

UNITED COMMUNITY BANKS INC
Form DEF 14A
April 03, 2012

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

United Community Banks, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

125 HIGHWAY 515 EAST
BLAIRSVILLE, GEORGIA 30514-0398

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be Held on May 23, 2012

The Annual Meeting of Shareholders of United Community Banks, Inc. will be held on May 23, 2012 at 2:00 p.m. at The Ridges Resort, 3499 Highway 76 West, Young Harris, Georgia:

1. To elect ten directors to constitute the Board of Directors to serve until the next annual meeting and until their successors are elected and qualified.
2. To approve amendments to United's Amended and Restated 2000 Key Employee Stock Option Plan to, among other things, increase the number of shares available for grant under the plan and make directors of United eligible to participate in the plan.
3. To approve an advisory "say on pay" resolution supporting the compensation plan for executive officers.
4. To ratify the appointment of Porter Keadle Moore, LLC as independent registered public accountant for 2012.
5. To consider and act upon other matters that may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 30, 2012 will be entitled to notice of, and to vote at, the meeting. A proxy statement and a proxy solicited by the Board of Directors are enclosed.

We have elected to provide access to our proxy materials over the Internet under the Securities and Exchange Commission's "notice and access" rule to help conserve resources and reduce printing and distribution costs. We will be mailing a Notice of Internet Availability of Proxy Materials ("Notice") to our shareholders, instead of a paper copy of our proxy materials, which include this proxy statement, our 2011 Annual Report to Shareholders and our Annual Report on Form 10-K for the year ended December 31, 2011, with instructions on how to access such proxy materials over the Internet.

To ensure that your vote is recorded promptly, please vote as soon as possible. Many shareholders of record have multiple options for submitting their vote before the meeting. You may vote via the Internet (see the instructions on the Notice). Or, if you are a registered shareholder and have not voted on-line by April 23, 2012, you will receive a second mailing with the proxy statement, proxy card, and instructions on how to vote (1) by telephone if you reside in the United States, Canada or the U.S. territories, or (2) by completing, signing and mailing the accompanying proxy card in the postage-paid envelope to be provided. If you have Internet access, we encourage you to record your vote on the Internet. It is convenient and it saves significant postage and processing costs. If you attend the meeting you may, if you wish, withdraw your proxy and vote in person.

If your shares are held in "street name", that is held for your account by a broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ Jimmy C. Tallent
Jimmy C. Tallent,

President and Chief Executive Officer

April 3, 2012

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING,
PLEASE VOTE BY TELEPHONE, INTERNET, OR COMPLETE AND RETURN THE
ENCLOSED PROXY CARD PROMPTLY SO THAT YOUR VOTE MAY BE RECORDED.

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April 3, 2012

125 HIGHWAY 515 EAST
BLAIRSVILLE, GEORGIA 30514-0398

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of United Community Banks, Inc. for use at the 2012 Annual Meeting of Shareholders to be held on Wednesday, May 23, 2012 at 2:00 p.m. at The Ridges Resort, 3499 Highway 76 West, Young Harris, Georgia, and at any adjournments or postponements of the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will act upon the matters set forth in the accompanying notice of meeting, including the:

1. Election of ten directors to constitute the Board of Directors to serve until the next annual meeting and until their successors are elected and qualified;
2. To approve amendments to United's Amended and Restated 2000 Key Employee Stock Option Plan to, among other things, increase the number of shares available for grant under the plan and make directors of United eligible to participate in the plan;
3. Approval of an advisory "say on pay" resolution supporting the compensation plan for executive officers; and
4. Ratification of appointment of Porter Keadle Moore, LLC as independent registered public accountant for 2012.

Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?

In accordance with rules adopted by the Securities and Exchange Commission ("SEC"), we may furnish our proxy materials, which include this proxy statement, our 2011 Annual Report to Shareholders and our Annual Report on Form 10-K for the year ended December 31, 2011, to our shareholders by providing access to such documents on the Internet instead of mailing printed copies.

All shareholders will have the ability to access the proxy materials via the Internet by going to www.ucbi.com/2012proxy or request to receive a printed set of such proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found on the Notice.

If you have not voted your proxy on-line by April 23, 2012, you may automatically receive a paper copy of this proxy statement and a proxy voting card by mail. At that time, you may also vote by telephone or mail by following the instructions provided in this proxy statement.

Who is entitled to vote?

All shareholders of record of United's Common Stock at the close of business on March 30, 2012, which is referred to as the record date, are entitled to receive notice of the Annual Meeting and to vote the shares of Common Stock held by them on the record date. Each outstanding share of Common Stock entitles its holder to cast one vote for each matter to be voted upon.

How do I cast my vote?

If you hold your shares of Common Stock in your own name as a holder of record and you have Internet access, United prefers that you vote your shares via the Internet by going to www.proxy.ilstk.com and selecting "Shareholder Services" and then "Internet Voting". Alternatively, you may vote your shares by telephone if you reside in the United States, Canada or the U.S. territories, or by marking, signing, dating and returning the proxy card in the postage-paid envelope provided to you, or you may vote in person at the Annual Meeting. If your shares of Common Stock are held in "street name", that is held for your account by a broker, bank or other nominee, you will receive instructions from your nominee which you must follow in order to have your shares voted.

Proxies that are executed and returned or submitted through the Internet, but do not contain any specific instructions on any proposal, will be voted “FOR” the proposals specified herein.

What are the quorum and voting requirements?

The presence, in person or by proxy, of holders of at least a majority of the total number of outstanding shares of Common Stock entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. As of the record date, there were 41,688,647 shares of Common Stock outstanding and entitled to vote at the Annual Meeting.

The required vote for each item of business at the Annual Meeting is as follows:

1. For the election of directors, those nominees receiving the greatest number of votes at the Annual Meeting shall be deemed elected, even though the nominees may not receive a majority of the votes cast. However, as described in “Corporate Governance – Majority Vote Requirement”, under certain circumstances, nominees who are elected receiving less than a majority vote may be asked to resign;
2. For the approval of amendments to United’s Amended and Restated 2000 Key Employee Stock Option Plan to, among other things, increase the number of shares available for grant under the plan and make directors of United eligible to participate in the plan, the vote of a majority of all shares of Common Stock outstanding;
3. For the approval of the advisory “say on pay” resolution supporting the compensation plan for the executive officers, the vote of a majority of the shares voted on the matter;
4. For the ratification of the appointment of Porter Keadle Moore, LLC as independent registered public accountant for 2012, the vote of a majority of the shares voted on the matter; and
5. For any other business at the Annual Meeting, the vote of a majority of the shares voted on the matter, assuming a quorum is present, shall be the act of the shareholders on that matter, unless the vote of a greater number is required by law.

How are votes counted?

Abstentions and “broker non-votes” will be counted only for purposes of establishing a quorum, but will not otherwise affect the vote. “Broker non-votes” are proxies received from brokers or other nominees holding shares on behalf of their clients (in “street name”) who have not been given specific voting instructions from their clients with respect to non-routine matters. Typically, the ratification of independent auditors is considered a routine matter by brokers and other nominees allowing them to have discretionary voting power to vote shares they hold on behalf of their clients for the ratification of an independent auditor.

Proposal 1 is the election of directors. Because directors are elected by a plurality of the votes cast, except as described in “Corporate Governance – Majority Vote Requirement”, the director nominees who get the most votes will be elected even if such votes do not constitute a majority. Directors cannot be voted “against” and votes to “withhold authority” to vote for a certain nominee will have no effect if the nominee receives a plurality of the votes cast. For the approval of all other proposals, you may vote “for” or “against” the proposal.

If you hold your shares of Common Stock in your own name as a holder of record, and you fail to vote your shares, either in person or by proxy, the votes represented by your shares will be excluded entirely from the vote.

Will other matters be voted on at the Annual Meeting?

We are not aware of any other matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If any other matters not described in the Proxy Statement are properly presented at the meeting, proxies will be voted in accordance with the best judgment of the proxy holders.

Can I revoke my proxy instructions?

If you are a record holder, you may revoke your proxy by:

filing a written revocation with the Secretary of United at the following address:
P.O. Box 398, Blairsville, Georgia 30514-0398;

filing a duly executed proxy bearing a later date; or

appearing in person and electing to vote by ballot at the Annual Meeting.

Any shareholder of record as of the record date attending the Annual Meeting may vote in person by ballot whether or not a proxy has been previously given, but the presence (without further action) of a shareholder at the Annual Meeting will not constitute revocation of a previously given proxy.

Any shareholder holding shares in "street name" by a broker or other nominee must contact the broker or nominee to obtain instructions for revoking the proxy instructions.

What other information should I review before voting?

United's 2011 Annual Report to Shareholders and its Annual Report on Form 10-K filed with the SEC, including financial statements for the year ended December 31, 2011, are enclosed with this Proxy Statement. The 2011 Annual Report to Shareholders is not part of the proxy solicitation material. An additional copy of United's Annual Report on Form 10-K may be obtained without charge by:

accessing United's website at www.ucbi.com;

writing to the Secretary of United at the following address:

P.O. Box 398, Blairsville, Georgia 30514-0398; or

accessing the EDGAR database at the SEC's website at www.sec.gov.

You may also obtain copies of United's Annual Report on Form 10-K from the SEC at prescribed rates by writing to the Public Reference Section of the SEC, Room 1580, F. Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information about obtaining information from the SEC.

NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

We have posted materials related to the 2012 Annual Meeting on the Internet. The following materials are available on the Internet at www.ucbi.com/2012proxy:

this Proxy Statement for the 2012 Annual Meeting;

United's 2011 Annual Report to Shareholders; and

United's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC.

You are also invited to attend the 2012 Annual Meeting in person. To pre-register to attend the Annual Meeting you may:

follow the instructions at www.ucbi.com/2012proxy;

email Investor_Relations@ucbi.com and indicate the name of the person(s) attending; or

call (866) 270-5900 and speak with an Investor Relations professional.

For directions to the Annual Meeting, visit www.theridgesresort.com, or call (866) 270-5900 and an Investor Relations professional can assist you.

PROPOSAL 1 – ELECTION OF DIRECTORS

Introduction

The Bylaws of United provide that the number of directors on United’s Board of Directors may range from eight to fourteen. The Board of Directors of United has set the number of directors at ten. The number of directors may be increased or decreased from time to time by the Board of Directors by resolution, but no decrease shall have the effect of shortening the term of an incumbent director. The terms of office for directors continue until the next annual meeting and until their successors are elected and qualified.

Information Regarding Nominees for Director

Set forth below is information on each director and nominee, along with a summary of their experience, qualifications, attributes, and skills that qualify them for service on the Board. The following information has been furnished by the respective nominees for director as of March 23, 2012. All of the nominees for director other than Mr. Brokaw are existing directors that have been nominated by the Board of Directors for reelection.

Jimmy C. Tallent
Age 59

Director since 1988
President and Chief Executive Officer

Mr. Tallent has served as President and Chief Executive Officer of United from the time it was formed in 1988. He served as United Community Bank’s President and Chief Executive Officer since 1984 and currently serves as its Chairman. Under Mr. Tallent’s leadership, United has grown from a small, one-branch banking operation in the rural community of Blairsville, Georgia to the third largest bank holding company headquartered in Georgia, with \$7.4 billion in assets and 106 banking offices covering three states in the Southeast. Mr. Tallent is a member of the Georgia Power board of directors and serves as a Trustee of Young Harris College in Young Harris, Georgia. He is a former member of the State Board for the Georgia Department of Technical and Adult Education, the Global Health Action board of directors and the Georgia Chamber of Commerce board of directors. Mr. Tallent has also served as the Georgia State YMCA Finance Chairman.

Mr. Tallent’s many professional accomplishments include being honored with the Georgia Economic Developers Association’s Spirit of Georgia Award, which was presented to Mr. Tallent in 1999. This award is presented annually to a Georgia business executive who has demonstrated superior ability, originality, potential impact, and courage in business development. For six consecutive years, Georgia Trend magazine has recognized Mr. Tallent as one of the “100 Most Influential Georgians”. In 2007, Mr. Tallent was honored with the Ernst & Young Entrepreneur of the Year Award for Financial Services in the Alabama / Georgia / Tennessee region. Mr. Tallent attended Young Harris College and Piedmont College and is a graduate of the Georgia Banking School in Athens, Georgia.

For the following reasons, the Board of Directors of United has concluded that Mr. Tallent should serve as a director of the company. As President and Chief Executive Officer, Mr. Tallent is the only officer to serve on our Board. With more than 27 years of experience, Mr. Tallent has a deep knowledge and understanding of United, its “community banks” and its lines of business. Mr. Tallent has demonstrated leadership abilities and has the integrity, values and good judgment that make him well suited to serve on the Board of Directors.

Robert L. Head, Jr.
Age 72

Director since 1988
Chairman of the Board
Nominating/Corporate Governance Committee
Compensation Committee

Mr. Head has served on the Board of Directors of United since its establishment in 1988, and was elected Chairman in 1989. Mr. Head has served on the board of United Community Bank since 1973. In addition to his service with United, Mr. Head serves on the Board of Trustees and Executive Committee of Young Harris College. He also served on the Georgia State Board of Industry, Trade and Tourism from 1994 to 2000.

Mr. Head has been president of Head-Westgate Corporation, a commercial construction and retail center management company, since 1987. Previously, he was president of Robert L. Head Building Supply from 1970 to 1986. Mr. Head began his professional career in 1961 as a production accountant for the Coca-Cola Company, followed by military service in the U.S. Army Reserves and Georgia Air National Guard. He holds an associate's degree from Young Harris College, as well as a graduate degree from Georgia State University.

United values business leadership and the experience our directors gain through such leadership. Mr. Head is recognized both locally and statewide for his knowledge of management, industry and construction – all valuable assets to the Board of Directors because a significant portion of United's business is in the areas of construction and small business banking. Mr. Head's extensive experience and leadership in these areas provide a unique perspective to the Board. The Board also believes that Mr. Head's values and commitment to excellence make him well suited to serve as Chairman of the Board of Directors.

Robert H. Blalock
Age 64

Director since 2000
Audit Committee
Nominating/Corporate Governance Committee
Compensation Committee

Mr. Blalock has been Chief Executive Officer of Blalock Insurance Agency, Inc. in Clayton, Georgia, since 1974. He served as an organizing director of First Clayton Bank and Trust when the bank was formed in 1988. He was a director and served on the compensation and audit committees for First Clayton Bank and Trust, which was acquired by United in 1997, and was past chairman of the board. Mr. Blalock remains on the community bank board of United Community Bank – Clayton (the former First Clayton Bank and Trust), and joined United's Board in 2000. Mr. Blalock is a graduate of University of Georgia and served as an Infantry Officer in the U.S. Army. He served a tour of duty in Vietnam with the 101 Airborne Division. He was a member of the Rotary Club of Clayton Board of Directors from 1974 to 1991 and served as the club's vice president.

Extensive knowledge and business experience, as well as involvement in our banking communities, provide critical insight to our Board of Directors. Mr. Blalock's experience and leadership of a small business in the Clayton community provides a much-needed perspective into a business community that is representative of several others in United's service area. As a past director of First Clayton Bank and Trust – which has been part of United since 1997 – Mr. Blalock brings not only a rich history of banking leadership, but a perspective of the bank acquisition process. The Board believes that Mr. Blalock's 37 years of business experience and 21 years of bank board experience make him well suited to serve on the Board of Directors.

Clifford V. Brokaw
Age 44

Mr. Brokaw joined Corsair Capital, LLC as Managing Director in 2007. Corsair Capital is a private equity firm focused exclusively on investing in the financial services industry. Mr. Brokaw also services as a member of the Investment Committee and leads the quarterly valuation process. Mr. Brokaw was Managing Director in the Financial Institutions group at Goldman Sachs & Co. from 1999 to 2007 and worked in the Mergers and Acquisition group of J.P. Morgan from 1996 to 1999. He has had extensive financial experience with banks and insurance companies involving demutualization, initial public offerings, mergers, acquisitions, and capital offerings. Mr. Brokaw serves as a director of Torus Insurance Holdings. He received his bachelor's and J.D. degrees from the University of Virginia.

Mr. Brokaw has a breadth of experience in the financial services industries, having served in senior executive and director positions. Mr. Brokaw's extensive banking and related financial experience over his tenure at a private equity firm and two of the largest financial institutions in the country, provide a valuable perspective to United's Board of Directors making him well suited for the board.

L. Cathy Cox
Age 53

Director since 2008
Audit Committee
Nominating/Corporate Governance Committee
Chairman
Compensation Committee Chairman

Ms. Cox has served on the Board of Directors of United and the board of United Community Bank since 2008. Ms. Cox has been President of Young Harris College, a private, liberal arts college in North Georgia, since 2007. In her short time at the college, she has moved the college from two-year to four-year status, increased enrollment of the institution by 50 percent, doubled the size of the faculty, and added nearly \$50 million in new facilities to the campus.

Prior to joining the college, Ms. Cox served as the Georgia Secretary of State. Twice elected, in this role she served as the Commissioner of Securities, overseeing the regulation of the securities industry within the state. She also participated in one of the largest ever national settlements against national investment banks for state and federal law violations.

Ms. Cox was twice elected to the Georgia House of Representatives where she served on the House Judiciary Committee; Game, Fish and Parks Committee; State Institutions and Properties Committee; Georgia Code Revision Commission; and various House study committees. Prior to her public service, Ms. Cox worked as an attorney, first as an associate with Hansell & Post in Atlanta, Georgia, and then as a partner with Lambert, Floyd & Conger in Bainbridge, Georgia. She started her professional career as a newspaper reporter. Ms. Cox holds an A.S. degree from Abraham Baldwin Agricultural College, an A.B.J. degree from University of Georgia, and a J.D. from Mercer University School of Law. She was Editor-in-Chief of the Mercer Law Review.

Ms. Cox provides a very unique combination of legal, governmental and educational experience to the Board of Directors. In her legal career, Ms. Cox served as legal counsel for community banks in Georgia. This, combined with her extensive government service, brings a depth of legal and governmental expertise to the Board. Her leadership of a college undergoing tremendous growth demonstrates Ms. Cox's vision and strong management skills, and offers the perspective of a key educational institution to the Board. For these reasons, the Board believes Ms. Cox is well suited to serve on the Board of Directors.

Steven J. Goldstein
Age 60

Director Since 2012
Audit Committee
Nominating/Corporate Governance Committee
Compensation Committee

Mr. Goldstein was executive vice president and chief financial officer of The Federal Home Bank of Atlanta from 2007 to 2011. His responsibilities included financial and regulatory reporting, Sarbanes-Oxley compliance, accounting operations, oversight of financial modeling, and enterprise risk management. Mr. Goldstein was senior vice president and chief financial officer of Royal Bank of Canada's ("RBC") U.S. and International division from 2001 to 2006 following its acquisition of Centura Banks, Inc. where Mr. Goldstein had been chief financial officer from 1997 to 2001. For the previous 15 years, Mr. Goldstein held several senior management roles with financial services consulting firms, and served as an analyst, and was a deputy director of the Office of Public and Economic Research at the Federal Home Loan Bank Board in Washington, D.C. He began his career as Assistant Professor of Finance at the University of South Carolina. Mr. Goldstein received his bachelor's, master's and doctorate degrees from the University of Georgia.

Mr. Goldstein has a breadth of experience in the financial services industry having served in senior executive positions in finance and risk management at major banking and regulatory organizations. Mr. Goldstein's extensive banking and financial experience, including enterprise risk management, provide a valuable perspective to United's Board of Directors making him well suited for the board.

W. C. Nelson, Jr.
Age 68

Director since 1988
Audit Committee Chairman
Nominating/Corporate Governance Committee
Compensation Committee

Mr. Nelson has served on the Board of Directors of United since its formation in 1988, and has served as Vice Chairman from 1992 through March 2012. He has served on the board of United Community Bank since 1974. Mr. Nelson is the co-owner and operator of Nelson Tractor Co. in Blairsville, Georgia, a dealer of farm and light industrial equipment established by the Nelson family in 1949. In this capacity, he has served on the Ford Tractor National Dealer Council, as well as the Kubota National Dealer Advisory Board representing southeast U.S. dealers. Mr. Nelson attended Young Harris College and The Georgia Institute of Technology. He has been a member of the Union County (Georgia) Development Board for more than 30 years and has served as chairman for 15 years. Mr. Nelson is a current member of the Tennessee Valley Authority (TVA) Regional Resource Stewardship Council representing the state of Georgia, and is currently on the Young Harris Board of Associates and the Blairsville Downtown Development Authority.

In addition to owning and operating a thriving local business, Mr. Nelson's managerial and leadership expertise is recognized by professional and governmental entities nationwide. In addition to his keen leadership, Mr. Nelson brings to the Board of Directors a broad community perspective due to his lengthy involvement in, and leadership of, varied local and regional municipal organizations – a valued perspective because of United's strong commitment to the communities it serves. The Board believes that Mr. Nelson's dedication to community development, as well as his decades of business leadership and board experience makes him well suited for the Board of Directors.

Thomas A. Richlovsky
Age 60

Director since 2012
Audit Committee
Nominating/Corporate Governance Committee
Compensation Committee

Mr. Richlovsky was executive vice president at PNC Financial Services Group Inc. from 2009 to 2011, following PNC's acquisition of National City Corporation in December 2008. While at PNC, he assisted with the integration of National City's financial functions as well as managed or co-managed several areas within the PNC finance group. Mr. Richlovsky was chief financial officer, treasurer and principal accounting officer of National City at the time of its acquisition by PNC. During his 30-year tenure with National City (1978-2008), he assumed progressively greater responsibilities and gained extensive financial, accounting, and treasury expertise. At the time of the sale of National City and subsequent integration into PNC, he was a key executive and assisted in the transition with regulators, investors, and other external constituents. Mr. Richlovsky began his career as an auditor in 1973 with Ernst & Ernst, a predecessor firm of Ernst & Young LLP, in Cleveland, Ohio. Mr. Richlovsky received his bachelor's degree from Cleveland State University and is a CPA.

Mr. Richlovsky has extensive experience in the financial services industry, having served in senior executive positions in finance, accounting and treasury at major banking organizations. Mr. Richlovsky's expertise and experience in these finance related areas of banking will provide a valuable perspective to United's Board of Directors, making him well suited for the Board.

John D. Stephens
Age 71

Director since 2007
Nominating/Corporate Governance Committee
Compensation Committee

Mr. Stephens is owner, general and managing partner of Stephens MDS, LP, in College Park, Georgia, which oversees the operation of a construction and demolition landfill. He also is owner and president of Stephens Rock and Dirt, Inc., which oversees all aspects of the operation of a facility for the recycling and processing of soil, rock, concrete, concrete blocks and cured asphalt pavement. He is general and managing partner of three real estate, development and property management companies. From 1966 to 2005, Mr. Stephens was president of John D. Stephens, Inc., an underground utility, heavy construction and pipeline construction company. Mr. Stephens also serves on the Executive Committee of the Gwinnett Chamber of Commerce and Board of Trustees of Georgia Gwinnett College. He is past president of the Georgia Utility Contractors Association and has served on the Georgia Board of Industry and Trade Commission. Mr. Stephens holds an associate's degree and Bachelor of Science degree in Mechanical Technology from Southern Polytechnic State University.

Mr. Stephens has extensive experience in bank board participation and bank leadership roles, beginning in the 1970s as a board member of Gwinnett County Bank. Through various mergers and acquisitions of Gwinnett County Bank between that time and 2000, Mr. Stephens served on the boards of Button Gwinnett Savings Bank, The Bank of Gwinnett, and Premier Bank. In 1999, he participated as a director in the sale of Premier Bank to BB&T. A year later, he helped to organize and found First Bank of Gwinnett, where he served as chairman of the board. First Bank of Gwinnett became First Bank of the South, which was acquired by United in 2007. Mr. Stephens' involvement on the board of First Bank of South and its parent company as well as on a number of other Atlanta-area bank boards since the 1970s, provides nearly 48 years of bank leadership experience to the Board of Directors, as well as insight into the Atlanta region – an area of growth for United. His perspective of bank formation, mergers, acquisition and operation provides a unique perspective and background. Because of this, and his 44 years of business and industrial experience, the Board believes Mr. Stephens is well suited for the Board of Directors.

Tim R. Wallis
Age 60

Director since 1999
Nominating/Corporate Governance Committee
Compensation Committee

Mr. Wallis is owner and president of Wallis Printing in Rome, Georgia. Previously, he worked in production and sales at what was then Brazelton-Wallis Printing Company from 1974 until 1985, when he became owner and president. In addition to serving on the Board of Directors of United, Mr. Wallis also serves as chairman on the community bank board of United Community Bank – Rome. He has served on the board of directors of the Printing and Imaging Association of Georgia (PIAG) and was chairman of the association's Government Relations Committee. In this capacity he worked directly with PIAG legislative liaisons at both the state and national levels. Mr. Wallis currently serves on the Georgia Chamber of Commerce board of directors. He also has served on the Darlington School board of trustees, Georgia Southern College Foundation board of trustees, Rome/Floyd YMCA board of trustees, and the United Way of Rome and Floyd County board of trustees. He is a graduate of Georgia Southern University.

Mr. Wallis has been a community leader and long-term owner of a small business. With United's interest in small business and commercial banking, Mr. Wallis brings a valuable perspective and insight to the Board. His varied experience in a number of community boards, as well as his service on the United Community Bank – Rome

community bank board, gives the Board a much needed focus on the needs of our mid-size banking communities and the business owners within those communities. For these reasons, and his experience with statewide commerce, the Board believes Mr. Wallis is well suited to serve on the Board of Directors.

There are no family relationships between any director, executive officer, or nominee for director of United.

Recent Changes

Messrs. Goldstein and Richlovsky were appointed to the Board and their committee positions on March 21, 2012. Mr. Brokaw was appointed to the Board on January 19, 2012, subject to regulatory approval. He was nominated by Corsair Georgia, L.P., which currently has a contractual right to nominate one member to United's Board, to replace Peter E. Raskind who resigned on the same date from the Board so he could pursue an opportunity as a director of Capital One Financial Corporation. Mr. Brokaw is being nominated for re-election to the Board of Directors.

At the completion of their terms at our Annual Meeting of Shareholders on May 23, 2012, Director Hoyt O. Holloway and Director Emeritus Zell B. Miller will be retiring.

Board Independence

The Board has considered and determined that a majority of the members of the Board of Directors are “independent”, as defined under applicable federal securities laws and the Nasdaq Listing Requirements. During 2011, the independent directors were Directors Head, Nelson, Blalock, Cox, Holloway, Raskind, Stephens and Wallis. Directors Brokaw, Goldstein and Richlovsky who were appointed in the first quarter of 2012, are also independent. The independent directors meet in executive sessions every quarter without management.

Board Leadership

The Board has elected Director Head as Chairman. The Board believes that its current leadership structure is appropriate because Director Head is both a skilled businessmen with good judgment and is a substantial shareholder of United. As a result, he provides independent, shareholder-focused leadership to United.

Board Committees

The Board currently has, and appoints members to, three standing committees: the Audit Committee, the Nominating/Corporate Governance Committee and the Compensation Committee. Each member of these committees is independent and each committee has a charter approved by the Board, which are available on United’s website, www.ucbi.com.

Identified below are the members of the committees as of March 30, 2012 (M - member; C - chairman):

Name	Audit	Nominating/ Corporate Governance	Compensation
W. C. Nelson, Jr.	C	M	M
Robert H. Blalock	M	M	M
Clifford V. Brokaw(1)			
L. Cathy Cox	M	C	C
Steven J. Goldstein	M		
Robert L. Head, Jr.		M	M
Hoyt O. Holloway(2)	M	M	M
Thomas A. Richlovsky	M		

John D. Stephens	M	M
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Jimmy C.
Tallent

Tim R. Wallis	M	M
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(1) Subject to regulatory approval.

(2) Retiring at the end of his term on May 23, 2012.

Audit Committee

The Audit Committee assists the Board in its general oversight and serves as an independent and objective party to monitor United's financial reporting process and internal control systems, to review and assess the performance of the independent registered public accountants and internal auditing department, and to facilitate open communication among the independent registered public accountants, senior and financial management, the internal auditing department, and the Board of Directors. Certain specific responsibilities of the Audit Committee include recommending the selection of independent registered public accountants, meeting with the independent registered public accountants to review the scope and results of the annual audit, reviewing with management and the internal auditor the systems of internal controls and internal audit reports, ensuring that United's books, records, and external financial reports are in accordance with U.S. generally accepted accounting principles, and reviewing all reports of examination made by regulatory authorities and ascertaining that any and all operational deficiencies are satisfactorily corrected.

The Board of Directors has determined that all of the members of the Audit Committee have sufficient knowledge in financial and accounting matters to serve on the Audit Committee, including the ability to read and understand fundamental financial statements. The Board of Directors has determined that all of the members of the Audit Committee are “financially sophisticated”, as defined under the Nasdaq Listing Requirements, and that Directors Goldstein and Richlovsky qualify as “audit committee financial experts” in accordance with the applicable rules and requirements of the SEC.

The Audit Committee met eight times during 2011.

Nomination/Corporate Governance Committee

The Nominating/Corporate Governance Committee reviews United’s Corporate Governance Guidelines and policies and monitors compliance with those guidelines and policies. In addition, the Nominating/Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board of Directors nominees for election and candidates for each committee appointed by the Board. The Nominating/Corporate Governance Committee met one time during 2011.

Compensation Committee

The Compensation Committee is responsible for establishing and administering the policies that govern the compensation arrangements for executive officers and other senior officers. The Compensation Committee is also responsible for oversight and administration of certain executive and employee compensation and benefit plans, including the Amended and Restated 2000 Key Employee Stock Option Plan (the “Equity Plan”), the Deferred Compensation Plan (as defined herein) and the Modified Retirement Plan and general compensation arrangements for all employees. It periodically reviews and makes recommendations to the Board with respect to directors compensation. The Compensation Committee met five times during 2011.

Board Meetings

The Board of Directors held nineteen meetings during 2011. All of the directors attended at least 75 percent of the meetings of the Board and meetings of the committees of the Board on which they served that were held during 2011. Directors are expected to be present at the Annual Meeting of United.

Risk Oversight

Risk oversight of United is the responsibility of the Board of Directors. The Board administers this oversight function by evaluating various components of risk to the company at each meeting of the Board. United believes that its Board leadership structure facilitates careful oversight of risk to United. The structure of the Board provides strong oversight by the independent directors, with the independent directors meeting frequently in executive sessions of the Board without management. These executive sessions allow the Board of Directors to review key decisions and discuss matters in a manner that is independent of management.

Vote Required

Each proxy executed and returned by a shareholder will be voted as specified thereon by the shareholder. If any nominee withdraws or for any reason is not able to serve as a director, the proxy will be voted for such other person as may be designated by the Board of Directors as a substitute nominee, but in no event will the proxy be voted for more than nine nominees. Management of United has no reason to believe that any nominee will not serve if elected. All of the nominees are currently directors of United.

Pursuant to the Georgia Business Corporation Code, directors are elected by a plurality of the votes cast by the holders of the shares entitled to vote in an election at a meeting at which a quorum is present, even though the nominees may not receive a majority of the votes cast. However, as described in “Corporate Governance - Majority Vote Requirement”, under certain instances, nominees who are elected receiving less than a majority vote may be asked to resign. A quorum is present when the holders of a majority of the shares outstanding on the record date are present at a meeting in person or by proxy. An abstention or a broker non-vote will be included in determining whether a quorum is present at the meeting, but will not have any other effect on the outcome of a vote.

Recommendation

The Board of Directors unanimously recommends a vote “FOR” each nominee for director.

CORPORATE GOVERNANCE

Director Nominations

General

The Board of Directors nominates individuals for election to the Board based on the recommendations of the Nominating/Corporate Governance Committee. A candidate for the Board of Directors must meet the eligibility requirements set forth in United's Bylaws, Corporate Governance Guidelines and in any applicable Board or committee resolutions.

Nominating/Corporate Governance Committee Procedures

The Nominating/Corporate Governance Committee considers qualifications and characteristics that it, from time to time, deems appropriate when it selects individuals to be nominated for election to the Board of Directors. These qualifications and characteristics include, without limitation, the individual's interest in United, his or her United shareholdings, independence, integrity, business experience, education, accounting and financial expertise, age, diversity, reputation, civic and community relationships, and knowledge and experience in matters impacting financial institutions. In addition, prior to nominating an existing director for re-election to the Board of Directors, the Nominating/Corporate Governance Committee will consider and review an existing director's Board and committee attendance and performance.

Shareholder Nominations

The Board of Directors and Nominating/Corporate Governance Committee of the Board will consider all director nominees properly recommended by any United shareholders in accordance with the standards described above. Any shareholder wishing to recommend a candidate for consideration as a possible director nominee for election at an upcoming meeting of shareholders must provide timely, written notice to the Board of Directors in accordance with the procedures available on United's website, www.ucbi.com. The following is a summary of these procedures:

In order to be considered timely, a nomination for the election of a director must be received by United no less than 120 days before the anniversary of the date United's proxy statement was mailed to shareholders in connection with the previous year's annual meeting.

A shareholder nomination for director must set forth, as to each nominee such shareholder proposes to nominate:

1. the name and business or residence address of the nominee;
2. an Interagency Biographical and Financial Report available from the Federal Deposit Insurance Corporation completed and signed by the nominee;
3. the number of shares of Common Stock of United which are beneficially owned by the person;
4. the total number of shares that, to the knowledge of nominating shareholder, would be voted for such person; and
5. the signed consent of the nominee to serve, if elected.

The notice by a nominating shareholder shall also set forth:

1. the name and residence address of such nominating shareholder; and
2. the class and number of shares of Common Stock of United which are beneficially owned by such shareholder.

Notices shall be sent to the Secretary, United Community Banks, Inc., P.O. Box 398, Blairsville, Georgia 30514-0398. There were no director nominations proposed for this year's Annual Meeting by any shareholder.

Majority Vote Requirement

United's majority vote policy states that nominees for director who are elected but receive less than a majority of the votes cast for the election of directors may be asked to resign. The policy allows the Board to waive this majority vote requirement where a general campaign against the election of a class of directors of public companies resulted in a United nominee being elected with less than a majority vote without consideration of the particular facts and circumstances applicable to the individual United nominee. A waiver of the majority vote requirement will not be permitted if the votes cast resulted from a campaign directed specifically against the election of an individual United nominee, even in circumstances where a majority of the Board of Directors disagrees with those voting against that director's election.

Code of Ethical Conduct

United has adopted a Code of Ethical Conduct designed to promote ethical conduct by all of United's directors and principal financial and executive officers. The Code of Ethical Conduct complies with the federal securities law requirement that issuers have a code of ethics applicable to principal financial officers and with applicable Nasdaq Listing Requirements. United's Code of Ethical Conduct is available on its website and was filed as Exhibit 14 to its Annual Report on Form 10-K for the year ended December 31, 2003. United has not had any amendment to or waiver of the Code of Ethical Conduct. If there is an amendment or waiver, United will post any such amendment or waiver on the company's website, www.ucbi.com.

Shareholder Communication

The Board of Directors maintains a process for shareholders to communicate with the Board. Shareholders wishing to communicate with the Board of Directors should send any communication in writing to the Secretary, United Community Banks, Inc. P.O. Box 398, Blairsville, Georgia 30514-0398. Any such communication must state the number of shares beneficially owned by the shareholder making the communication. The communication will be forwarded to the full Board of Directors or to any individual director or directors to whom the communication is directed unless the communication is illegal or otherwise inappropriate, in which case the communication will be disregarded.

Certain Relationships and Related Transactions

United has a written related person transaction policy that governs the review, approval and ratification of any transaction that would be required to be disclosed by United pursuant to Item 404 of Regulation S-K under the Securities Act of 1933, as amended. The Board of Directors of United or the Audit Committee must approve all such transactions under the policy.

Prior to entering into such a related person transaction or an amendment thereof, the Board or Audit Committee must consider all of the available relevant facts and circumstances, including if applicable, benefits to United, the impact of a transaction on a director's independence, the availability of other sources for comparable products or services, the terms of the transaction, and the terms available to or from unrelated third parties or employees generally, as the case may be. No member of the Board or Audit Committee shall participate in any review, consideration, or approval of any related person transaction with respect to which such member or any of his or her immediate family members is a related person.

Neither the Board of Directors of United nor the Audit Committee has approved any related person transactions during the past three years in accordance with United's written related person transaction policy.

United's wholly-owned subsidiary, United Community Bank (the "Bank"), has, and expects to have in the future, banking transactions in the ordinary course of business with directors and officers of United and other related persons, on the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with unaffiliated third parties. Such transactions have not involved more than the normal risk of collectability or presented other unfavorable features.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Overview

The Compensation Committee of the Board of Directors has the important responsibility of ensuring that United's executive compensation policies and practices are based on three simple principles:

pay competitively within our industry;

pay for appropriate performance based on pre-established goals; and

design compensation programs with sound risk management practices and a balance between short-term and long-term objectives that provide for value creation for the company and our shareholders.

In addition to its focus on compensation matters, the Compensation Committee occasionally recommends policies related to leadership development and employee retention for consideration by the Board of Directors.

The Compensation Committee considered, among other things, the following significant matters when making its 2011 compensation decisions:

Economic conditions and the credit environment were very difficult throughout 2011. With the depressed real estate market and high unemployment continuing, business activity across a wide range of industries and regions was greatly reduced and local governments and businesses have been in serious difficulty due to the lack of consumer spending and the lack of liquidity in the credit markets. This overall environment and difficulty in United's markets led to further declines in real estate values and elevated levels of non-performing loans and charge-offs during 2011.

United incurred a net loss of \$226.7 million in 2011, of which \$237.3 million was in the first quarter of 2011, primarily the result of credit losses associated with the execution of a plan to sell approximately \$293 million in substandard and nonperforming loans and to accelerate the disposition of approximately \$142 million in foreclosed properties. Excluding the first quarter of 2011, the remainder of the year was profitable and resulted in net income of \$10.6 million. This compared to a net loss of \$502 million in 2010, which included non-cash charges of \$211 million for goodwill impairment, a tax charge of \$157 million to recognize a full valuation allowance on United's net deferred tax asset, a \$11.8 million partial fraud loss recovery, as well as a \$45.3 million loss from United's 2010 transaction with Fletcher International Ltd. and its affiliates.

During the first quarter of 2011, United closed a \$380 million private placement pursuant to which institutional investors purchased 24,085,855 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 \$362 million, net of transaction costs.

In addition, United held an advisory "say on pay" vote in 2011 on the compensation of its executive officers. United's shareholders overwhelmingly approved such compensation with 98% of votes cast voted in favor of the say on pay resolution. As the Compensation Committee evaluated its compensation policies and overall objectives for 2012, it took into consideration this strong support of United's shareholders. As a result, the Compensation Committee decided to retain the general approach and structure of United's compensation plan for its executive officers. In the future, the Compensation Committee will continue to take the results of the say on pay vote into account. While this vote was not binding on United, our Board of Directors or our Compensation Committee, we value the opinions of our shareholders and, to the extent there is any significant vote against the compensation of our executive officers, we will

consider our shareholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

As used in this "Compensation of Executive Officers and Directors" section, the following executives of United are referred to collectively as the "Named Executive Officers": Jimmy Tallent – United's president and chief executive officer; Rex Schuette – United's executive vice president and chief financial officer; David Shearrow – United's executive vice president and chief risk officer; Glenn White – United's president of the Atlanta region; and Bill Gilbert – United's president of the North Georgia and Coastal Georgia regions.

Philosophy

United's compensation programs are designed to attract and retain key employees, motivating them to achieve desired goals, both short and long-term, creating expectations for positive results and rewarding them for strong performance. Different programs are geared to short and long-term performance with the goal of increasing shareholder value over the long term. Because United believes the performance of every employee is important to the company's success, it is mindful of the effect of executive compensation and incentive programs on all of its employees and tries to establish programs that are fair in light of the compensation programs for all other employees.

United believes that the compensation of the company's senior executives should reflect their success as a management team and as individuals in attaining key operating objectives, such as growth of revenue, loans and deposits; growth of earnings and earnings per share; growth or maintenance of market share, long-term competitive advantage, customer satisfaction and operating efficiencies; and, ultimately, in attaining long-term growth in the market price of United's stock. At the same time, United does not believe its executive compensation programs should encourage unnecessary or excessive risks. United believes that the performance of its senior executives in managing the company, considered in light of economic, industry and competitive conditions, should be the basis for determining their overall compensation.

United also believes that their compensation should not be excessive or based on the short-term performance of United's stock, whether favorable or unfavorable, but rather that the price of United's stock will, in the long-term, reflect the company's operating performance, and ultimately, the management of the company by its executives. United seeks to have the long-term performance of its stock reflected in executive compensation through its stock option, restricted stock and other equity incentive programs.

Regulatory Limits

TARP Capital Purchase Program. On December 5, 2008, as part of the United States Department of the Treasury's ("Treasury") TARP Capital Purchase Program (the "CPP"), United entered into an Agreement (the "Purchase Agreement") with Treasury, pursuant to which United sold 180,000 shares of Series B Cumulative Preferred Stock (the "Series B Preferred Stock") and a warrant to purchase 1,099,542 shares (219,909 shares as adjusted for United's 1 for 5 reverse stock split) of Common Stock for an aggregate purchase price of \$180 million in cash.

In the Purchase Agreement, United agreed that, until such time as Treasury ceases to own any securities of United acquired pursuant to the Purchase Agreement, United will take all necessary action to ensure that its benefit plans with respect to its senior executive officers comply with Section 111(b) of the Emergency Economic Stabilization Act of 2008 (the "EESA") as implemented by any guidance or regulation under the EESA and agreed to not adopt any benefit plans with respect to, or which covers, its senior executive officers that do not comply with the EESA, and the applicable executives have consented to the foregoing. Section 111(b)(2) of the EESA provides for the executive compensation and corporate governance standards to include:

limits on compensation that exclude incentives for senior executive officers of financial institutions to take unnecessary and excessive risks that threaten the value of the financial institution;

required recovery of any bonus or incentive compensation paid to a senior executive officer based on statements of earnings, gains, or other criteria that are later proven to be materially inaccurate;

a prohibition on the financial institution from making any "excess parachute payment" to any senior executive officer, as defined under Section 280G of the Internal Revenue Code of 1986, as amended, (an "Excess Severance Payment") during the period that Treasury holds an equity or debt position; and

an agreement to limit a claim for a federal income tax deduction with respect to a senior executive's compensation that exceeds \$500,000 per year.

American Recovery and Reinvestment Act. On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the "ARRA") was enacted. The ARRA imposed new executive compensation and corporate expenditure limits on all CPP recipients until the institution has repaid Treasury the amount of a CPP investment. The ARRA standards that apply to United and its senior executive officers include:

a prohibition on bonuses, retention awards and other incentive compensation, other than the granting of restricted stock awards which are limited to one-third of an employee's total annual compensation and further, that do not fully vest while Treasury holds an investment;

a prohibition on making any payments for departure from United other than compensation earned for services rendered or accrued benefits;

subjecting bonus, retention awards and other incentive compensation to repayment (clawback) if such payments were based on statements of earnings, revenues, gains or other criteria that are later found to be materially inaccurate;

a prohibition on compensation plans that encourage manipulation of reported earnings;

a required company-wide policy regarding excessive or luxury expenditures including office and facility renovations, aviation or other transportation services and other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives or similar measures in the ordinary course of business; and

inclusion of a “say-on-pay” proposal to a non-binding vote of shareholders at the annual meetings, whereby shareholders vote to approve the compensation of executives.

Amendments to Compensation Arrangements. As required by the ARRA, a number of amendments were made to our compensation program. The amendments include:

Bonuses, retention awards and other incentive compensation payments to senior executive officers have been prohibited while Treasury holds an investment.

All of the Named Executive Officers have executed a letter agreement waiving their right to any severance payment that violates the ARRA.

A policy has been adopted that subjects any bonus or award payment to clawback if that payment was based on statements of earnings or other criteria that are later proven to be materially inaccurate. In addition, all of the Named Executive Officers and other applicable employees that are one of the next twenty most highly compensated employees during the time that Treasury holds an investment have executed a letter agreement reflecting this clawback policy.

Incentive Compensation Plan Risk Assessment. In addition to the EESA and the ARRA, the SEC now requires that the Compensation Committee review United’s compensation arrangements with the members of management responsible for risk management for all employees to determine if any such arrangements create risks that are reasonably likely to have a material adverse effect on United. The Compensation Committee also considers whether they encourage excessive or unnecessary risk-taking by our senior executive officers. As part of its review, the Compensation Committee considers the various risks to which United is subject, including market, liquidity, interest rate, operational, financial, credit quality, reputational and other risks, and how United’s incentive compensation programs may contribute to risk. The Compensation Committee also considered United’s controls and actions taken to mitigate and monitor those risks.

As previously described, because no bonuses, retention awards and other incentive compensation payments may be made to senior executive officers while Treasury holds an investment, the Compensation Committee determined that none of the incentive compensation plans applicable to Named Executive Officers create or encourage undue risks or are reasonably likely to have a material adverse effect on United. Generally, the Compensation Committee concluded that United’s incentive compensation programs applicable to senior management are designed to encourage long-term growth and shareholder value-creation and the delivery of superior customer service to promote core loan and deposit growth.

United maintains incentive compensation plans that pay loan and deposit production incentives to bank personnel. Incentives are paid for various measures of production consistent with United’s goals for the year. As part of the Compensation Committee’s risk assessment, the Committee noted that the incentive compensation plans for lenders presented somewhat more risk than other plans because commissions were based on loan production volume and

constituted a higher portion of the company's incentive compensation expense than the other plans. However, as part of the risk assessment, the Compensation Committee concluded that these plans do not create risks that are reasonably likely to have a material adverse effect on United because all loans must be approved by credit underwriting personnel and, depending on the size of the loan or credit relationship, by bank or executive management prior to being made and management has the ability to adjust bonus payments down based on the performance of the loan.

Administration

Generally, the Compensation Committee reviews the performance and approves all compensation of United's senior executives and, based upon this evaluation, establishes their compensation. For all senior executives other than the Chief Executive Officer, the Chief Executive Officer makes recommendations to the Compensation Committee.

No Compensation Committee member has been an officer or employee of United, and the Board has considered and determined that all of the members are independent as defined under the Nasdaq Listing Requirements. Several members of the Compensation Committee have a significant percentage of their net worth invested in shares of United and all members have interests aligned with the interests of other shareholders. The Compensation Committee's charter is available in the corporate governance section of United's website, www.ucbi.com.

Though not members of the Compensation Committee in 2011, Jimmy Tallent, United's President and Chief Executive Officer, and Rex Schuette, United's Executive Vice President and Chief Financial Officer, were invited to most Compensation Committee meetings. Although all invitees may participate in discussions and provide information that the Compensation Committee considers (except for discussions with respect to any invitee's own compensation, in which an executive does not participate), invitees do not participate in voting and decision-making.

In setting and approving compensation of senior executives, the Compensation Committee considers objective measurements of business performance, the accomplishment of strategic and financial objectives, the development of management talent within the company, and other matters relevant to the short-term and the long-term success of the company and the enhancement of shareholder value in the broadest sense. As described above, the Committee also considered the recommendations of Mr. Tallent in 2011 with respect to the other Named Executive Officers, not including Mr. Tallent.

In performing its responsibilities for executive compensation, the Compensation Committee has sole authority to, and does to the extent it deems necessary or desirable, retain and consult with outside professional advisors. During 2011, Mercer, LLC advised the Compensation Committee and the Board on executive compensation and regulatory restrictions that include limits on cash bonus, options and restricted stock. Mercer reported directly to the Compensation Committee. Mercer has provided no other non-executive compensation consulting services to United.

Mercer performed a study of the compensation of executive management of companies within the industry and with companies of comparable size. The groups used to compare executive compensation include (1) a peer group of 12 bank holding companies with asset sizes ranging from \$6.0 to \$9.9 billion and a median of \$8.3 billion (the "Peer Group") and (2) a reference group of 11 bank holding companies with asset sizes ranging from \$11.6 to \$14.5 billion with a median asset size of \$13.4 billion (the "Reference Group"), approximately the asset size to which United could grow in the next three to five years. The Peer Group consisted of Boston Private Financial Holdings, Inc., CapitalSource, Inc., F.N.B. Corporation, First Financial Bancorp, First Midwest Bancorp, Inc., IBERIABANK Corporation, National Penn Bancshares, Inc., Old National Bancorp, Park National Corporation, Sterling Financial Corporation, Trustmark Corporation and United Bancshares, Inc. The Reference Group consisted of BancorpSouth, Inc., Bank of Hawaii Corporation, FirstMerit Corporation, International Bancshares Corporation, Private Bancorp, Inc., Signature Bank, Susquehanna Bancshares, Inc., UMB Financial Corporation, Umpqua Holdings Corporation, Valley National Bancorp and Wintrust Financial Corporation. The Compensation Committee also compared United's executive compensation to published executive compensation surveys, including bank holding companies with similar asset sizes, compiled with the assistance of Mercer.

The Compensation Committee compares the performance of United to the performance of the companies in the Peer Group and Reference Group and establishes United's compensation practices similar to or more or less than such companies consistent with its goal of competitively compensating United's Named Executive Officers. The Compensation Committee has attempted to compensate its Named Executive Officers comparable to executive officers at Peer Group and Reference Group companies but generally above the median compensation paid in each such group. The Compensation Committee also uses Mercer's analysis to assist in determining the amounts of each element of compensation.

Elements of Compensation

Compensation for each senior executive is allocated among annual base salary, annual non-equity incentive awards and equity incentive awards. The Compensation Committee chooses to pay each element of compensation in order to attract, retain and motivate highly qualified executive talent, reward superior annual performance and provide incentives for their balanced focus on long-term strategic goals and increasing shareholder value as well as short-term performance. The amount of each element of compensation is determined by or under the direction of the Compensation Committee, which uses the following factors to determine the amount of salary and other benefits to pay each executive: performance against corporate and individual objectives for the previous year; difficulty of achieving desired results in the coming year; value of their unique skills and capabilities to support United's long-term performance; performance of their general management responsibilities; and, contribution as a member of the executive management team.

Although the Compensation Committee does not set overall compensation targets and then allocate among the elements, it does review total compensation when making decisions on each element of compensation to ensure that the total compensation for each senior executive is justified and appropriate in the best interests of the company.

Annual Base Salary. United strives to provide its senior executives with a level of assured cash compensation in the form of annual base salary that is competitive with companies in the financial services industry and companies that are comparable in size and performance.

The Compensation Committee reviews base salaries annually and makes adjustments, in light of past individual performance as measured by both financial and non-financial factors and the potential for making significant contributions in the future, to ensure that salary levels remain appropriate and competitive. With respect to all senior executives, other than the Chief Executive Officer, the Compensation Committee also considers Mr. Tallent's recommendations and assessment of each officer's performance, his or her tenure and experience in his or her respective positions, and internal comparability considerations.

Between 2007 and 2009, the Compensation Committee did not increase the annual base salaries for any of the Named Executive Officers as well as most other members of senior management. Further, in 2009, Mr. Tallent voluntarily requested that his salary be reduced by \$80,000 to \$400,000. As a result, by 2010, several of United's executive officers' compensation packages, as well as other key officers, had fallen well below the market median for United's peer group. In 2010, the Compensation Committee increased Mr. Schuette's and Mr. Shearrow's base salaries to \$325,000 and in 2011, increased their base salaries to \$350,000, in each case to bring their compensation closer to the peer group median, while Mr. Tallent's salary was restored to \$500,000 which was slightly above his 2009 level. Mr. Gilbert and Mr. White's base salaries were not increased in 2011.

In June 2011, the Compensation Committee approved salary stock awards for Mr. Schuette and Mr. Shearrow of \$133,500 that further increased their base salaries to \$483,500. While these adjustments moved their base salaries temporarily above peer group medians, the salary adjustments had the effect of shifting a portion of total compensation from variable to fixed. However, the executives' total compensation after these awards remained consistent with our compensation philosophy when compared to total compensation for our peer group. The salary stock awards are paid in fully vested shares of Common Stock ("Salary Stock") issued under the Equity Plan. The number of shares of Salary Stock issued to each executive is determined each pay period by dividing the amount of salary to be paid in stock by the reported closing market price for the Common Stock on the pay date for such pay period (or if not a trading day, on the immediately preceding trading day). The Compensation Committee may, at its sole discretion and without the executives' consent, suspend, modify or terminate this compensation component. The Compensation Committee also approved a Salary Stock award of \$100,000 for Mr. Tallent. Mr. Tallent requested this award not be paid, and the Compensation Committee accepted his request.

Non-Equity Incentive Awards. The Compensation Committee believes that its senior management's incentive compensation should be linked directly to achievement of specified financial and non-financial objectives. As a result, the Compensation Committee adopted and the shareholders approved the Management Annual Incentive Plan in 2007. This "pay for performance" plan has governed the level of bonuses that could be awarded by the Compensation Committee to senior executive officers during the past five years.

Under United's Management Annual Incentive Plan, the Compensation Committee strives to link salary and non-equity incentives to objective standards of performance and may consider the non-financial factors discussed earlier and various financial performance measures, including operating and reported earnings per share; returns on equity, tangible equity and assets; revenue, loan and deposit growth; operating efficiency; loan and credit quality; and customer satisfaction scores. In addition, the plan was designed to qualify for compliance with the limitations on executive compensation deductions under Internal Revenue Code of 1986, as amended, Section 162(m).

During the first quarter of 2011, the Board and Compensation Committee suspended the Management Annual Incentive Plan for 2011 due to the execution of the asset disposition plan and related significant net loss for the quarter and full year. As a result, the Compensation Committee determined that the minimum performance measures that would have been required for 2011 could not be met. Therefore, the Compensation Committee did not grant non-equity incentive compensation awards or cash bonuses in 2011 to any Named Executive Officers. Also, United did not grant non-equity incentive compensation awards or cash bonuses to the Named Executive Officers between 2007 and 2010.

Equity Incentive Awards. An important element of compensation in the banking industry is the provision of long-term incentives in the form of equity awards such as stock options, restricted stock, and restricted stock units. United also regards equity incentive awards as a key retention tool. These considerations are paramount in the Compensation Committee's determination of the type of an award to grant and the number of underlying awards to be granted. Because of the direct relationship between the value of an option, restricted stock or restricted stock units and the market price of United's Common Stock, United believes that granting these equity incentive awards are the best method of motivating executive and other senior management to manage the company in a manner that is consistent with the long-term interests of United's shareholders.

Equity incentive awards are granted under the Equity Plan, which is a broad-based, shareholder approved plan covering Named Executive Officers, other members of senior management and other key management personnel. The Equity Plan permits United to grant stock options, restricted stock and restricted stock units and provides additional flexibility, if circumstances of United's business and opportunities warrant, to grant other forms of equity-based compensation.

The Equity Plan does not permit the grant price for stock options to be reduced after the initial grant date. Participants may not exercise stock options, or receive restricted stock or restricted stock units until they vest. Because the exercise price of stock options is the fair market value of the underlying stock on the date of grant, participants do not realize any benefit from such stock options unless United's stock price appreciates prior to their maturity.

During 2011, options to acquire 10,000 shares of Common Stock were awarded by the Compensation Committee in connection with employment offers. Except for those options granted in connection with employment offers, there were no options awarded to the Named Executive Officers or any other employee during 2011.

During 2011, the Compensation Committee awarded restricted stock units as part of a retention plan to retain key individuals of the company. As part of this retention program, 312,777 restricted stock units were granted to key personnel. Separately, the Named Executive Officers received 87,132 restricted stock units. The restricted stock units vest equally over three years for employees and vest equally in June 2013 and June 2014 for the Named Executive Officers, subject to TARP vesting restrictions.

Retirement and Other Benefits

The Compensation Committee believes that retirement and deferred compensation benefits provide financial security to senior management and their families for their service to the company. As a result, United has adopted the following two plans:

Modified Retirement Plan. United maintains a modified retirement plan (the "Modified Retirement Plan") for certain Named Executive Officers and other key personnel. See the disclosure provided in "Executive Compensation – Pension Benefits" for a description of the material terms of the Modified Retirement Plan and disclosure of 2011 benefits provided to the Named Executive Officers under the Modified Retirement Plan.

In 2011, the Compensation Committee, upon the recommendation of outside consultants, elected to increase the annual retirement benefit by \$30,000 for Mr. Tallent and by \$20,000 for Mr. Schuette and Mr. Shearrow. At December 31, 2011, the annual retirement benefit payable to Mr. Tallent was \$180,000 and for Mr. Schuette and Mr. Shearrow was \$130,000. Mr. Gilbert became a participant in the plan in 2010 and his annual retirement benefit was increased by \$20,000 to \$70,000 in 2011.

Deferred Compensation Plan. In addition, United maintains a deferred compensation plan (the "Deferred Compensation Plan") for senior management, members of the Board of Directors, members of United's local community bank boards and certain other key personnel. See the disclosure provided in "Executive Compensation – Nonqualified Deferred Compensation" for a description of the material terms of the Deferred Compensation Plan and disclosure of benefits provided to the Named Executive Officers under the Deferred Compensation Plan.

Perquisites and Other Benefits

The perquisites provided to United's Named Executive Officers in 2011 were the use of a company-owned car or a car allowance and the payment of the dues for club memberships that are not used exclusively for business purposes. These personal benefits are generally provided to similarly situated financial institution executives in the company's market areas, and United believes it is appropriate to award its senior executives with similar benefits.

United also provides matching contributions of up to 5% of the bonus contributions to the Deferred Compensation Plan. United's Named Executive Officers also participate in company-wide contributions to the 401(k) Plan (as defined herein) and receive other benefits on the same terms as other employees, which plans include medical, dental and life insurance.

Severance Benefits

Generally, stock options, restricted stock and restricted stock unit awards do not continue to vest for United's Named Executive Officers in the event of the officer's termination without cause or a termination by the officer for Good Reason (as defined in the award agreements). Mr. White's option grants could accelerate upon a Change in Control (as defined in his employment agreement); however, the grants are subject to TARP restrictions that do not allow for acceleration. Otherwise, all options and restricted stock awards cease vesting upon termination of employment.

As required by the acquisition agreement pursuant to which United acquired Gwinnett Commercial Group, United entered into an employment agreement with Mr. White consistent with an existing agreement he had with such company. See the disclosure provided in "Executive Compensation - Agreements with Executive Officers" for a description of the material terms of such employment agreement, including severance benefits to Mr. White under certain circumstances. As previously described, all of the Named Executive Officers have executed a letter agreement waiving their right to any severance payment that violates the ARRA.

United does not provide for any other severance benefits to its Named Executive Officers, except as described below.

Benefits Upon a Change in Control

United's senior management has substantially contributed to the success of United, and the company believes that it is important to protect them in the event of a change in control. Further, it is United's belief that the interests of shareholders will be best served if the interests of its senior management are aligned with them, and providing change in control benefits should reduce any reluctance of senior management to pursue potential change in control transactions that may be in the best interests of shareholders.

For that reason, United's Named Executive Officers have each entered into agreements with the company, the terms of which are described in "Executive Compensation - Agreements with Executive Officers and Post-Employment Compensation". The Compensation Committee has established the payment and benefit levels to be paid to the Named Executive Officers following a change in control under these agreements consistent with what the Compensation Committee believes is standard for financial institution executives in the markets in which United operates.

Based upon (1) a hypothetical change in control and (2) the termination of our Named Executive Officers as of December 31, 2011, all payments of compensation and benefits under the agreements with such officers would be payable in a lump sum (except for Mr. White, who would be paid in 24 monthly installments) and in the following approximate amounts: Mr. Tallent \$1,907,517; Mr. Schuette \$947,772; Mr. Shearrow \$945,762; Mr. White \$972,000; and Mr. Gilbert \$247,500. The Compensation Committee believes that these potential benefits would be minor relative to the substantial transaction value for United's shareholders.

None of these payments would be considered Excess Severance Payments but all of such payments by United would be prohibited by the ARRA during the time Treasury owns the preferred stock it purchased under the CPP. As previously described, all of the Named Executive Officers have executed a letter agreement waiving their right to any severance payment that violates the ARRA.

Executive Compensation

Summary Compensation Table

The following table sets forth the compensation paid during the past three years to the Named Executive Officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary(1)	Bonus(1)	Restricted Stock Unit Awards(2)	Stock Option Awards(3)	Non-Equity Incentive Plan Compensation(4)	Change in Pension Value and Deferred Compensation Earnings(4)	All Other(5)	Total
Jimmy C. Tallent	2011	\$ 454,000	\$ —	\$ 199,998	\$ —	\$ —	\$ 379,746	\$ 77,795	\$ 1,111,539