

UNITED COMMUNITY BANKS INC
Form S-1/A
June 30, 2011

As filed with the Securities and Exchange Commission
on June 30, 2011

Registration No. 333-174420

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-1
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)

58-1807304
(I.R.S. Employer
Identification Number)

United Community Banks, Inc.
125 Highway 515 East
Blairsville, Georgia 30512
(706) 781-2265
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)

Jimmy C. Tallent
125 Highway 515 East
Blairsville, Georgia 30512
(706) 781-2265
(Name, address, including zip code, and telephone
number,
including area code, of agent for service)

Copies to:

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1100 Peachtree Street, Suite 2800
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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for 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(c) 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

(Do not check if smaller reporting company)

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
Cumulative Perpetual Preferred Stock, Series D, \$1.00 par value per share	16,613	(1)	\$ 1,000.00		\$ 16,613,000.00	\$ 1,928.77
Warrants to purchase common stock, \$1.00 par value per share	1,551,126	(2)	\$ 12.50	(2)(3)	\$ 19,389,077.50	\$ 2,251.07
Common stock, \$1.00 par value per share, issuable upon exercise of warrants	1,551,126		\$ 12.50		\$ 19,389,077.50	— (4)
Total:						\$ 4,179.84 (5)

(1) Represents shares of Cumulative Perpetual Preferred Stock, Series D, \$1.00 par value per share, that may be sold by the selling shareholders named in this registration statement. Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement also covers such additional number of shares of Cumulative Perpetual Preferred Stock, Series D, of a currently indeterminable amount, as may from time to time become issuable by reason of stock splits, stock dividends or similar transactions.

(2) In addition to shares of the Cumulative Perpetual Preferred Stock, Series D, there are being registered hereunder warrants for the purchase of 1,551,126 shares of common stock, \$1.00 par value per share, with an initial per share exercise price of \$12.50 per share and, pursuant to Rule 416 under the Securities Act of 1933, as amended, such additional number of shares of common stock, of a currently indeterminable amount, as may from time to time become issuable by reason of stock splits, stock dividends and certain anti-dilution provisions set forth in the warrants.

(3) Calculated pursuant to Rule 457(g) under the Securities Act of 1933, as amended, with respect to the per share exercise price of the warrants of \$12.50.

(4) Pursuant to Rule 457(g) under the Securities Act of 1933, as amended, no separate registration fee is required for the 1,551,126 shares of common stock, \$1.00 par value per share, issuable upon the exercise of the warrants registered hereto.

(5) Pursuant to Rule 457(p), \$14,260.00 of previously paid registration fees is presently available for offset. The currently due registration fee of \$4,179.84 associated with this offering is hereby offset against the previously paid registration fees made in connection with United Community Banks, Inc.'s registration statement on Form S-3 filed on August 11, 2010 (File No. 333-168769). No securities were issued or sold pursuant to such registration statement, which was withdrawn upon request of United Community Banks, Inc. pursuant to Rule 477 on March 18, 2011. Since the previously paid registration fees completely offset the registration fee for this offering, no additional registration fee is being paid for this offering.

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, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission

acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus 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 June 30, 2011

PROSPECTUS

16,613 SHARES OF SERIES D PREFERRED STOCK

WARRANTS TO PURCHASE UP TO 1,551,126 SHARES OF COMMON STOCK

UP TO 1,551,126 SHARES OF COMMON STOCK

This prospectus relates to the offer and sale of up to 16,613 shares of our Cumulative Perpetual Preferred Stock, Series D, par value \$1.00 per share (the “Series D Preferred Stock” or “Series D Preferred Shares”), warrants (the “Warrants”) to purchase up to 1,551,126 shares of our common stock, par value \$1.00 per share (the “Common Stock” or “Common Shares”) and up to 1,551,126 Common Shares issuable upon the exercise of the Warrants, by Elm Ridge Offshore Master Fund, Ltd. and Elm Ridge Value Partners, L.P. (collectively, the “Selling Shareholders”). We issued the Series D Preferred Shares and the Warrants in connection with a share exchange with the Selling Shareholders on February 22, 2011 (the “Exchange”). We are registering the resale of the Series D Preferred Shares, the Warrants and the underlying Common Shares (collectively, the “Securities”) as required by the share exchange agreement we entered into with the Selling Shareholders on February 22, 2011 (the “Share Exchange Agreement”).

Holder of the Series D Preferred Stock is entitled to receive, with respect to each share of the Series D Preferred Stock if, as and when declared by the Board of Directors, or any duly authorized committee of the Board of Directors, but only out of assets legally available for payment, cumulative cash dividends at a rate per annum equal to 9.6875% plus the three-month U.S. Dollar London Interbank Offered Rate (“LIBOR”) in effect on the last day of the month preceding the applicable dividend period. The current dividend rate is 9.96%. The Warrants are exercisable at any time after September 30, 2012 until August 22, 2013. The exercise price of the Warrants is \$12.50 per share of our Common Stock. The Warrants may only be exercised with the payment of cash.

The Selling Shareholders may sell all or a portion of the Securities from time to time, in amounts and on terms determined at the time of the offering. The Selling Shareholders will sell the Series D Preferred Stock and the Warrants at privately negotiated prices and, should a market develop for the Series D Preferred Stock or the Warrants, such securities will be sold at prices determined based on prevailing market prices or at privately negotiated prices. At any time the Selling Shareholders are selling Common Stock, such Common Stock will be sold at prices determined based on prevailing market prices or at privately negotiated prices. The Securities may be sold by any means described in the section of this prospectus entitled “Plan of Distribution” beginning on page 8 .

We will not receive any proceeds from the sale of the Securities by the Selling Shareholders. We may, however, receive cash proceeds equal to the total exercise price of any Warrants to the extent that the Warrants are exercised.

Our Common Stock is currently traded on the Nasdaq Global Select Market under the symbol “UCBID” to reflect the recent reclassification of our Common Stock. As of July 19, 2011, our Common Stock will resume trading on the Nasdaq Global Select Market under its former symbol, “UCBI”. On June 27, 2011, the last reported sale price of our Common Stock on the Nasdaq Global Select Market was \$ 10.02 per share. You are urged to obtain current market

quotations of our Common Stock. Our Series D Preferred Stock and the Warrants are not listed on any stock exchange, and we do not intend to list any shares of such stock or the Warrants on a stock exchange.

Investing in the Securities involves a high degree of risk. See the section entitled “Risk Factors” beginning on page 3 and the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which is incorporated herein by reference. Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of the Securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense. An investment in Securities of United Community Banks, Inc. is not insured by the Federal Deposit Insurance Corporation or any other government agency.

The date of this prospectus is _____, 2011

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ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information that is different from such information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell Securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on its cover page regardless of the time of delivery of this prospectus or any sale of the Securities. In case there are differences or inconsistencies between this prospectus and the information incorporated by reference, you should rely on the information in the document with the latest date.

We are issuing the Securities only in jurisdictions where such issuances are permitted. The distribution of this prospectus and the issuance of the Securities in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the issuance of the Securities and the distribution of this prospectus outside the United States. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, the Securities offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

It is important for you to read and consider all of the information contained in this prospectus in making your investment decision. To understand the offering fully and for a more complete description of the offering you should read this entire document carefully, including particularly the “Risk Factors” section beginning on page 3. You also should read and consider the information in the documents to which we have referred you in the sections entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference”.

As used in this prospectus, unless the context requires otherwise, the terms “we”, “us”, “our”, “United” or “the Company” refer to United Community Banks, Inc. and its subsidiaries on a consolidated basis.

PROSPECTUS SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus and in the documents incorporated by reference in this prospectus and does not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus and the documents incorporated by reference in this prospectus before making your investment decisions. This prospectus provides you with a general description of United, the Securities issuable under this prospectus and the offering.

Business

We are the third largest bank holding company headquartered in Georgia, with total consolidated assets of \$7.97 billion, total loans of \$4.19 billion, total deposits of \$6.60 billion and shareholders' equity of \$850 million as of March 31, 2011. We conduct substantially all of our operations through our wholly-owned Georgia bank subsidiary, United Community Bank (the "bank"), which operates with decentralized management that is currently organized as 27 separate "community banks" at 106 locations in north Georgia, the Atlanta metropolitan statistical area (or MSA), the Gainesville, Georgia MSA, coastal Georgia, western North Carolina and eastern Tennessee. While we enjoy the efficiencies of a single bank charter, each of our "community banks" is led by a local president and management team who collectively have significant experience in and ties to their respective communities. Our community banks offer a full range of retail and corporate banking services, including checking, savings and time deposit accounts, secured and unsecured lending, wire transfers, brokerage services and other financial services.

For a complete description of our business, financial condition, results of operations and other important information, we refer you to our filings with the Securities and Exchange Commission (the "SEC") that are incorporated by reference in this prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the period ended March 31, 2011. For instructions on how to find copies of these documents, see "Where You Can Find More Information".

Recent Developments

On June 17, 2011, United filed Articles of Amendment to its Restated Articles of Incorporation, as amended (the "Articles"), to effect a 1-for-5 reverse stock split of its Common Stock and non-voting common stock, par value \$1.00 per share (the "Non-Voting Common Stock"). Pursuant to the amendment, each 5 shares of United's Common Stock was reclassified into 1 share of Common Stock, and each 5 shares of United's Non-Voting Common Stock was reclassified into 1 share of Non-Voting Common Stock. The 1-for-5 reclassification is referred to herein as the "Reclassification". All share amounts and per share information presented herein have been adjusted to reflect the Reclassification as if it had occurred prior to the earlier period shown.

During the first quarter of 2011, United announced its plans to sell \$380 million of Common Stock and convertible preferred stock in a private placement to a group of investors (the "Private Placement"). United entered into investment agreements (the "Investment Agreements") with Corsair Georgia, L.P. and a group of institutional investors (collectively, the "Investors") and closed the Private Placement on March 30, 2011. Pursuant to the Private Placement and following receipt of required shareholder approvals, the conversion of all preferred stock and the completion of the Reclassification, the Investors now own an aggregate of 24,085,777 shares of Common Stock and 15,914,209 shares of Non-Voting Common Stock. The Private Placement resulted in an increase to shareholders' equity of \$363 million.

The bank is currently subject to a memorandum of understanding with the Federal Deposit Insurance Corporation and Georgia Department of Banking and Finance (“MOU”) which requires, among other things, that the bank maintain its Tier 1 leverage ratio at not less than 8% and its total risk-based capital ratio at not less than 10% during the life of the MOU. Additionally, the MOU requires that, prior to declaring or paying any cash dividends to United, the bank must obtain the written consent of its regulators. Although the bank’s Tier 1 leverage ratio was below the target level of 8% as of December 31, 2010, as a result of the March 30, 2011 closing of the Private Placement, United exceeded all capital ratio targets contained in the MOU as of March 31, 2011. Otherwise, the bank has met or surpassed all other goals and obligations contained in the MOU and is in full compliance with its terms.

Also, on March 30, 2011, after completion of the \$380 million Private Placement, the Board of Directors approved a plan to sell approximately \$293 million in substandard and nonperforming loans, and to accelerate the disposition of approximately \$142 million in foreclosed properties (the “Problem Asset Disposition Plan”) in the second and third quarters of 2011. The substandard and nonperforming loans were sold by the bank for an aggregate purchase price of approximately \$86.5 million in a bulk transaction (the “Bulk Loan Sale”) that closed on April 18, 2011 pursuant to an asset purchase and sale agreement (the “Asset Purchase Agreement”) entered into by the bank, CF Southeast LLC (“CF Southeast”) and CF Southeast Trust 2011-1 (“CF Trust” and together with CF Southeast, the “Purchasers”). At the end of the first quarter of 2011, United wrote down and transferred these substandard and nonperforming loans to loans held for sale. The write-downs were based on indicative bids received from potential buyers. As directed by the Board of Directors, United plans to sell substantially all of the foreclosed properties in the second and third quarters of 2011. United incurred foreclosed property costs of \$64.9 million for the first quarter of 2011, which was up \$54.1 million from the first quarter of 2010, reflecting higher write-downs on foreclosed properties to expedite sales under the Problem Asset Disposition Plan. As a result of the Bulk Loan Sale in the second quarter of 2011, we expect inflows to foreclosed properties to continue to decline as the loans with the highest probability of foreclosure were included in the Bulk Loan Sale. Correspondingly, we expect related foreclosure costs to continue to decline.

We were incorporated in 1987 as a Georgia corporation. Our principal executive offices are located at 125 Highway 515 East, Blairsville, Georgia 30512, and our telephone number is (706) 781-2265. Our website is <http://www.ucbi.com>. Information on our website is not incorporated into this prospectus by reference and is not a part hereof.

The Offering

Issuer	United Community Banks, Inc.
Series D Preferred Shares, Warrants and Common Shares offered by us	None
Series D Preferred Shares offered by Selling Shareholders	Up to 16,613 Series D Preferred Shares
Warrants offered by Selling Shareholders	Warrants to purchase up to 1,551,126 Common Shares
Common Shares offered by Selling Shareholders	Up to 1,551,126 Common Shares
Use of proceeds	We will not receive any proceeds from the sale of the Securities. We may, however, receive cash proceeds equal to the total exercise price of any Warrants to the extent that the Warrants are exercised.
Listing	Our Common Stock is currently listed on the Nasdaq Global Select Market under the symbol “UCBID”. In accordance with Nasdaq Stock Market Rules, the alpha character “D” was added to the symbol under which our

Common Stock ordinarily trades, "UCBI", on June 20, 2011 to reflect the Reclassification. On July 19, 2011, approximately 20 trading days after the effective date of the Reclassification, our Common Stock will again be listed on the Nasdaq Global Select Market under the symbol "UCBI". Neither the Series D Preferred Stock nor the Warrants are listed on any exchange.

Risk Factors

You should consider carefully the matters set forth under "Risk Factors" beginning on page 3 of this prospectus before deciding to purchase any of the Securities.

RISK FACTORS

An investment in the Securities involves a significant degree of risk. You should carefully consider the risks described below and all other information contained in this prospectus and the documents incorporated herein by reference before deciding to invest in the Securities. These risks and uncertainties are not the only risks we face. It is possible that risks and uncertainties not listed below may arise or become material in the future and affect our business.

Risks Associated with Our Business and Related to Regulatory Events

We have incurred significant operating losses and the timing of profitability is uncertain.

We incurred a net operating loss from continuing operations of \$142 million for the first quarter of 2011. This compared to a net operating loss from continuing operations of \$34.5 million for the first quarter of 2010. Diluted operating loss from continuing operations per common share was \$7.87 for the first quarter of 2011, compared to a diluted operating loss from continuing operations per common share of \$1.96 for the first quarter of 2010. The first quarter of 2011 operating loss largely reflects the Board of Director's decision to adopt the Problem Asset Disposition Plan described above under "Summary—Recent Developments" to quickly dispose of problem assets following our successful Private Placement also described in "Summary—Recent Developments". We incurred a net operating loss from continuing operations of \$143 million, or \$8.12 per share, for the year ended December 31, 2010; \$139 million, or \$12.37 per share, for the year ended December 31, 2009; and \$63.9 million, or \$6.81 per share, for the year ended December 31, 2008, in each case due primarily to credit losses and associated costs, including significant provisions for loan losses. We may continue to have a higher than normal level of nonperforming assets and substantial charge-offs in 2011, which would continue to adversely impact our overall financial condition and results of operations.

Our ability to use our deferred tax asset balances may be materially impaired.

As of March 31, 2011, our net deferred tax asset balance was approximately \$266 million, which includes approximately \$206 million of federal and state net operating losses. We currently have a valuation allowance of \$4.81 million against certain deferred state tax assets that have a very short carry forward period. Our ability to use these tax benefits would be substantially limited if we were to experience an "ownership change" as defined under Section 382 of the Internal Revenue Code of 1986, as amended, and related Internal Revenue Service pronouncements. As a result of the Private Placement we did not incur an "ownership change", but are close to the threshold.

In general, an "ownership change" would occur if our "5-percent shareholders", as defined under Section 382, collectively increased their ownership in United by more than 50% over a rolling three-year period. A corporation that experiences an ownership change will generally be subject to an annual limitation on the use of its pre-ownership change deferred tax assets equal to the equity value of the corporation immediately before the ownership change, multiplied by the long-term tax-exempt rate, which was 4.55% for ownership changes occurring in March 2011, the month in which United completed the Private Placement.

While we have taken measures to reduce the likelihood that future transactions in our stock will result in an ownership change, there can be no assurance that an ownership change will not occur in the future. More specifically, while the Tax Benefits Preservation Plan described below under "Description of Capital Stock—Tax Benefits Preservation Plan" provides an economic disincentive for any one person or group to become a Threshold Holder (as defined in the plan and described below) and for any existing Threshold Holder to acquire more than a specified amount of additional shares, there can be no assurance that the Tax Benefits Preservation Plan will deter a shareholder from increasing its

ownership interests beyond the limits set by the plan. Such an increase could adversely affect our ownership change calculations.

Our calculations regarding our current cumulative change and the likelihood of a future ownership change are based on current law. Any change in applicable law may result in an ownership change.

Other than the risk factors mentioned above, there have been no material changes from the risk associated with our business and industry, as well as the risks related to legislative and regulatory events, contained in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated in this prospectus by reference.

Risks Related to the Ownership of the Securities

It is unlikely that an active trading market for the Series D Preferred Stock or the Warrants will develop.

The Series D Preferred Stock and the Warrants will not be liquid investments because no public trading market currently exists for such securities and it is unlikely that a market will develop. Potential purchasers of the Series D Preferred Stock or Warrants should consider carefully the limited liquidity of such investment before purchasing any shares of the Series D Preferred Stock or the Warrants. We are not obligated, and do not intend, to apply for the listing of the Series D Preferred Stock or Warrants on any securities exchange. Even if a trading market for the Series D Preferred Stock or Warrants were to develop, it may not continue, and a purchaser of such securities may not be able to sell such securities at or above the price at which they were purchased.

The transferability of our Common Stock is limited as a result of our Tax Benefits Preservation Plan.

As described under “—Risks Associated with Our Business and Related to Regulatory Events— Our ability to use our deferred tax asset balances may be materially impaired”, our ability to use net operating loss carry-forwards to reduce future tax payments may be limited or restricted. We have generated significant deferred tax assets as a result of our recent losses. In order to reduce the likelihood that future transactions in our Common Stock will result in an ownership change under Section 382, on February 22, 2011, we adopted a Tax Benefits Preservation Plan, which provides an economic disincentive for any person or group to become an owner, for relevant tax purposes, of 4.99% or more of our Common Stock.

The Tax Benefits Preservation Plan has the effect of limiting transferability of our Common Stock because it makes it more difficult and more expensive to acquire our Common Stock under the circumstances described. If you acquire shares of our Common Stock, your ability to dispose of such shares may be limited due to the reduced class of potential purchasers for the shares.

Our Common Stock is equity and therefore is subordinate to our subsidiaries’ indebtedness and our preferred stock.

Our Common Stock is an equity interest and does not constitute indebtedness of United. Consequently, our Common Stock ranks junior to all current and future indebtedness of United and other non-equity claims against us with respect to assets available to satisfy claims against us, including in the event of our liquidation or dissolution. We may, and the bank and our other subsidiaries may also, incur additional indebtedness from time to time and may increase our aggregate level of outstanding indebtedness.

Further, holders of our Common Stock are subject to the prior dividend and liquidation rights of any holders of our preferred stock that may be outstanding from time to time. Our Board of Directors is authorized to cause us to issue additional classes or series of preferred stock without any action on the part of our shareholders. If we issue preferred shares in the future that have a preference over our Common Stock with respect to the payment of dividends or distributions upon liquidation, or if we issue preferred shares with voting rights that dilute the voting power of our Common Stock, then the rights of holders of our Common Stock or the market price of our Common Stock could be adversely affected.

We rely on dividends we receive from our subsidiary and are subject to restrictions on our ability to declare or pay dividends.

As a bank holding company, our ability to pay dividends depends primarily on the receipt of dividends from our wholly-owned bank subsidiary. Dividend payments from the bank are subject to legal and regulatory limitations, generally based on retained earnings, imposed by bank regulatory agencies. The ability of the bank to pay dividends is also subject to financial condition, regulatory capital requirements, capital expenditures and other cash flow requirements. As of March 31, 2011, pursuant to these restrictions, the bank did not have the ability to pay dividends to United without prior regulatory approval.

Future dividend payments are restricted by the terms of Treasury’s equity investment in us and a Board resolution.

Beginning during the third quarter of 2008, we began to pay stock dividends in lieu of cash dividends to preserve capital and strengthen our tangible common equity levels. Under the terms of the Capital Purchase Program (the “CPP”) of the United States Department of the Treasury (“Treasury”), until the earlier of December 5, 2011 or the date on which the Fixed Rate Cumulative Perpetual Preferred Stock, Series B (the “Series B Preferred Stock”) we sold to Treasury under the CPP has been redeemed in whole or Treasury has transferred all of the Series B Preferred Stock to third parties, we are prohibited from increasing dividends on our Common Stock from the last quarterly cash dividend

per share (\$.45) declared on our Common Stock prior to December 5, 2008, as adjusted for subsequent stock dividends and other similar actions, and from making certain repurchases of equity securities, including the Series D Preferred Shares and the Common Shares, without Treasury's consent.

Furthermore, as long as the Series B Preferred Stock is outstanding, dividend payments and repurchases or redemptions relating to certain equity securities, including the Series D Preferred Shares and the Common Shares, are prohibited until all accrued and unpaid dividends are paid on such Series B Preferred Stock, subject to certain limited exceptions. See "Item 1. Business—Payment of Dividends" in United's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated herein by reference.

In addition, pursuant to a resolution adopted by our Board of Directors, we have agreed with the Federal Reserve Bank of Atlanta (the “Federal Reserve”) to not incur additional indebtedness, pay cash dividends or repurchase outstanding capital stock, including the Series D Preferred Shares and the Common Shares, without regulatory approval.

The current dividend rates on our outstanding preferred stock are as follows: (i) 6% with respect to our Series A Preferred Stock (defined below); 5% with respect to our Series B Preferred Stock; and (iii) 9.96% with respect to our Series D Preferred Stock. The annual dividend accrual for our outstanding preferred stock is \$13,020 on our Series A Preferred Stock, \$9,000,000 on our Series B Preferred Stock and \$1,654,655 on our Series D Preferred Stock. Other than shares of our Series C Preferred Stock (defined below) that may be purchased by one of our investors, Fletcher International, Ltd., we do not have any arrangement, agreement or understanding regarding the future issuance of additional preferred stock. Currently,