging Elm Ridge's common stock for the preferred stock and warrants, the Company has eliminated its only five-percent shareholder and, as a result, obtained further protection against an ownership change under Section 382.

"The Plan and the stock exchange are designed to safeguard valuable tax attributes by reducing the likelihood of an unintended 'ownership change' through actions involving United's securities," said Jimmy Tallent, United's President and Chief Executive Officer.

“We believe the Plan and the stock exchange are important elements in protecting shareholder value.”

Additional information regarding the Plan and the stock exchange will be contained in a Form 8-K that the Company is filing with the Securities and Exchange Commission. In addition, the Company’s existing shareholders will be mailed a detailed summary of the Plan.

About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks is the third-largest bank holding company in Georgia. United Community Banks has assets of \$7.4 billion and operates 27 community banks with 106 banking offices throughout north Georgia, the Atlanta region, coastal Georgia, western North Carolina and east Tennessee. The Company specializes in providing personalized community banking services to individuals and small to mid-size businesses. United Community Banks also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United Community Banks common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at the Company’s web site at www.ucbi.com.

Safe Harbor

This news release contains forward-looking statements, as defined by Federal Securities Laws, including statements about financial outlook and business environment. These statements are provided to assist in the understanding of future financial performance and such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements. Any such statements are based on current expectations and involve a number of risks and uncertainties. For a discussion of some factors that may cause such forward-looking statements to differ materially from actual results, please refer to the section entitled “Forward-Looking Statements” on page 22 of United Community Banks, Inc.’s quarterly report filed on Form 10-Q with the

Securities and Exchange Commission for the quarter ended September 30, 2010 and in the sections entitled "Risk Factors" in the Company's quarterly reports filed on Form 10-Q with the Securities and Exchange Commission for the quarters ended June 30, 2010 and September 30, 2010 and annual report filed on Form 10-K with the Securities and Exchange Commission for the year ended December 31, 2009.

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