

UNITED COMMUNITY BANKS INC
Form S-4/A
May 01, 2007

As filed with the Securities and Exchange Commission on May 1, 2007

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Pre-Effective Amendment No. 2
to
FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNITED COMMUNITY BANKS, INC.
(Exact name of issuer as specified in its charter)

Georgia (State or other jurisdiction of incorporation or organization)	6022 (Primary Standard Industrial Classification Code Number)	58-1807304 (I.R.S. Employer Identification Number)
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United Community Banks, Inc. 63 Highway 515 Blairsville, Georgia 30512 (706) 745-2151 (Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	Jimmy C. Tallent 63 Highway 515 Blairsville, Georgia 30512 (706) 745-2151 (Name, address, including zip code, and telephone number, including area code, of agent for service)
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Approximate date of commencement of proposed sale to the public: The exchange of Registrant’s shares for shares of common stock of Gwinnett Commercial Group, Inc. will take place upon consummation of the merger of Gwinnett Commercial Group, Inc. into the Registrant.

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$1.00 per share	5,692,082 ⁽¹⁾	Not Applicable	48,176,181 ⁽²⁾	\$1,479.01 ⁽²⁾⁽³⁾

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

(2) In accordance with Rule 457(f)(2) and (3), the registration fee is based on \$48,176,181, which is the result of (i) \$70,489,435, the maximum number of shares of common stock of Gwinnett Commercial Group, Inc. that may be received by the Registrant pursuant to the merger (2,830,901) multiplied by the book value per share of Gwinnett Commercial Group, Inc. as of February 28, 2007 (\$24.90), minus (ii) \$22,313,254 in cash to be paid by the Registrant in the proposed merger.

(3) Previously paid.

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

The information in this document is not complete and may be changed. We may not sell the securities offered by this document until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 1, 2007

PROXY STATEMENT/PROSPECTUS

These materials are a proxy statement of Gwinnett Commercial Group, Inc. and a prospectus of United Community Banks, Inc. They are furnished to you in connection with the notice of special meeting of shareholders to be held on June 1, 2007. At the special meeting of Gwinnett shareholders, you will be asked to vote on the merger of Gwinnett with and into United described in more detail herein. As of May 1, 2007, the record date for the Gwinnett shareholders meeting, there were 2,830,901 shares of common stock outstanding and entitled to vote at that meeting. Approval of the merger requires the affirmative vote of holders of a majority of those shares.

Subject to the election and adjustment procedures described in this document, in connection with the merger if approved and consummated, holders of Gwinnett common stock will be entitled to receive, in exchange for each share of Gwinnett common stock, consideration equal to either (i) 2.2545 shares of United common stock, or (ii) \$72.8865 in cash, without interest; *provided*, that an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. As a result, up to an aggregate of 5,692,082 shares of United common stock may be issued to Gwinnett shareholders if the merger is approved and consummated and there is no adjustment. This document is a United prospectus with respect to the offering and issuance of such 5,692,082 shares of United common stock.

United's common stock trades on the Nasdaq Stock Market under the ticker symbol "UCBI".

The accompanying materials contain information regarding the proposed merger and the companies participating in the merger, and the Agreement and Plan of Reorganization pursuant to which the merger will be consummated if approved. **We encourage you to read the entire document carefully. Please also see the "Risk Factors" section of United's Form 10-K for the year ended December 31, 2006, which is incorporated herein by reference, for a description of the factors that you should consider that may affect the value of United common stock to be issued in the merger.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of these materials. Any representation to the contrary is a criminal offense. Shares of common stock of United are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of these materials are _____, 2007, and they are expected to be first mailed to shareholders on or about _____, 2007.

GWINNETT COMMERCIAL GROUP, INC.

**2230 Riverside Parkway
Lawrenceville, Georgia 30043**

**Notice Of Special Meeting
Of Shareholders
To Be Held On June 1, 2007**

A special meeting of shareholders of Gwinnett Commercial Group, Inc. will be held on June 1, 2007, at 8:00 a.m., at the main office of First Bank of the South, 2230 Riverside Parkway, Lawrenceville, Georgia 30043 for the following purposes:

1. to consider and vote on an Agreement and Plan of Reorganization, under which Gwinnett Commercial Group, Inc. (“Gwinnett”) will merge with and into United Community Banks, Inc. (“United”), as more particularly described in the accompanying materials; and
2. to transact such other business as may properly come before the special meeting or any adjournments of the special meeting.

If Gwinnett shareholders approve the merger, Gwinnett will be merged with and into United. Unless adjusted pursuant to the terms of the merger agreement, Gwinnett shareholders may elect to receive shares of United common stock or cash in exchange for each of their shares of Gwinnett common stock in the merger on the following basis:

2.2545 shares of United common stock; or

\$72.8865 in cash, without interest;

provided, that an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. If the aggregate cash elections are greater than the maximum, all such cash elections will be subject to proration, and, if the aggregate stock elections are greater than the maximum, all such stock elections will be subject to proration, all as more fully explained under the heading “Details of the Proposed Merger-The Merger Consideration” (page 14).

Approval of the merger will require the approval of the holders of at least a majority of the Gwinnett common stock entitled to vote at the special meeting. Only shareholders of record of Gwinnett common stock at the close of business on May 1, 2007 will be entitled to vote at the special meeting or any adjournments thereof. Gwinnett’s board of directors has adopted a resolution approving the merger and the merger agreement and unanimously recommends that you vote for the proposal to approve the merger.

If the merger is completed, Gwinnett shareholders who dissent with respect to the merger will be entitled to receive a cash payment for their shares of Gwinnett common stock if they comply with certain statutory provisions of Article 13 of the Georgia Business Corporation Code regarding the rights of dissenting shareholders, all as more fully explained under the heading “Details of the Proposed Merger-Rights of Dissenting Shareholders” (page 28) and in Appendix B to the accompanying materials.

Business and financial information about Gwinnett is available without charge to you upon written or oral request made to Andrew R. Pouchier, Executive Vice President, Chief Financial Officer and Secretary,

Gwinnett Commercial Group, Inc., 2230 Riverside Parkway, Lawrenceville, Georgia 30043, telephone number (770) 237-0007. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than May 25, 2007.

A form of proxy for use by you is enclosed. To ensure representation at the special meeting, each Gwinnett shareholder is requested to sign, date, and return the proxy card promptly in the enclosed, stamped envelope. A previously submitted proxy may be revoked by notifying Andrew R. Pourchier, Executive Vice President, Chief Financial Officer and Secretary of Gwinnett, in writing, or by submitting an executed, later-dated proxy prior to the special meeting to Andrew R. Pourchier, Gwinnett Commercial Group, Inc., 2230 Riverside Parkway, Lawrenceville, Georgia 30043. A previously submitted proxy also may be revoked by attending the special meeting and requesting the right to vote in person. A properly signed and returned proxy card, if not revoked, will be voted at the special meeting in the manner specified by the duly submitted proxy.

By Order of the Board of Directors,

_____, 2007
Lawrenceville, Georgia

John D. Stephens, Chairman

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Appendix A - Agreement and Plan of Reorganization

Appendix B - Georgia Dissenters' Rights Statute

Appendix C - Fairness Opinion

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What am I being asked to approve?

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

Q: When is the merger expected to be completed?

A: We plan to complete the merger during the second quarter of 2007.

Q: What will I receive in the merger?

A: Unless adjusted pursuant to the terms of the merger agreement, you will receive either (i) 2.2545 shares of United common stock, or (ii) \$72.8865 in cash, without interest, for each share of Gwinnett common stock; *provided*, that an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive based on \$32.33 per share.

For example:

Assuming the stock exchange ratio remains 2.2545 and stock elections are not subject to proration, if you own 100 shares of Gwinnett common stock and elect to receive all stock in the merger, you will be entitled to 225 shares of United common stock (100 x 2.2545, rounded down to the nearest whole share). In addition, you will be entitled to receive \$14.55 in cash for your .45 fractional share of United (.45 x \$32.33).

To review what you will receive in the merger in greater detail, see “Details of the Proposed Merger-The Merger Consideration” beginning on page 17.

Q: What should I do now?

A: Indicate on the enclosed proxy card how you want to vote with respect to the proposed merger, and sign and mail the proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the meeting. If you sign and send in a proxy card but do not indicate how you want to vote, your proxy will be voted in favor of the proposal to approve the merger. A special shareholders meeting will take place on June 1, 2007, at 8:00 a.m. at the main office of First Bank of the South, 2230 Riverside Parkway, Lawrenceville, Georgia 30043, to vote on the merger proposal.

You may withdraw your proxy up to and including the day of the special meeting by notifying Gwinnett prior to the meeting, in writing, or by submitting an executed, later-dated proxy to: Andrew R. Pourchier, Executive Vice President, Chief Financial Officer and Secretary, Gwinnett Commercial Group, Inc., 2230 Riverside Parkway, Lawrenceville, Georgia 30043.

Q: How can I elect stock, cash or both?

A: You may indicate a preference to receive United common stock, cash or a combination of both in the merger by completing the enclosed election form. However, an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. Accordingly, if the aggregate cash elections are greater than the maximum, each cash election will be reduced pro rata based on the amount that the aggregate cash elections exceed the maximum. Alternatively, if the aggregate stock elections are greater than the maximum, each stock election will be reduced pro rata based on the amount that the aggregate stock elections exceed the maximum. If you do not make an election by or at the special shareholders meeting to be held on June 1, 2007, you will be treated as though you elected to receive all cash unless cash has been fully subscribed by the electing Gwinnett shareholders, in which event you will be treated as if you elected all stock. **Gwinnett's board of directors makes no recommendation as to whether you should choose United common stock or cash or a combination of both for your shares of Gwinnett Commercial Group, Inc. common stock. You should consult with your own financial advisor on that decision.**

Q: What information should I consider?

A: We encourage you to read this entire document carefully. You should also review the factors considered by each company's board of directors discussed in "Details of the Proposed Merger-Background of and Reasons for the Merger" beginning on page 14.

Q: What will I receive as consideration for the Gwinnett stock options and/or stock appreciation rights I hold?

A: Each Gwinnett option holder has agreed not to exercise his or her options prior to the closing of the merger. In exchange, United has agreed to pay the holder of each option \$72.8865 in cash less the exercise price of each option. United has also agreed to pay the holder of each Gwinnett stock appreciation right, which we refer to as a "SAR", \$72.8865 in cash less the exercise price of each SAR.

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

A: We expect that the exchange of shares of Gwinnett common stock for United common stock by Gwinnett shareholders generally will be tax-free to you for federal income tax purposes. However, you will have to pay taxes at either capital gains or ordinary income rates, depending upon individual circumstances, on cash received (i) in exchange for your shares of Gwinnett common stock; (ii) in lieu of fractional shares of United Stock; (iii) if you are a Gwinnett option and/or SARs holder, in exchange for your options and/or SARs; and (iv) upon your exercise of dissenters' rights. To review the tax consequences to Gwinnett shareholders and option and SARs holders in greater detail, see "Details of the Proposed Merger-Material Federal Income Tax Consequences of the Merger and Opinion of Tax Counsel" beginning on page 30.

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

Q: Should I send in my stock certificates now?

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

Q: Who should I call with questions?

A: You should call Andrew R. Pourchier, Executive Vice President, Chief Financial Officer and Secretary of Gwinnett at (770) 237-0007.

SUMMARY

This summary highlights material information from these materials regarding the proposed merger. For a more complete description of the terms of the proposed merger, you should carefully read this entire document, and the related documents to which it refers. The Agreement and Plan of Reorganization and Agreement and Plan of Merger, which are the legal documents that govern the proposed merger, are in Appendix A to these materials. In addition, the sections entitled "Where You Can Find More Information", on page 50, and "Incorporation of Certain Documents By Reference", on page 51, contain references to additional sources of information about United.

The Companies (see pages 42 and 46)

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

United is the third largest bank holding company based in Georgia with assets of \$7.1 billion, loans of \$5.4 billion, deposits of \$5.8 billion, and stockholders' equity of \$617 million at December 31, 2006. United conducts substantially all of its operations through 26 separate "community banks" with 102 locations in north Georgia, metro Atlanta, coastal Georgia, western North Carolina, and east Tennessee through two wholly-owned state chartered bank subsidiaries: United Community Bank, Blairsville, Georgia, and United Community Bank, Murphy, North Carolina. United's community banks offer a full range of retail and corporate banking services, including checking, savings and time deposit accounts, secured and unsecured loans, wire transfers, brokerage services and other financial services.

United also operates United Community Mortgage Services, a full-service retail mortgage lending operation approved as a seller/servicer for Fannie Mae and the Federal Home Mortgage Corporation, as a division of its Georgia bank subsidiary, and Brintech, Inc., a New Smyrna Beach, Florida based consulting firm for the financial services industry. Additionally, United provides retail brokerage services through a third party broker/dealer.

Gwinnett Commercial Group, Inc.
2230 Riverside Parkway
Lawrenceville, Georgia 30043
(770) 237-0007

Gwinnett is a bank holding company based in Lawrenceville, Georgia with assets of \$675 million, loans of \$536 million, deposits of \$583 million, and shareholders' equity of \$79 million as of December 31, 2006. Gwinnett is the parent company of First Bank of the South, a full service bank with its main office in Lawrenceville, Georgia. First Bank of the South operates branch locations in Embury Hills in DeKalb County, Johns Creek in north Fulton County, and Buford and Snellville in Gwinnett County. The bank offers a full range of lending products and traditional banking products and services, including commercial, real estate, and consumer loans, cash management services, and savings and time deposit accounts.

The Terms of the Merger (see page 19)

If Gwinnett shareholders approve the merger and subject to required regulatory approvals, Gwinnett will be merged with and into United. Unless adjusted pursuant to the terms of the merger agreement, Gwinnett shareholders may elect to receive shares of United common stock or cash in exchange for each of their shares of Gwinnett common stock in the merger on the following basis:

2.2545 shares of United common stock; or

\$72.8865 in cash, without interest;

provided, that an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. You may elect any combination of stock or cash for all of your Gwinnett shares. If the aggregate cash elections are greater than the maximum, all such cash elections will be subject to proration, and, if the aggregate stock elections are greater than the maximum, all such stock elections will be subject to proration.

You will also receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive based on \$32.33 per share.

Following the merger, Gwinnett's subsidiary, First Bank of the South, will be merged with and into United Community Bank, a wholly-owned Georgia bank subsidiary of United, and United Community Bank will be the surviving bank.

The Reasons Management of Both Companies Support the Merger (see page 14)

The boards of directors of Gwinnett and United support the merger and believe that it is in the best interests of both companies and their respective shareholders. The board of directors of Gwinnett believes that the merger will allow Gwinnett to better serve its customers and markets and that the merger will permit Gwinnett shareholders to have an equity interest in a resulting financial institution with greater financial resources, significant economies of scale and a larger shareholder base, which will increase the liquidity of the Gwinnett shareholders' equity investments. The board of directors of United believes that Gwinnett provides United with an expansion opportunity in an attractive market area. Both boards of directors believe that the terms of the merger are fair and equitable and that following the merger the combined bank will maintain the competitive advantage of a community banking business model.

Shareholders' Meeting

The special meeting of shareholders of Gwinnett will be held on June 1, 2007 at 8:00 a.m., at the main office of First Bank of the South, 2230 Riverside Parkway, Lawrenceville, Georgia 30043, for the purpose of voting on approval of the merger.

Record Date

You are entitled to vote at the shareholders' meeting if you owned shares of Gwinnett common stock on May 1, 2007.

Vote Required (see page 22)

Approval by holders of a majority of the Gwinnett common stock outstanding on May 1, 2007, is required to approve the merger. As of such date, 2,830,901 shares of Gwinnett common stock were issued and outstanding, each of which is entitled to one vote per share. All of the directors, executive officers and 5% shareholders of Gwinnett have agreed to vote their shares in favor of the merger. Gwinnett's directors, executive officers and 5% shareholders own 1,228,697 shares, or 43.40%, of Gwinnett common stock (excluding options).

Conditions, Termination, and Effective Date (see page 20)

The merger will not occur unless certain conditions are met, and United or Gwinnett can terminate the merger agreement if specified events occur or fail to occur. The merger must also be approved by the Gwinnett shareholders. Following the merger, Gwinnett's subsidiary, First Bank of the South, will be merged into United's Georgia bank subsidiary, United Community Bank.

The merger and the bank merger have been approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Department of Banking and Finance of the State of Georgia.

The closing of the merger will occur after the merger is approved by Gwinnett shareholders and the foregoing regulators and after the certificate of merger is filed as required under Georgia law.

Rights of Dissenting Shareholders (see page 28)

You are entitled to dissent from the merger and to receive a cash payment for your Gwinnett common stock if you follow certain statutory provisions regarding the rights of dissenting shareholders under Article 13 of the Georgia Business Corporation Code.

Federal Income Tax Consequences (see page 30)

Gwinnett has received an opinion from Kilpatrick Stockton LLP stating that, assuming the merger is completed as currently anticipated, Gwinnett will not recognize any gain or loss for federal income tax purposes, and shareholders of Gwinnett to the extent they receive solely United stock will not recognize any gain or loss for federal income tax purposes. All cash you receive as a result of the merger (i) pursuant to a cash election, (ii) in lieu of fractional shares, (iii) if you are a Gwinnett option and/or SARs holder, in exchange for your options and/or SARs, and (iv) as payment for exercising your right to dissent, will be fully or partially subject to income tax under the Internal Revenue Code as either ordinary income or a capital gain or loss, depending upon your particular circumstances. Neither United nor Gwinnett has requested a ruling to this effect from the Internal Revenue Service.

Accounting Treatment (see page 27)

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

Opinion of Gwinnett's Financial Advisor (see page 31)

Burke Capital Group, L.L.C. has rendered an opinion to Gwinnett that based on and subject to the procedures, matters, and limitations described in its opinion and other matters it considered relevant, as of the date of its opinion, the merger consideration is fair from a financial point of view to the shareholders of Gwinnett. A summary of Burke's opinion begins on page 29 and the full opinion is attached as Appendix C to these materials.

Markets for Common Stock

United's common stock trades on the Nasdaq Stock Market under the ticker symbol "UCBI". The following table sets forth, for the periods indicated, the high, low and closing sales prices per share of United's common stock as quoted on Nasdaq. Amounts have been restated to reflect the pro forma effect of United's three-for-two split effective April 28, 2004:

	High	Low	Close
2007			
Second Quarter (through May 1, 2007)	\$ 33.03	\$ 29.52	\$ 29.89
First Quarter	34.98	30.81	32.79
2006			
Fourth Quarter	33.37	29.03	32.32
Third Quarter	33.10	27.51	30.05
Second Quarter	31.26	27.02	30.44
First Quarter	29.64	26.02	28.15
2005			
Fourth Quarter	30.50	25.32	26.66
Third Quarter	29.36	25.75	28.50
Second Quarter	26.44	21.70	26.02
First Quarter	27.92	23.02	23.73
2004			
Fourth Quarter	29.60	23.17	26.93
Third Quarter	25.45	21.75	24.27
Second Quarter	25.36	21.89	25.18
First Quarter	24.62	21.37	23.73

The closing sales price of United common stock as of February 5, 2007, the date the merger agreement was executed, was \$33.06. The closing sales price of United common stock as of May 1, 2007, the most recent date feasible for inclusion in these materials, was \$29.89.

There has been no public trading market for Gwinnett common stock. We believe the last sale of Gwinnett common stock among shareholders in a private transaction was on November 13, 2006 at a price of \$60.00 per share, based on unofficial information that Gwinnett management believes is reliable.

Assuming there is no adjustment in the merger consideration, if the merger had been completed on February 5, 2007, the implied value of one share of Gwinnett common stock, exchanged for shares of United common stock in the event of a stock election, would have been \$74.53 based on United's closing sales price on that date, and, on May 1, 2007, the implied value of one share of Gwinnett common stock, exchanged for shares of United common stock, would have been \$73.97. The value of one share of Gwinnett common stock exchanged for cash is fixed at \$67.38.

There were 287 shareholders of record of Gwinnett common stock as of May 1, 2007.

Dividends (see page 27)

United declared cash dividends of \$.18 per share, in the aggregate, in the first and second quarters of 2007, \$.32 per share in 2006, \$.28 per share in 2005 and \$.24 per share in 2004. United intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by United's board of directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of United, and will depend on cash dividends paid to it by its subsidiary banks. The ability of United's subsidiary banks to pay dividends to it is restricted by certain regulatory requirements.

Pursuant to the terms of the merger agreement, Gwinnett declared a cash dividend of \$3.80 per share (which includes a regular annual cash dividend of \$1.55 per share) to record holders as of February 5, 2007 payable on March 12, 2007. Gwinnett declared cash dividends of \$1.45 per share in 2006, \$1.35 per share in 2005 and \$1.25 per share in 2004.

Differences in Legal Rights Between Shareholders of Gwinnett and United (see page 26)

Following the merger you will no longer be a Gwinnett shareholder and, if you receive shares of United common stock following the merger, your rights as a shareholder will no longer be governed by Gwinnett's articles of incorporation and bylaws. You will be a United shareholder, and your rights as a United shareholder will be governed by United's articles of incorporation and bylaws. Your former rights as a Gwinnett shareholder and your new rights as a United shareholder are different in certain ways, including the following:

Gwinnett's board of directors consists of 15 members, while United's consists of 11 members.

- The bylaws of Gwinnett set forth different requirements for removal of directors than do the articles of incorporation and bylaws of United.
- United has different special procedures in its articles of incorporation requiring supermajority approval and disinterested shareholder approval of some business transactions.
- The articles of incorporation of United require a supermajority shareholder vote to amend most provisions of its articles of incorporation and bylaws. Gwinnett's articles of incorporation and bylaws do not.
- United is subject to filing requirements under the Securities Exchange Act. Gwinnett is not subject to such requirements.

Interests of Directors and Officers of Gwinnett in the Merger (see page 24)

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

- Glenn S. White, President and Chief Executive Officer of Gwinnett will terminate his employment agreement with Gwinnett and has entered into a settlement agreement with United for a payment equal to \$939,550, as required by his existing employment agreement upon his termination following a change in control of Gwinnett and reduced to prevent such payment from being an amount that would be considered an “excess parachute payment” under the Internal Revenue Code. Mr. White has entered into a new employment agreement with United for a rolling three-year term, and will be granted 10,000 shares of restricted stock, which will vest on the fifth anniversary of the closing of the merger, and options to purchase 25,000 shares. The options vest as follows: 50% on the third anniversary, 25% on the fourth anniversary and 25% on the fifth anniversary of the closing of the merger.
- Steven W. Williams, President of First Bank of the South and Executive Vice-President of Gwinnett will terminate his employment agreement with Gwinnett and has entered into a settlement agreement with United for a payment equal to \$443,467, as required by his existing employment agreement upon his termination following a change in control of Gwinnett. Mr. Williams has entered into a new employment agreement with United for a rolling two-year term, and will be granted 7,000 shares of restricted stock, which will vest on the fifth anniversary of the closing of the merger, and options to purchase 17,500 shares. The options vest as follows: 50% on the third anniversary, 25% on the fourth anniversary and 25% on the fifth anniversary of the closing of the merger.
- Andrew R. Pourchier, Executive Vice President, Chief Financial Officer and Secretary of Gwinnett, has entered into a one year consulting agreement with United and will terminate his employment agreement with Gwinnett for a payment equal to \$442,467, as required by his existing employment agreement upon his termination following a change in control of Gwinnett.
- At the closing of the merger, various other Gwinnett officers will terminate their respective employment agreement with Gwinnett and have entered into a settlement agreement with United for a payment equal to the amount required by their existing employment agreements upon their respective termination following a change in control of Gwinnett. Each of these officers have entered into an employment agreement with United.
- In exchange for a payment by United, various Gwinnett lending officers have entered into non-competition agreements with United that will prohibit the officers from competing with United after the closing of the merger if their employment is terminated.
- United will generally indemnify and provide liability insurance to the present directors and officers of Gwinnett Commercial and First Bank of the South for a period of three years following the closing of the merger for actions taken by such directors and officers in such capacity.
- United has agreed to appoint John D. Stephens, chairman of the board of directors of Gwinnett, to the board of directors of United following the closing of the merger.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF UNITED

We are providing the following information to help you analyze the financial aspects of the merger. The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information of United at and for the periods indicated. You should read this data in conjunction with United's Consolidated Financial Statements and notes thereto incorporated herein by reference from United's Annual Report on Form 10-K for the year ended December 31, 2006. United's "net operating income" is determined by methods other than in accordance with generally accepted accounting principles, or GAAP. Please see the following "GAAP Reconciliation and Explanation" below for a reconciliation of the difference between United's non-GAAP net operating income and its GAAP net income. United's per share amounts and weighted average shares outstanding have been restated to reflect the three-for-two stock split effective April 28, 2004 and the two-for-one stock split effective May 29, 2002.

	For the Year Ended December 31,				
	2006	2005	2004	2003	2002
	<i>(in thousands, except per share data; taxable equivalent)</i>				
INCOME SUMMARY					
Interest revenue	\$ 446,695	\$ 324,225	\$ 227,792	\$ 198,689	\$ 185,498
Interest expense	208,815	127,426	74,794	70,600	76,357
Net interest revenue	237,880	196,799	152,998	128,089	109,141
Provision for loan losses	14,600	12,100	7,600	6,300	6,900
Fee Revenue	49,095	46,148	39,539	38,184	30,734
Total revenue	272,375	230,847	184,937	159,973	132,975
Operating expenses ⁽¹⁾	162,070	140,808	110,974	97,251	80,690
Income before taxes	110,305	90,039	73,963	62,722	52,285
Income taxes	41,490	33,297	26,807	23,247	19,505
Net operating income	68,815	56,742	47,156	39,475	32,780
Merger-related charges, net of tax	—	—	565	1,357	—
Net income	\$ 68,815	\$ 56,742	\$ 46,591	\$ 38,118	\$ 32,780
OPERATING PERFORMANCE⁽¹⁾					
Earnings per common share:					
Basic	\$ 1.70	\$ 1.47	\$ 1.31	\$ 1.15	\$ 1.02
Diluted	1.66	1.43	1.27	1.12	.99
Return on tangible equity ⁽²⁾⁽³⁾	17.52%	18.99%	19.74%	19.24%	17.88%
Return on assets	1.09	1.04	1.07	1.06	1.11
Efficiency ratio	56.35	57.77	57.65	58.39	57.72
Dividend payout ratio	18.82	19.05	18.32	17.39	16.34
GAAP PERFORMANCE					
Per common share:					
Basic earnings	\$ 1.70	\$ 1.47	\$ 1.29	\$ 1.11	\$ 1.02
Diluted earnings	1.66	1.43	1.25	1.08	.99
Cash dividends declared (rounded)	.32	.28	.24	.20	.17
Book value	14.37	11.80	10.39	8.47	6.89
Tangible book value ⁽³⁾	10.57	8.94	7.34	6.52	6.49
Key performance ratios:					
Return on equity ⁽²⁾	13.28%	13.46%	14.39%	14.79%	16.54%
Return on assets	1.09	1.04	1.05	1.02	1.11
Net interest margin	4.05	3.85	3.71	3.68	3.95

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Dividend payout ratio	18.82	19.05	18.60	18.02	16.34
Equity to assets	8.06	7.63	7.45	7.21	7.01
Tangible equity to assets ⁽³⁾	6.32	5.64	5.78	6.02	6.60
ASSET QUALITY					
Allowance for loan losses	\$ 66,566	\$ 53,595	\$ 47,196	\$ 38,655	\$ 30,914
Non-performing assets	13,654	12,995	8,725	7,589	8,019
Net charge-offs	5,524	5,701	3,617	4,097	3,111
Allowance for loan losses to loans	1.24%	1.22%	1.26%	1.28%	1.30%
Non-performing assets to total assets	.19	.22	.17	.19	.25
Net charge-offs to average loans	.12	.14	.11	.15	.14

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	For the Year Ended December 31,				
	2006	2005	2004	2003	2002
	<i>(in thousands, except per share data; taxable equivalent)</i>				
AVERAGE BALANCES					
Loans	\$ 4,800,981	\$ 4,061,091	\$ 3,322,916	\$ 2,753,451	\$ 2,239,875
Investment Securities	1,041,897	989,201	734,577	667,211	464,468
Earning assets	5,877,483	5,109,053	4,119,327	3,476,030	2,761,265
Total assets	6,287,148	5,472,200	4,416,835	3,721,284	2,959,295
Deposits	5,017,435	4,003,084	3,247,612	2,743,087	2,311,717
Shareholders' equity	506,946	417,309	329,225	268,446	207,312
Common shares outstanding:					
Basic	40,393	38,477	36,071	34,132	32,062
Diluted	41,575	39,721	37,273	35,252	33,241
AT YEAR END					
Loans	\$ 5,376,538	\$ 4,398,286	\$ 3,734,905	\$ 3,015,997	\$ 2,381,798
Investment securities	1,107,153	990,687	879,978	659,891	559,390
Earning assets	6,565,730	5,470,718	4,738,389	3,796,332	3,029,409
Total assets	7,101,249	5,865,756	5,087,702	4,068,834	3,211,344
Deposits	5,772,886	4,477,600	3,680,516	2,857,449	2,385,239
Shareholders' equity	616,767	472,686	397,088	299,373	221,579
Common shares outstanding	42,891	40,020	38,168	35,289	31,895

(1) Excludes pre-tax merger-related and restructuring charges totaling \$.9 million, or \$.02 per diluted common share, recorded in 2004 and \$2.1 million, or \$.04 per diluted common share, recorded in 2003.

(2) Net income available to common stockholders, which excludes preferred stock dividends, divided by average realized common equity which excludes accumulated other comprehensive income (loss).

(3) Excludes effect of acquisition related intangibles and associated amortization.

GAAP Reconciliation and Explanation

United's net operating income is determined by methods other than in accordance with GAAP and excludes merger-related charges. United excludes these charges because management believes that non-GAAP operating results provide a helpful measure for assessing United's financial performance since the excluded charges are non-recurring and operating income more closely reflects what United earned during the applicable periods disregarding the non-operating impact of acquisitions. United's net operating income should not be viewed as a substitute for net income determined in accordance with GAAP and is not necessarily comparable to non-GAAP performance measures that may be presented by other companies. The following is a reconciliation of United's net operating income to GAAP net income:

	For the Years Ended December 31,				
	2006	2005	2004	2003	2002
	<i>(in thousand)</i>				
Total merger-related charges	\$ —	\$ —	\$ 870	\$ 2,088	\$ —
Income tax effect of above charges	—	—	305	731	—
After-tax effect of merger-related charges	\$ —	\$ —	\$ 565	\$ 1,357	\$ —

Net Income Reconciliation

Net operating income	\$ 68,815	\$ 56,742	\$ 47,156	\$ 39,475	\$ 32,780
After-tax effect of merger-related charges	—	—	(565)	(1,357)	—
Net income (GAAP)	\$ 68,815	\$ 56,742	\$ 46,591	\$ 38,118	\$ 32,780

Basic Earnings Per Share**Reconciliation**

Basic operating earnings per share	\$ 1.70	\$ 1.47	\$ 1.31	\$ 1.15	\$ 1.02
Per share effect of merger-related charges	—	—	(.02)	(.04)	—
Basic earnings per share (GAAP)	\$ 1.70	\$ 1.47	\$ 1.29	\$ 1.11	\$ 1.02

Diluted Earnings Per Share**Reconciliation**

Diluted operating earnings per share	\$ 1.66	\$ 1.43	\$ 1.27	\$ 1.12	\$.99
Per share effect of merger-related charges	—	—	(.02)	(.04)	—
Diluted earnings per share (GAAP)	\$ 1.66	\$ 1.43	\$ 1.25	\$ 1.08	\$.99

RISK FACTORS

In addition to the other information, including risk factors, incorporated by reference herein from United's Annual Report on Form 10-K for the year ended December 31, 2006, you should carefully read and consider the following factors in evaluating the merger and in deciding whether to elect to receive cash, shares of United common stock or some combination thereof in the merger.

Because the market price of United common stock will fluctuate, Gwinnett shareholders electing to receive stock cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each share of Gwinnett common stock will be converted into the merger consideration consisting of shares of United common stock or cash. The market value of the merger consideration received by Gwinnett shareholders who receive all or part of the merger consideration in the form of United shares will vary with the price of United's common stock. United's stock price changes daily as a result of a variety of factors other than the business and relative prospects of United, including general market and economic conditions, industry trends, and the regulatory environment. These factors are beyond United's control.

Gwinnett shareholders may receive a form of consideration different from what they elect.

Although each Gwinnett shareholder may elect to receive all cash or all stock, an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. Accordingly, if the aggregate cash elections are greater than the maximum, each cash election will be reduced pro rata based on the amount that the aggregate cash elections exceed the maximum. Alternatively, if the aggregate stock elections are greater than the maximum, each stock election will be reduced pro rata based on the amount that the aggregate stock elections exceed the maximum.

For example, if you elect to receive cash for 1,000 Gwinnett shares and the aggregate cash elections exceed by 10% the 306,137 Gwinnett share maximum, the shares for which you will be paid cash will be reduced to the number determined by dividing your cash election by the aggregate cash elections and multiplying that quotient by the 306,137 cash election maximum. This proration will result in you receiving cash for 909 of your Gwinnett shares and being treated as if you had elected to receive stock for your remaining 91 shares.

At the time you vote with respect to the merger agreement, you will not know how much cash or the number of United shares you will receive as a result of the merger.

Gwinnett's officers and directors have interests in the merger in addition to or different from your interests as a Gwinnett shareholder.

Some of Gwinnett's executive officers participated in negotiations of the merger agreement with United, and the board of directors approved the merger agreement and is recommending that Gwinnett shareholders vote for the merger agreement. In considering these facts and the other information contained in these materials, you should be aware that certain of Gwinnett's executive officers and directors have economic interests in the merger in addition to the interests that they share with you as a Gwinnett shareholder. These interests include the payment of certain benefits in consideration of the termination of existing employment agreements, the employment of several of Gwinnett's current executive officers by United following completion of the merger and the appointment of John D. Stephens, the chairman of the board of directors of Gwinnett, to the board of directors of United. See "Details of the Proposed Merger — Interest of the Directors and Officers of Gwinnett in the Merger" on page 24.

United may be unable to successfully integrate Gwinnett's operations and retain its key employees.

The merger involves the integration of two companies that previously operated independently. The difficulties of combining the companies' operations include integrating personnel, departments, systems, operating procedures and information technologies and retaining key employees. Failures in integrating operations or the loss of key personnel could have a material adverse effect on the business and results of operations of the combined company.

If the merger is not completed, United and Gwinnett common stock could be materially adversely affected.

The merger is subject to customary conditions to closing, including the approval of the Gwinnett shareholders. In addition, United and Gwinnett may terminate the merger agreement under certain circumstances. If United and Gwinnett do not complete the merger, the market price of United common stock or Gwinnett common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Further, whether or not the merger is completed, United and Gwinnett will also be obligated to pay certain investment banking, legal and accounting fees and related expenses in connection with the merger, which could negatively impact results of operations when incurred. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed, United and Gwinnett cannot assure their respective shareholders that additional risks will not materialize or not materially adversely affect the business, results of operations and stock prices of United and Gwinnett.

The termination fee contained in the merger agreement may discourage other companies from trying to acquire Gwinnett.

Gwinnett has agreed to pay a termination fee of \$7.5 million to United if, under certain circumstances, the merger agreement is terminated and, at the time of termination, a competing offer is outstanding or such offer has been accepted by Gwinnett. This fee could discourage other companies from trying to acquire Gwinnett.

DETAILS OF THE PROPOSED MERGER

Background of and Reasons for the Merger

In exercising their fiduciary responsibilities to shareholders, Gwinnett's management and board of directors regularly assess the local banking industry, including the regulatory and competitive environment for banking services. The board of directors has, over time, considered the possibility of a number of strategic options in evaluating ways to maximize shareholder value. As a result of Gwinnett's historical growth and performance, management and the board of directors began to consider the company's strategic alternatives in the summer of 2006, including, but not limited to, capital planning, a de novo branching strategy, acquisitions of other community banks, and pursuing a sale or merger transaction.

In June 2006, Gwinnett elected to engage an investment banking firm to advise it on general investment banking matters including the operating and merger and acquisition environment in Atlanta and, more specifically, the potential acquisition of other community banks or the sale of the company. Gwinnett engaged Burke Capital Group, L.L.C. as its financial advisor based on its extensive experience advising financial institutions and other qualifications. Burke has detailed knowledge of Gwinnett, is very familiar with the Southeastern U.S. banking market and, to a greater extent, the Atlanta banking market, and had significant knowledge of potential partners for a merger or sale of Gwinnett.

Burke held discussions with senior management of Gwinnett to compile a list of the most likely strategic partners in the event that Gwinnett decided to pursue a sale transaction. In the following weeks, Burke obtained and reviewed several detailed reports provided by Gwinnett including: company history, markets, management, past and current financial performance, projected financial performance, business plan, asset quality, branch locations and a variety of other financial and non-financial information. Burke utilized this data to compile a package of confidential financial and business information regarding Gwinnett to be used by Burke as a marketing tool for initial discussions with selected strategic partners.

From June through August 2006, Burke contacted ten bank holding companies with known interest in the Atlanta marketplace. Burke entered into confidentiality agreements on behalf of Gwinnett with seven of these companies and provided each with a package of confidential financial and business information regarding Gwinnett. From August through December 2006, several of these companies, including United, held meetings with senior management of Gwinnett to discuss Gwinnett's strategic direction and a potential acquisition of the company.

During December 2006, Gwinnett held several meetings with the management of United to assess combining the respective organizations. In late December 2006, Gwinnett, United and Burke met to discuss the preliminary terms of a potential acquisition by United. United expressed an oral preliminary indication of interest utilizing 85% stock and 15% cash consideration for a purchase price of approximately \$205 million.

On January 4, 2006, Burke met with the Gwinnett board of directors to discuss the initial oral indication of interest received from United. Burke and Gwinnett considered the United offer as well as the timing and expectation of offers from the other interested parties. Gwinnett discussed its obligations to give due consideration to all relevant factors, including the short-term and long-term interests of Gwinnett's employees, customers, shareholders and other constituents. The Gwinnett board of directors authorized the executive officers of Gwinnett and Burke to continue to negotiate the price and other terms of a transaction with United.

Throughout January 2007, the parties continued to negotiate the merger consideration, the treatment of outstanding options to purchase Gwinnett common stock in the merger and the ability of Gwinnett to pay a pre-closing dividend to its shareholders. As the parties negotiated that purchase price, they also discussed whether (1) the purchase price would be a fixed amount and the exchange ratio for United stock would fluctuate or the exchange ratio for United stock would be fixed and the purchase price would fluctuate, and (2) the purchase price would be subject to adjustment in the event of a substantial increase or decrease in the market price of United's stock.

After extensive negotiations, the parties agreed on a purchase price of \$216.5 million based on the recent average trading price of United common stock of \$32.33, which equated to 5.7 million shares of United common stock and \$32.5 million in cash to stockholders and holders of Gwinnett options and stock appreciation rights. In addition to the merger consideration, the parties agreed that Gwinnett shareholders would receive their regularly scheduled annual cash dividend of \$1.55 from Gwinnett payable in March 2007 and a special cash dividend not to exceed \$2.25 per share (which is in part attributable to 2007 earnings), both payable prior to the closing of the transaction, and that United would purchase outstanding Gwinnett stock options and stock appreciation rights for cash. On January 10, 2007, United provided a term sheet to Gwinnett, which summarized the material terms of the proposed transaction.

The Gwinnett board of directors met on January 16, 2007 and approved the term sheet and authorized the executive officers to proceed with the negotiation and preparation of a definitive merger agreement. The board also reviewed a memorandum provided by Powell Goldstein LLP, legal counsel to Gwinnett, regarding the legal standards applicable to its decisions and actions with respect to the proposed transactions. The parties then scheduled their respective due diligence investigations of the other party, and counsel for each party began the preparation of a definitive merger agreement.

On February 5, 2007, the Gwinnett board of directors met to evaluate and discuss the proposed definitive merger agreement between Gwinnett and United. Burke rendered to the Gwinnett board of directors its oral opinion (subsequently confirmed in writing) that, as of the date of its opinion and based upon and subject to the considerations described in its opinion and other matters that Burke considered relevant, the proposed merger consideration was fair, from a financial point of view, to Gwinnett's common stockholders. Powell Goldstein briefly reviewed the memorandum that was previously provided to the Gwinnett board of directors regarding the legal standards applicable to its decisions and actions with respect to the proposed transactions. Powell Goldstein also reviewed the legal terms of the proposed merger and the related agreements.

On February 5, 2007, following a thorough review and discussion, the Gwinnett board of directors voted to approve the Agreement and Plan of Reorganization providing for the merger of Gwinnett with United. Gwinnett and United finalized, executed, and delivered the definitive agreements for the transaction on that date. The transaction was announced publicly prior to the opening of the trading markets on February 6, 2007.

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

Positive Factors:

- The value and form of the consideration to be received by Gwinnett shareholders relative to the actual, tangible and leveraged book value, core deposits and aggregate and per share earnings of Gwinnett;

- Information concerning the financial condition, results of operations and business prospects of Gwinnett and of United;
- The financial terms of recent business combinations in the financial services industry and a comparison of the multiples of selected combinations with the terms of the proposed transaction with United;
- A report and opinion presented by Burke as to the fairness, from a financial point of view, of the consideration to be paid to the company's shareholders in the merger;
- Gwinnett shareholders' ability to elect to receive United common stock or cash in exchange for their Gwinnett common stock;
- The special dividend of \$2.25 per share to be paid to Gwinnett's shareholders in addition to their regular annual dividend of \$1.55 per share;
- The liquidity of the consideration to be received by Gwinnett's shareholders in the merger in light of United's status as a Nasdaq-listed company;
 - The cultural fit between the Gwinnett and United community banking business models;
 - United's positive record in retaining customers and employees following business combination transactions;
 - The alternatives to the merger, including remaining an independent institution;
 - The competitive and regulatory environment for financial institutions generally; and
- The fact that the merger is structured as a tax-free reorganization and the exchange of Gwinnett common stock for United common stock will occur on a tax-free basis.

Negative Factors:

- Gwinnett shareholders will receive a dividend downgrade of approximately 46% based on Gwinnett's and United's respective dividend rates as of December 31, 2006;
- Collectively, the Gwinnett shareholders will not hold a controlling interest in the resulting company; and
- The risk that the combined company may not realize the expected benefits from the merger if United and Gwinnett are not successful in integrating the two companies following the merger.

The Gwinnett board of directors believes that analyses performed by Burke in connection with rendering its opinion to the board, taken as a whole, support the boards' recommendation to the Gwinnett shareholders to approve the proposed merger. The Gwinnett board of directors considered in its review of the analyses performed by Burke all of the individual factors that did not support a recommendation to the Gwinnett shareholders to approve the proposed merger. These factors included:

- the price to the last twelve months earnings multiple and the associated implied value of the merger consideration was less than the median price to the last twelve months earnings multiples and associated implied values of the consideration received in 10 comparable southeast transactions and 25 comparable U.S. transactions;

- the price to actual book value multiple and the associated implied value of the merger consideration was less than the median price to actual book value multiples and associated implied values of the consideration received in 10 comparable southeast transactions and 25 comparable U.S. transactions;
- the price to tangible book value multiple and the associated implied value of the merger consideration was less than the median price to tangible book value multiples and associated implied values of the consideration received in 10 comparable southeast transactions and 25 comparable U.S. transactions;
- the contribution analysis indicated that the pro forma ownership of United common stock issuable to Gwinnett shareholders assuming a hypothetical 100% stock transaction in the merger was slightly less than the earnings contributed to United by Gwinnett; and
- the selected peer group analysis of United indicated that the liquidity for United's common stock is low compared to the selected peer group.

After careful consideration of these factors and the potential short- and long-term benefits to Gwinnett shareholders, the Gwinnett board of directors determined that the overall potential benefits of the merger outweighed these negative factors.

The board of directors of Gwinnett believes the merger is in the best interest of its shareholders and will allow Gwinnett to better serve its customers and markets. The merger will permit Gwinnett shareholders to have an equity interest in a resulting financial institution with greater financial resources, significant economies of scale and a larger shareholder base, which will increase the liquidity of the Gwinnett shareholders' equity investments. The board of directors of Gwinnett also believes that the terms of the merger, including the basis of exchange of United common stock for Gwinnett common stock, which was determined through arms-length negotiations between United and Gwinnett, are fair and equitable and take into account the relative earning power of United and Gwinnett, historic and anticipated operations, the economies of scale to be achieved through the merger, the trading prices of the shares of the respective companies, and other pertinent factors.

The board of directors of Gwinnett believes that in the current regulatory and competitive environment, a partnership with a larger organization with a more diverse franchise, greater economies of scale, larger capital base, more diverse product line, and a superior ability to attract talented employees provides a distinct competitive advantage, and that following the merger the combined bank will maintain the competitive advantage of a community banking business model.

The Merger Consideration

Unless adjusted pursuant to the terms of the merger agreement, Gwinnett shareholders may elect to receive shares of United common stock or cash in exchange for each of their shares of Gwinnett common stock in the merger on the following basis:

· 2.2545 shares of United common stock; or

· \$72.8865 in cash, without interest;

provided, that an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. Although each Gwinnett shareholder may elect to receive cash or stock, if the aggregate cash elections are greater than the maximum, each cash election will be reduced pro rata based on the amount that the aggregate cash elections exceed the maximum. Alternatively, if the aggregate stock elections are greater than the maximum, each

stock election will be reduced pro rata based on the amount that the aggregate stock elections exceed the maximum.

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For example, if you elect to receive cash for 1,000 Gwinnett shares and the aggregate cash elections exceed by 10% the 306,137 Gwinnett share maximum, the shares for which you will be paid cash will be reduced to the number determined by dividing your cash election by the aggregate cash elections and multiplying that quotient by the 306,137 cash election maximum. This proration will result in you receiving cash for 909 of your Gwinnett shares and being treated as if you had elected to receive stock for your remaining 91 shares.

At the time you vote with respect to the merger agreement, you will not know how much cash or the number of United shares you will receive as a result of the merger.

United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive based on \$32.33 per share.

Merger Consideration Adjustment and Termination Rights

Because a portion of the merger consideration includes United common stock payable at a fixed exchange ratio for Gwinnett common stock and the market value of the United common stock changes daily, the total value of the merger consideration will fluctuate. Neither United nor Gwinnett can give you any assurance as to the price of United common stock or the value of the merger consideration when the merger becomes effective or when United's shares are delivered to you. As an illustration, assuming the merger had been completed on February 5, 2007, the date the merger agreement was executed, the aggregate merger consideration payable pursuant to stock and cash elections (which does not include \$10,165,563 payable to holders of Gwinnett options and SARs) would have been \$210,493,434. However, assuming the merger had been completed on May 1, 2007, the most recent date available before these materials were mailed, the aggregate merger consideration payable pursuant to stock and cash elections would have been \$192,449,585.

Under the merger agreement, the merger consideration may be adjusted if the average closing price of United common stock for the 30 day period preceding the six trading days prior to the Closing Date is greater than \$33.56 or less than \$29.09 per share and the percentage change in the United stock price is greater than the concurrent percentage change in the average price per share of the peer group of comparable companies specified in the merger agreement. In such case, the stock or cash portion of the merger consideration may be adjusted by the amount which would cause the value of the portion of the merger consideration payable in United stock to be increased or decreased by the lesser of (i) the difference between the percentage change in the United stock price and the percentage change in the peer group stock price, or (ii) the difference between the percentage change in the United stock price and a 10% change.

For example, assume that United's average closing price decreased 15% from \$32.33 to \$27.48 and that the concurrent average price per share of the peer group decreased 12%. In that case, the aggregate merger consideration would have decreased from the \$210,493,434 value on February 5, 2007 to \$178,731,625. Gwinnett would then have the right to terminate the merger agreement because the percentage decrease in the United stock price is greater than 10% and the percentage change in the United stock price is greater than the percentage change in the average price per share of the peer group. United can prevent the merger agreement from terminating by electing to increase the merger consideration by an amount equal to 3% of the value of the stock consideration. In this example, 3% is the difference between the percentage change in the United stock price and the percentage change in the peer group stock price, which is less than the difference between the percentage change in the United stock price and 10%. This increase would cause the total merger consideration to increase to \$184,252,375. If United elected not to make the adjustment, Gwinnett could, but would not be required to, terminate the merger agreement and the merger would not be completed.

Alternatively, assume that United's average closing price increased 15% from \$32.33 to \$37.18 and that the concurrent change in the average price per share of the peer group increased 12%. In that case, the aggregate merger consideration would have increased from the \$210,493,434 value on February 5, 2007 to \$233,944,805. United would then have the right to adjust the merger consideration because the percentage increase in the United stock price is greater than 10% and the percentage change in the United stock price is greater than the percentage change in the average price per share of the peer group. United could elect to decrease the merger consideration by an amount equal to 3% of the value of the stock consideration. In this example, 3% is the difference between the percentage change in the stock price and the percentage change in the peer group stock price, which is less than the difference between the percentage change in the United stock price and 10%. This decrease would cause the total merger consideration to decrease to \$228,424,055. Gwinnett would then have the right to terminate the merger agreement because of the adjustment and the merger would not be completed. If United elected not to make the adjustment, the merger agreement would not terminate.

This summary highlights selected information regarding the merger consideration adjustment and termination provisions in the merger agreement. For a more complete description of these terms, you should carefully read the Agreement and Plan of Reorganization included in Appendix A to these materials. In addition, we urge you to obtain current information on the market value of United shares. See "Summary — Markets for Common Stock" on page 7.

The Merger Agreement

The material features of the merger agreement are summarized below:

Effective Date

The merger agreement provides that the merger will be effective upon the approval of the Agreement and Plan of Reorganization by the shareholders of Gwinnett and the filing of the Certificate of Merger reflecting the merger with the Secretary of State of the State of Georgia.

The merger and the bank merger have been approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Department of Banking and Finance of the State of Georgia. Management of United and Gwinnett anticipate that the merger will become effective during the second quarter of 2007.

Terms of the Merger

If Gwinnett shareholders approve the merger and subject to required regulatory approvals, Gwinnett will be merged with and into United. In connection with the merger, Gwinnett shareholders will receive United common stock or cash or a combination of both in exchange for their Gwinnett common stock, subject to adjustment and proration as previously described. United shareholders will continue to hold their existing United common stock.

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

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

Registration of United Common Stock

As a condition to the merger, United agreed to register with the Securities and Exchange Commission the shares of United common stock to be exchanged for shares of Gwinnett common stock and to maintain the effectiveness of such registration through the issuance of such shares in connection with the closing of the merger. However, such registration will not cover resales of United common stock by any former holders of Gwinnett common stock, and United is under no obligation to maintain the effectiveness of such registration, or to prepare and file any post-effective amendments to such registration, after the issuance of such shares in connection with the closing of the merger.

Gwinnett Option and SAR Holders

Each Gwinnett option holder has agreed not to exercise his or her options prior to the closing of the merger. In exchange, United has agreed to pay the holder of each option \$72.8865 in cash less the exercise price of each option. United has also agreed to pay the holder of each Gwinnett stock appreciation right, which we refer to as a SAR, \$72.8865 in cash less the exercise price of each SAR.

Termination and Conditions of Closing

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

- (1) by either party, if a material adverse change in the financial condition or business of the other party has occurred, or if material loss or damage to the other party's properties or assets has occurred, which change, loss or damage materially affects or impairs such party's ability to conduct its business;
- (2) by either party, if the other party has not substantially complied with, or substantially performed, the terms, covenants or conditions of the merger agreement, and such non-compliance has not otherwise been waived;
- (3) by either party, in the event of a material breach by the other party of any covenant, agreement or obligation contained in the merger agreement which breach has not been cured within 20 days after the giving of written notice of the breach or, if such breach is not capable of being cured within 20 days, the breaching party has not begun to cure such breach within 20 days after such written notice;
- (4) by either party, if the terminating party learns of any facts or conditions not disclosed by the other party in the merger agreement, or by United if it learns of any facts or conditions not disclosed by Gwinnett in its financial statements or disclosure memorandum, or by Gwinnett if it learns of any facts or conditions not disclosed by United in its SEC reports, which facts or conditions were required to be disclosed, and which materially and

adversely affects such business, properties, assets, or earnings or the ownership, value or continuance thereof;

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

(6) by either party, if the merger has not occurred on or before July 31, 2007;

(7) by United, if the holders of more than 5% of the outstanding shares of Gwinnett common stock elect to exercise statutory dissenters' rights;

(8) by either party, if the Gwinnett shareholders do not approve the merger agreement; or

(9) by Gwinnett, as described in "— Merger Consideration Adjustment and Termination Rights" on page 18;

Gwinnett must pay to United a termination fee of \$7.5 million, if, while a competing offer for the acquisition of Gwinnett by a party other than United is outstanding or after such an offer has been accepted by Gwinnett:

- either party terminates the agreement because the Gwinnett shareholders did not approve the merger;
- Gwinnett terminates the agreement other than pursuant to either (1)-(4) listed above; or
- United terminates the agreement pursuant to either (2)-(5) listed above.

The following summarizes the required conditions of closing:

- the accuracy of the representations and warranties of all parties contained in the merger agreement and related documents as of the date when made and the effective date;
- the performance of all agreements and the satisfaction of all conditions required by the merger agreement;
- the delivery of officers' certificates, secretary's certificates, and legal opinions to Gwinnett and United by the other;
- the execution of an agreement by each director and executive officer of Gwinnett, pursuant to which each of them agrees: (i) to recommend, subject to any applicable fiduciary duty, to Gwinnett shareholders approval of the merger; (ii) to vote the capital stock of Gwinnett owned or controlled by them in favor of the merger; (iii) to transfer or assign shares of United common stock, received by them in connection with the merger only in compliance with the 1933 Securities Exchange Act, applicable state securities laws and the rules and regulations promulgated under either; and (iv) with respect to directors only, to not compete with United for a period of two years after the closing date of the merger.
 - approval of the merger by at least a majority of the shares held by Gwinnett shareholders;
 - approvals of governmental authorities, and the expiration of any regulatory waiting periods;

- effectiveness of the registration statement of United relating to the shares of United common stock to be issued to Gwinnett shareholders in the merger, of which this document forms a part;
- the receipt by United of a letter from Mauldin & Jenkins Certified Public Accounts, LLC with respect to Gwinnett's unaudited financial statements from December 31, 2006 through the date of the most recent monthly financial statements available in the ordinary course of business; and
- the issuance of certificate of merger by the Secretary of State of the State of Georgia.

Surrender of Certificates and Election of Consideration

After the effective date of the merger, each holder of Gwinnett common stock (as of that date) will be required to deliver the certificates representing such holder's shares of Gwinnett common stock to United's exchange agent, Illinois Stock Transfer, in order to receive payment of the consideration from United in connection with the merger. Each holder of Gwinnett common stock must complete and return the enclosed election form by or at the special shareholders meeting to be held on June 1, 2007 indicating his, her or its preference as to the proportion of United common stock and/or cash he, she or it wishes to receive upon delivery of his, her or its shares of Gwinnett common stock.

Although each Gwinnett shareholder may elect to receive all cash or all stock, an aggregate of no more than 306,137 shares of Gwinnett common stock may be exchanged for cash and an aggregate of no more than 2,524,764 shares of Gwinnett common stock may be exchanged for United common stock. Accordingly, if the aggregate cash elections are greater than the maximum, each cash election will be reduced pro rata based on the amount that the aggregate cash elections exceed the maximum. Alternatively, if the aggregate stock elections are greater than the maximum, each stock election will be reduced pro rata based on the amount that the aggregate stock elections exceed the maximum. If a holder does not make an election by or at the special shareholders meeting to be held on June 1, 2007, the holder will be treated as though it elected to receive cash unless cash has been fully subscribed by the electing Gwinnett shareholders, in which event such holder will be treated as if he, she or it elected stock.

After delivering shares of Gwinnett common stock, the holder will receive either 2.2545 shares of United common stock, or a cash payment of \$72.8865, without interest per share of Gwinnett common stock that such holder owned on the effective date of the merger. In lieu of a fractional share, a cash payment, without interest, will be paid for any fractional interest in United common stock.

Until a holder delivers Gwinnett common stock to United, the holder may not receive payment of any dividends or other distributions on shares of United common stock into which his, her, or its shares of Gwinnett common stock have been converted, if any, and may not receive any notices sent by United to its shareholders with respect to those shares.

Required Shareholder Approval

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

As of May 1, 2007, the record date for determining the shareholders entitled to notice of and to vote at the special meeting, the outstanding voting securities of Gwinnett consisted of 2,830,901 shares of Gwinnett common stock, with each registered holder of Gwinnett common stock being entitled to one vote per share. All of the directors, executive officers and 5% shareholders of Gwinnett have agreed to vote their shares in favor of the merger. Gwinnett's directors,

executive officers and 5% shareholders own 1,228,697 shares, or 43.40%, of Gwinnett common stock (excluding options).

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Potential New Director

Under the terms of the merger agreement, after the closing of the merger United plans to increase the size of its Board from 11 members to 12 and appoint John D. Stephens, the current chairman of the board of directors of Gwinnett, to the board of directors of United. Mr. Stephens, age 66, has served as the chairman of the board of directors of Gwinnett and its bank subsidiary, First Bank of the South, since May 2000. Mr. Stephens is also the president and chief executive officer of Stephens Rock & Dirt, a position he has held since 2001.

As a director of United, Mr. Stephens will receive an annual retainer of \$20,000 and a separate meeting fee of \$3,000 for each board meeting he attends in 2007. The annual retainer and meeting fees are payable in cash or may be deferred pursuant to United's Deferred Compensation Plan. In addition to the retainer and meeting fees, United reimburses non-employee directors for their travel expenses incurred in attending meetings of the board of directors or its committees, as well as for fees and expenses incurred in attending director education seminars and conferences. Directors do not receive any stock option or other equity awards nor any other personal benefits.

Expenses

All expenses incurred by United in connection with the merger, including all fees and expenses of its agents, representatives, counsel and accountants and the fees and expenses related to filing these materials and all regulatory applications with state and federal authorities will be paid by United. All expenses incurred by Gwinnett in connection with the merger agreement, including all fees and expenses of its agents, representatives, counsel and accountants will be paid by Gwinnett. The cost of reproducing and mailing these materials will be shared by the parties, with each party paying 50%.

Conduct of Business of Gwinnett Pending Closing

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

- conduct its business in the ordinary course, without the creation of any indebtedness for borrowed money other than deposits and ordinary and customary accounts and credit arrangements;
- maintain its properties and assets in good operating condition, ordinary wear and tear excepted;
- maintain and keep in full force and effect all required insurance;
- preserve its capital structure and make no change in its authorized or issued capital stock or other securities, and grant no right or option to purchase or otherwise acquire any of its capital stock or securities;
- not pay cash dividends other than cash dividends payable prior to the effective date of closing not to exceed, in the aggregate, \$3.80 per share of Gwinnett common stock to record holders as of February 5, 2007;

- not redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock;
- make no amendment to its articles of incorporation or bylaws, and preserve its corporate existence and powers;
- acquire no business, corporation, partnership, association or other entity or division thereof, and no assets which are material, in the aggregate, to it;
- not sell, mortgage, lease, buy or otherwise acquire, transfer or dispose of any real property or interest therein, or any tangible or intangible asset (other than in the ordinary course of business);
 - make no change in its banking and safe deposit arrangements;
 - not enter into, renew or cancel any material contracts;
 - maintain all books and records in the usual, regular and ordinary course;
- file all reports required to be filed with any regulatory or governmental agencies, and deliver copies of such reports to United promptly after they are filed; and
- adopt no new severance plan and grant no severance or termination payments to any officer, director or employee, other than in accordance with existing agreements or the agreements that are conditions to the closing of the merger.

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

Interests of the Directors and Officers of Gwinnett in the Merger

Except as set forth below, no director or officer of Gwinnett, or any of their associates, has any direct or indirect material interest in the merger other than owning shares of Gwinnett common stock which will be converted in the merger into United common stock and cash. United and Gwinnett do not anticipate that the merger will result in any material change in compensation to employees of Gwinnett other than as set forth below.

Glenn S. White, President and Chief Executive Officer of Gwinnett will terminate his employment agreement with Gwinnett and has entered into a settlement agreement with United for a payment of three times the sum of his current base salary, average annual bonus of the three most recent years and annual automobile allowance, or \$939,550, as required by his existing employment agreement upon his termination following change in control of Gwinnett and reduced to prevent such payment from being an amount that would be considered an “excess parachute payment” under the Internal Revenue Code.

Mr. White has entered into a new employment agreement with United for a rolling three-year term that provides for a payment of an amount equal to three times the sum of his base salary then in effect, an amount equal to his average annual bonus of the three most recent years and his monthly automobile allowance multiplied by twelve, subject to any reduction necessary to prevent such payment from being considered an “excess parachute payment”, if, within six months following a change of control of United, either Mr. White terminates his employment or United terminates Mr. White other than for cause. The agreement also provides that, if Mr. White is terminated at any time by United without cause, Mr. White will receive (i) his base salary for a period of thirty-six months, and (ii) an amount equal to two times the average annual bonus paid to Mr. White for the three most recent fiscal years. Additionally, if Mr. White terminates his employment from United with cause he will be entitled to receive his base salary for a period of the lesser of thirty-six months following the effective date of the termination or the remaining term of the agreement.

United will also grant Mr. White 10,000 shares of restricted stock, which will vest on the fifth anniversary of the closing of the merger, and options to purchase 25,000 shares. The options vest as follows: 50% on the third anniversary, 25% on the fourth anniversary and 25% on the fifth anniversary of the closing of the merger.

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Steven W. Williams, President of First Bank of the South and Executive Vice-President of Gwinnett will terminate his employment agreement with Gwinnett and has entered into a settlement agreement with United for a payment of two times the sum of his current base salary, average annual bonus of the three most recent years and annual automobile allowance, or \$443,467, as required by his existing employment agreement upon his termination following change in control of Gwinnett.

Mr. Williams has entered into a new employment agreement with United for a rolling two-year term that provides for a payment of an amount equal to two times the sum of his base salary then in effect, an amount equal to his average annual bonus of the three most recent years and his monthly automobile allowance multiplied by twelve, subject to any reduction necessary to prevent such payment from being considered an "excess parachute payment", if, within six months following a change of control of United, either Mr. Williams terminates his employment or United terminates Mr. Williams other than for cause. The agreement also provides that, if Mr. Williams is terminated at any time by United without cause, Mr. Williams will continue to receive his base salary for a period of twenty-four months. Additionally, if Mr. Williams terminates his employment from United with cause he will be entitled to receive his base salary for a period of the lesser of twenty-four months following the effective date of the termination or the remaining term of the agreement. United will also grant Mr. Williams 7,000 shares of restricted stock, which will vest on the fifth anniversary of the closing of the merger, and options to purchase 17,500 shares. The options vest as follows: 50% on the third anniversary, 25% on the fourth anniversary and 25% on the fifth anniversary of the closing of the merger.

Andrew R. Pourchier, Executive Vice President, Chief Financial Officer and Secretary of Gwinnett, has entered into a one year consulting agreement with United and will terminate his employment agreement with Gwinnett for a payment of two times the sum of his current base salary, average annual bonus of the three most recent years and annual automobile allowance, or \$442,467, as required by his existing employment agreement upon his termination following a change in control of Gwinnett.

At the closing of the merger, four other Gwinnett officers will terminate their respective employment agreement with Gwinnett and have entered into a settlement agreement with United for aggregate payments of \$972,667, as required by their existing employment agreements upon their respective termination following a change in control of Gwinnett. Each of these officers have entered into an employment agreement with United that provides for a payment upon their respective termination following a change in control.

In exchange for a payment by United, twelve Gwinnett lending officers have entered into non-competition agreements with United that will prohibit the officers from competing with United after the closing of the merger if their employment is terminated in exchange for aggregate payments of \$700,000.

United will generally indemnify and provide liability insurance to the present directors and officers of Gwinnett Commercial and First Bank of the South for a period of three years following the closing of the merger for actions taken by such directors and officers in such capacity.

United has agreed to provide to officers and employees of Gwinnett who continue employment with United or its subsidiaries employee benefits under employee benefit plans, on terms and conditions substantially similar to those currently provided to similarly situated United officers and employees.

United has agreed to appoint John D. Stephens, chairman of the board of directors of Gwinnett, to the board of directors of United following the closing of the merger.

Differences in Legal Rights Between Shareholders of Gwinnett and United

Following the merger you will no longer be a Gwinnett shareholder and, if you receive shares of United following the merger, your rights as a shareholder will no longer be governed by Gwinnett's articles of incorporation and bylaws. You will be a United shareholder and your rights as a United shareholder will be governed by United's articles of incorporation and bylaws. Your former rights as a Gwinnett shareholder and your new rights as a United shareholder are different in certain ways, including the following:

Composition of Board of Directors

Gwinnett's board of directors consists of 15 members, while United's consists of 11 members.

Removal of Directors

The bylaws of Gwinnett provide that directors may be removed with or without cause, upon the affirmative vote of the holders of a majority of the issued and outstanding shares entitled to vote in an election of Directors.

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

Approval of Business Transactions

Neither the articles of incorporation nor bylaws of Gwinnett require any supermajority approval of business transactions.

Neither the articles of incorporation nor bylaws of United require any supermajority approval of business transactions generally. The articles of incorporation of United provide that in order to engage in a merger, consolidation, sale or transfer or disposition of all or substantially all of the assets of United, sale of \$1 million or more in securities, a plan of liquidation, or any other transaction with any holder of 10% or more of the issued and outstanding shares of United that would increase the percentage ownership of such shareholder, such transaction must be approved by either a resolution adopted by at least three-fourths of the directors then in office, or the affirmative vote of the holders of at least 75% of the outstanding shares of common stock of United and the separate affirmative vote of at least 75% of the outstanding shares of common stock, excluding those shares held by such shareholder.

Amendments to Articles of Incorporation and Bylaws

Gwinnett's articles of incorporation provide that action by the shareholders with respect to bylaws shall be taken by an affirmative vote of a majority of all shares entitled to elect Directors, and action by the Board of Directors with respect to bylaws shall be taken by an affirmative vote of a majority of all Directors then holding office. The shareholder may provide by resolution that any bylaw provision repealed, amended, adopted or altered by them may not be repealed, amended, adopted or altered by the Board of Directors.

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

Securities Exchange Act Reporting

United is subject to filing requirements under the Securities Exchange Act. These filing requirements are both periodic and transaction-based obligations whereby United discloses certain information to the Securities and Exchange Commission, and this information is subsequently made available to the public.

Gwinnett is not subject to any of the filing requirements with the Securities and Exchange Commission.

Dividends

United declared cash dividends of \$.18 per share, in the aggregate, in the first and second quarters of 2007, \$.32 per share in 2006, \$.28 per share in 2005 and \$.24 per share in 2004. United intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by United's board of directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of United, and will depend on cash dividends paid to it by its subsidiary banks. The ability of United's subsidiary banks to pay dividends to it is restricted by certain regulatory requirements.

Pursuant to the terms of the merger agreement, Gwinnett declared a cash dividend of \$3.80 per share (which includes a regular cash dividend of \$1.55 per share) to record holders as of February 5, 2007 payable on March 12, 2007. Gwinnett declared cash dividends of \$1.45 per share in 2006, \$1.35 per share in 2005 and \$1.25 per share in 2004.

Accounting Treatment

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

Resales of United Common Stock by Directors, Executive Officers and Shareholders of Gwinnett

Although United, through these materials, will register the United common stock to be issued in the merger under the Securities Act of 1933, the former directors, executive officers, and 10% or greater shareholders of Gwinnett and certain other affiliates of United (as defined in Rule 405 of the Securities Act) may not resell the United common stock received by them unless those sales are made pursuant to an effective registration statement under the Securities Act, or under Rules 144 and 145 of the Securities Act, or another exemption from registration under the Securities Act. Rules 144 and 145 limit the amount of United common stock or other equity securities of United that those persons may sell during any three-month period, and require that certain current public information with respect to United be available and that the United common stock be sold in a broker's transaction or directly to a market maker in United common stock.

Regulatory Approvals

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

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

Rights of Dissenting Shareholders

Georgia law confers rights upon shareholders of corporations organized under Georgia law, such as Gwinnett, in certain circumstances, to demand payment for the fair value of all or a portion of their shares, and it establishes procedures for the exercise of those rights. These shareholder rights are referred to within this document as “dissenters’ rights”.

In general, if the merger is completed, under Article 13 of the Georgia Business Corporation Code, a Gwinnett shareholder who dissents from the merger, and who otherwise complies with the provisions of Article 13, is entitled to demand and receive payment in cash of an amount equal to the fair value of all, but not less than all, of such shareholder’s shares of Gwinnett common stock.

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

A dissenting shareholder of Gwinnett must exercise dissenters’ rights with respect to all of the shares owned of record by such shareholder, other than those shares registered in the dissenting shareholder’s name but beneficially owned by another person. Shares registered in the name of a dissenting shareholder but beneficially owned by another person, may be excluded from a dissenting shareholder’s dissent only if the dissenting shareholder notifies Gwinnett in writing of the name and address of each person on whose behalf dissenters’ rights are being asserted and the number of shares owned beneficially by such person.

A Gwinnett shareholder who choosing to dissent from the merger and to receive payment in cash of the fair value of shares of Gwinnett common stock owned by such shareholder in accordance with the requirements of the Georgia Business Corporation Code must:

· deliver to Gwinnett, prior to the time the shareholder vote on the merger agreement is taken, a written notice of such shareholder's intent to demand payment for those shares registered in the dissenting shareholder's name if the merger is completed; and

· not vote those shares in favor of the merger agreement.

Any filing of a written notice of intent to dissent with respect to the merger should be sent to: Andrew R. Pourchier, Executive Vice President, Chief Financial Officer and Secretary, Gwinnett Commercial Group, Inc., 2230 Riverside Parkway, Lawrenceville, Georgia 30043. **A vote against the merger agreement alone will not satisfy the requirements for compliance with Article 13 of the Georgia Business Corporation Code. A shareholder who wishes to dissent from the merger must, as an initial matter, separately comply with all of applicable conditions listed above.**

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

· states where the dissenting shareholder must send a payment demand, and where and when the certificates for the dissenting shareholder's shares, if any, are to be deposited;

· sets a date by which Gwinnett must receive the dissenting shareholder's payment demand; and

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

Following receipt of the dissenters' notice from Gwinnett, each dissenting Gwinnett shareholder must deposit Gwinnett share certificates representing the shares subject to the dissent with Gwinnett, or its successor and demand payment from Gwinnett in accordance with the terms of the dissenters' notice. **A dissenting shareholder who does not deposit those share certificate(s) and demand payment from Gwinnett by the date set forth in the dissenters' notice will forfeit any right to payment under Article 13 of the Georgia Business Corporation Code.**

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

· Gwinnett's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of making an offer, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

· an explanation of how any interest was calculated;

· a statement of the dissenting shareholder's right to demand payment of a different amount under Section 14-2-1327 of the Georgia Business Corporation Code; and

· a copy of Article 13 of the Georgia Business Corporation Code.

A dissenting shareholder choosing to accept Gwinnett's offer of payment must do so by written notice to Gwinnett within 30 days after receipt of Gwinnett's offer of payment. A dissenting shareholder not responding to that offer within the 30-day period will be deemed to have accepted the offer of payment. Gwinnett must make payment to each shareholder who responds to the offer of payment within 60 days after the making of the offer of payment, or the effective date of the merger, whichever is later. Upon payment, the dissenting shareholder will cease to have any interest in such shares of Gwinnett common stock.

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

Gwinnett urges its shareholders to read all of the dissenter's rights provisions of the Georgia Business Corporation Code, which are reproduced in full in Appendix B to these materials and which are incorporated herein by reference.

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

Consideration Received for Gwinnett Common Stock

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

- the merger and the issuance of shares of United common stock in connection with the merger, as described in the merger agreement, will constitute a tax-free reorganization under Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended;
- no gain or loss will be recognized by Gwinnett as a result of the merger;
- no gain or loss will be recognized by holders of Gwinnett common stock upon the exchange of Gwinnett common stock solely for United common stock as a result of the merger;
- if pursuant to the merger a Gwinnett shareholder exchanges all of his or her shares of Gwinnett common stock for a combination of United stock and cash, the Gwinnett shareholder will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of gain realized (*i.e.*, the excess of the sum of the amount of cash, but not cash received in lieu of a fractional share, and the fair market value of the United common stock received pursuant to the merger over such shareholder's adjusted tax basis in its shares of Gwinnett common stock surrendered), and (ii) the amount of cash (but not cash in lieu of a fractional share) received pursuant to the merger. Any recognized gain will generally be long-term capital gain if the Gwinnett shareholder's holding period with respect to the Gwinnett common stock surrendered is more than one year. If, however, the cash received has the effect of the distribution of a dividend, the gain would be treated as a dividend to the extent of the holder's ratable share of Gwinnett's accumulated earnings and profits as calculated for federal income tax purposes;
- gain or loss will be recognized pursuant to Section 302 of the Internal Revenue Code of 1986, as amended, by Gwinnett common stockholders upon their receipt of solely cash for their shares of Gwinnett common stock, including cash received (i) as a result of a cash election; (ii) in lieu of fractional shares of United common stock, and (iii) upon their exercise of dissenters' rights;

- the aggregate tax basis of United common stock received by shareholders of Gwinnett pursuant to the merger will be the same as the tax basis of the shares of Gwinnett common stock exchanged therefore, (i) decreased by any portion of such tax basis allocated to fractional shares of United common stock that are treated as redeemed by United, (ii) decrease by the amount of cash received by a shareholder in the merger (other than cash received with respect to fractional shares), and (iii) increased by the amount of gain recognized by a shareholder in the merger (other than gain recognized with respect to fractional shares);
- the holding period of the shares of United common stock received by the shareholders of Gwinnett will include the holding period of the shares of Gwinnett common stock exchanged, provided that the common stock of Gwinnett is held as a capital asset on the date of the consummation of the merger; and
- as a result of the subsidiary merger of First Bank of the South into United Community Bank, no gain or loss shall be recognized to any of First Bank of the South, United Community Bank, Gwinnett, United or holders of Gwinnett common stock.

Consideration Received for Gwinnett Options and SARs

Holders of Gwinnett options and/or SARs issued to the holder in connection with their employment by Gwinnett will recognize ordinary income upon their receipt of cash in exchange for or cancellation of each option or SAR, and may be subject to payroll tax withholding on such payment. Holders of Gwinnett options or warrants received other than in connection with their employment by Gwinnett will recognize ordinary income or capital gain (or loss) upon the receipt of cash in exchange for or cancellation of such option or warrant depending on a variety of individual circumstances, including how long such options or warrants were held and the circumstances under which they were granted. No opinion has been provided by Kilpatrick Stockton regarding the character of such income or gain resulting from the receipt of cash with respect to such options or warrants, and such holders are advised to consult with their own tax advisors as to any tax consequences of the exchange of their options or warrants.

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

The preceding discussion relates to the material federal income tax consequences of the merger to Gwinnett shareholders generally. You are advised to consult your own tax advisors as to any state, local, or other tax consequences of the merger.

Opinion of Gwinnett's Financial Advisor

Gwinnett retained Burke Capital Group, L.L.C. to act as its financial advisor in connection with a possible business combination, and Burke acted as financial advisor to Gwinnett in connection with its proposed merger with United and participated in certain of the negotiations leading to the merger agreement. In connection with Burke's engagement, Gwinnett asked Burke to evaluate the fairness of the merger consideration to Gwinnett's stockholders from a financial point of view. At the February 5, 2007 meeting of the Gwinnett board to evaluate the merger, Burke delivered to the board its oral and written opinion that, based upon and subject to various matters set forth in its opinion, the merger consideration was fair to Gwinnett's stockholders from a financial point of view. At this meeting, Gwinnett's board voted to approve the merger and subsequently executed the merger agreement. Burke has consented to the inclusion of its opinion in these materials.

THE FULL TEXT OF BURKE'S WRITTEN OPINION IS ATTACHED AS APPENDIX C TO THESE MATERIALS. THE OPINION OUTLINES MATTERS CONSIDERED AND QUALIFICATIONS AND LIMITATIONS ON THE REVIEW UNDERTAKEN BY BURKE IN RENDERING ITS OPINION. THE DESCRIPTION OF THE OPINION SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE OPINION. WE URGE YOU TO READ THE ENTIRE OPINION CAREFULLY IN CONNECTION WITH YOUR CONSIDERATION OF THE PROPOSED MERGER.

BURKE'S OPINION SPEAKS ONLY AS OF THE DATE OF THE OPINION. THE OPINION WAS DIRECTED TO THE GWINNETT BOARD AND IS DIRECTED ONLY TO THE FAIRNESS OF THE MERGER CONSIDERATION TO GWINNETT SHAREHOLDERS FROM A FINANCIAL POINT OF VIEW. IT DOES NOT ADDRESS THE UNDERLYING BUSINESS DECISION OF GWINNETT TO ENGAGE IN THE MERGER OR ANY OTHER ASPECT OF THE MERGER AND IS NOT A RECOMMENDATION TO ANY GWINNETT SHAREHOLDER AS TO HOW SUCH SHAREHOLDER SHOULD VOTE AT THE SHAREHOLDER MEETING WITH RESPECT TO THE MERGER, OR ANY OTHER MATTER.

In connection with rendering its February 5, 2007 opinion, Burke reviewed and considered, among other things:

- The merger agreement and certain of the schedules in the related disclosure memorandum;
- Certain publicly available financial statements and other historical financial information of Gwinnett and United that it deemed relevant;
- Projected earnings estimates for Gwinnett for the years ending December 31, 2007 through 2011 that are not publicly available, prepared by and reviewed with senior management of Gwinnett and the views of senior management regarding Gwinnett's business, financial condition, results of operations and future prospects;
- Internal financial and operating information with respect to the business, operations and prospects of Gwinnett furnished to Burke by Gwinnett that is not publicly available;
- The reported prices and trading activity of United common stock and compared those prices and activity with other publicly-traded companies that Burke deemed relevant;
- The pro forma financial impact of the merger on United's ability to complete a transaction from a regulatory standpoint with an emphasis on the pro forma capital ratios, based on assumptions determined by senior management of Gwinnett and Burke;

- The financial terms of other recent business combinations in the commercial banking industry, to the extent publicly available;
- The current market environment generally and the banking environment in particular; and
- Such other information, financial studies, analyses and investigations and financial, economic and market criteria as it considered relevant.

Gwinnett's Board of Directors did not limit the investigations made or the procedures followed by Burke in giving its opinion.

In performing its reviews and analyses and in rendering its opinion, Burke assumed and relied upon the accuracy and completeness of all the financial information, analyses and other information that was publicly available or otherwise furnished to, reviewed by or discussed with it and further relied on the assurances of management of Gwinnett and United that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Burke was not asked to and did not independently verify the accuracy or completeness of such information and it did not assume responsibility or liability for the accuracy or completeness of any of such information. Burke did not make an independent evaluation or appraisal of the assets, the collateral securing assets or the liabilities, contingent or otherwise, of Gwinnett or United or any of their respective subsidiaries, or the ability to collect any such assets, nor was it furnished with any such evaluations or appraisals. Burke is not an expert in the evaluation of allowances for loan losses and it did not make an independent evaluation of the adequacy of the allowance for loan losses of Gwinnett or United, nor did it review any individual credit files relating to Gwinnett or United. With Gwinnett's consent, Burke assumed that the respective allowances for loan losses for both Gwinnett and United were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. In addition, Burke did not conduct any physical inspection of the properties or facilities of Gwinnett or United. Burke is not an accounting firm and it relied on the reports of the independent accountants of Gwinnett and the directors of United for the accuracy and completeness of the financial statements furnished to it.

Burke's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Burke assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement are not waived. Burke also assumed that there has been no material change in Gwinnett's and United's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that Gwinnett and United will remain as going concerns for all periods relevant to its analyses.

In rendering its February 5, 2007 opinion, Burke performed a variety of financial analyses. The following is a summary of the material analyses performed by Burke, but is not a complete description of all the analyses underlying Burke's opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Burke believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Burke's comparative analyses described below is identical to Gwinnett or United and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating

characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Gwinnett or United and the companies to which they are being compared.

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The earnings projections used and relied upon by Burke in its analyses were based upon internal projections of Gwinnett. Burke assumed for purposes of its analyses that such performance would be achieved. Burke expressed no opinion as to such financial projections or the assumptions on which they were based. The financial projections furnished to Burke by Gwinnett were prepared for internal purposes only and not with a view towards public disclosure. These projections, as well as the other estimates used by Burke in its analyses, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

In performing its analyses, Burke also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Gwinnett, United and Burke. The analyses performed by Burke are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Burke prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Gwinnett board at the February 5, 2007 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Burke's analyses do not necessarily reflect the value of Gwinnett's common stock or United's common stock or the prices at which Gwinnett's or United's common stock may be sold at any time.

Summary of Proposed Merger

Burke reviewed the financial terms of the proposed transaction whereby the holders of Gwinnett common stock shall be entitled to receive, in exchange for their shares of Gwinnett stock, 2.2545 shares of United common stock, \$72.8865 in cash or a combination thereof subject to the limitations as described in the merger agreement. Holders of outstanding options and SARs shall receive cash, equal to \$72.8865 minus the applicable exercise price per option or SAR. Based upon the terms of the merger agreement and United's closing stock price of \$32.96 on February 2, 2007, Burke calculated merger consideration of \$220,089,447 and a special cash dividend of \$6,369,527 for an aggregate transaction valuation of \$226,458,974 or \$76.24 per fully diluted Gwinnett share on February 5, 2007, the date of the Gwinnett board meeting.

Utilizing Gwinnett's December 31, 2006 unaudited financial information, Burke calculated the following ratios:

Deal Value Considerations:		Deal Multiples:	
Aggregate Price/Fully Diluted Share	\$ 76.24	Transaction Value/ 2006 Net Income	19.05x
Merger Consideration for Common Shares	\$ 209,924,226	Transaction Value / Book Value	2.86x
Merger Consideration for Outstanding Opinions / SARs	\$ 10,165,221	Transaction Value / Tangible Book Value	3.35x
Aggregate Cash Dividend ⁽¹⁾	\$ 6,369,527	Transaction Value / Leveraged Book Value ⁽²⁾	4.42x
Total Transaction Value	\$ 226,458,974	Core Deposit Premium	33.6%

* Deal multiples based on December 31, 2006 unaudited financial result.

(1) Represents a \$2.25 special cash dividend to all record Gwinnett shareholders as of December 31, 2006.

(2) Assumes tangible equity to tangible assets of 7%. Excess equity valued at 1.0x.

The fully diluted share count is based upon Gwinnett's 2,830,901 outstanding common shares, 208,321 outstanding options to purchase common shares at a weighted average exercise price of \$28.72 and 22,000 stock appreciation rights at a weighted average exercise price of \$29.06. This analysis assumes no options are exercised prior to closing. Any exercise of options prior to closing would change the fully diluted share count and would slightly change the per share consideration, but not the total transaction valuation.

Analysis of Gwinnett

Selected Peer Group Analysis. Burke used publicly available information to compare selected financial information for Gwinnett and a group of selected financial institutions. The group consisted of Gwinnett and 68 banks, which we refer to as the "Gwinnett Peer Group". The Gwinnett Peer Group consisted of selected Southeast banks with assets between \$500 million and \$1.5 billion and having earned at least 1.00% on average assets for the trailing twelve months.

The analysis compared the median performance of the Gwinnett Peer Group, based upon the latest publicly available financial data, to Gwinnett's December 31, 2006 unaudited financial results. The table below sets forth the comparative data.

Peer Group	Revenues		Earnings		Capital Implications		Asset Quality	Employee Productivity	Asset Growth		
	Net Interest Margin	Noninterest Assets Efficiency	ROAA	ROAE	Pre-Provision Pre-Tax Margin	Equity / Assets Utilization	NPAs/Total Assets ⁽³⁾	Assets / Employee	1-yr		
Median	4.31%	0.90%	56.22%	1.21%	15.05%	2.18%	8.68%	93.31%	0.20%	3,925	12.70%
Gwinnett	4.90%	0.13%	35.58%	1.87%	17.63%	3.25%	11.74%	93.50%	0.00%	9,120	43.34%

(1) Return on average assets.

(2) Return on average equity.

(3)

Non-performing assets to total assets.

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Gwinnett's performance is above the Gwinnett Peer Group.

Analysis of Selected Merger Transactions

Southeastern Transactions. In order to address the specific valuation considerations within the Southeastern market that Gwinnett serves, Burke selected a group of comparable Southeastern merger and acquisition transactions and compared the pricing multiples to the multiples implied by the merger consideration. Specifically, Burke selected bank merger and acquisition transactions according to the following criteria:

Merger and acquisition transactions announced after January 1, 2003.

Seller located within the Southeastern United States - AL, AR, FL, GA, LA, MS, NC, SC, TN & VA.

Seller assets between \$500 million and \$1.5 billion.

Seller with ROAA greater than 1.25% in the latest quarter prior to announcement.

Burke selected 10 transactions fitting the criteria listed above as being comparable to the proposed merger. The 10 comparable transactions selected included the following:

Buyer	State	Seller	State
Banco Sabadell SA	Spain	Transatlantic Holding Corp.	FL
Park National Corp.	OH	Vision Bancshares Inc.	FL
Alabama National BanCorp.	AL	PB Financial Services Crop.	GA
BB&T Corp.	NC	First Citizens Bancorp	TN
Pinnacle Financial Partners	TN	Cavalry Bancorp Inc.	TN
Synovus Financial Corp.	GA	Riverside Bancshares Inc.	GA
Liberty Bancshares Inc.	AR	Russellville Bancshares Inc.	AR
Boston Private Equity Financial	MA	Gibraltar Financial Corp.	FL
Provident Bankshares Corp.	MD	Southern Financial Bancorp	VA
Fulton Financial Corp.	PA	Resource Bankshares Corp.	VA

Burke reviewed the multiples of transaction value at announcement to last twelve months' ("LTM") earnings, transaction value to most recent quarterly ("MRQ") earnings annualized, transaction value to book value, transaction value to tangible book value, transaction value to leveraged book value, and book premium to core deposits and computed high, low, mean, median, and quartile multiples and premiums for the transactions. These multiples and premiums were applied to Gwinnett's financial information as of and for the period ended December 31, 2006 and were used to impute a transaction price. As illustrated in the following table, Burke derived an imputed range of values per share of Gwinnett's common stock of \$63.66 to \$92.45 based upon the median and mean multiples of the selected Southeastern transactions.

	Median Multiple	Implied Value / Share	Gwinnett Merger Consideration
Transaction Value / LTM Earnings	19.96x	\$ 79.68	19.05x
Transaction Value / MRQ Earnings (annualized)	17.91x	\$ 72.76	18.76x
Transaction Value / Book Value	3.49x	\$ 92.45	2.86x
Transaction Value / Tangible Book Value	3.53x	\$ 80.12	3.35x
Transaction Value / Leveraged Book Value*	3.55x	\$ 63.66	4.42x
Tangible Book Premium / Core Deposits	26.41%	\$ 64.96	