2010 Annual Report

United Community Banks, Inc.

Financial Highlights

(in millions, except per share data)	2010	2009
Core Earnings Summary		
Net interest revenue	$ 243.1	$ 245.2
Core fee revenue	47.5	47.5
Core operating expenses	177.2	182.9
Core earnings (pre-tax, pre-credit)	**113.4**	**109.8**
Provision for loan losses	(234.8)	(310.0)
Foreclosed property costs	(65.7)	(32.3)
Loss on sale of non-performing assets	(45.3)	-
FDIC special assessment	-	(3.8)
Bank-owned life insurance adjustments	-	2.0
Securities gains, net	2.5	2.8
Loss on prepayment of borrowings	(2.2)	-
Gain on sale of low income housing tax credits	.7	.7
Income tax benefit	88.0	91.7
Net operating loss	**(143.4)**	**(139.1)**
Gain from acquisition	-	7.1
Non-cash goodwill impairment charges	(210.6)	(95.0)
Partial recovery of 2007 fraud loss	7.2	-
Severance costs	-	(1.8)
(Loss) income from discontinued operations	(.1)	.5
Gain from sale of subsidiary	1.3	-
Net loss	(345.6)	(228.3)
Preferred dividends and discount accretion	(10.3)	(10.2)
Net loss available to common shareholders	$ (355.9)	$ (238.5)
Per Common Share		
Diluted operating loss from continuing operations	$ (1.62)	$ (2.47)
Diluted loss	(3.76)	(3.95)
Book value	4.84	8.36
Tangible book value	4.76	6.02
Performance Measures		
Net interest margin	3.56 %	3.29 %
Allowance for loan losses to loans	3.79	3.02
Tangible common equity to assets (year-end)	6.08	7.30
Tier I risk-based capital ratio (year-end)	9.67	12.41
As of Year-End		
Loans	$ 4,604.1	$ 5,151.5
Investment securities	1,490.2	1,530.0
Total assets	7,443.2	7,999.9
Deposits	6,469.2	6,627.8
Shareholders' equity	635.5	962.3
Common shares outstanding *(thousands)*	94,685	94,046
Shareholders	18,000	17,500
Employees	1,817	1,818
Banking offices	106	107

Letter to Shareholders

Dear Shareholder,

This is an extraordinary time in the history of our company. When I wrote last year's annual report letter, I fully expected that by now we would be through the recession, that our troubled asset values would have stabilized and that 2011 would be a year of more normal growth and reduced unemployment. I was wrong. The economic downturn continues in our markets. Unemployment remains at historical highs. Real estate asset values have not stabilized, and in some of our markets they continue to decline.

Despite these challenging conditions, 2010 was a year of progress and achievement for United Community Banks. I hope 2011 will be better, but we know that business decisions cannot be based solely on hope. I believe it is important, therefore, to focus this letter largely on one specific and significant action – our recent capital transaction – because it deserves the full attention and understanding of each shareholder.

First, some perspective. As you know, the entire banking industry was severely impacted by the deep recession and collapse of the real estate market, and United certainly was no exception. Residential real estate in our metro Atlanta, north Georgia, coastal Georgia and western North Carolina markets has suffered disproportionately. I say that as background, not as an excuse: I accept full responsibility for the decisions and performance of this company, regardless of environment. I will add that United has known only success for most of its six decades, and the adversity of the past three years has been foreign, difficult and unforgiving. It has been said that adversity builds character and leaves you stronger, and I firmly believe this to be the case with United Community Banks.

We have made aggressive efforts over the past two years to resolve credit issues, restore our net interest margin, increase core transaction deposits and grow relationships with small businesses and other commercial enterprises. I have detailed to you our commitment to reduce costs and improve efficiency through process improvements and workforce reduction. I have outlined the opportunities we've pursued to preserve and enhance capital, including aggressive actions such as participation in the U.S. Treasury's Capital Purchase Program and a capital infusion in 2009. Other actions – such as removing $103 million in problem assets by partnering with a private equity firm – improved our balance sheet. Our financial and credit performance improved in the third and fourth quarters of 2010, and we have seen further improvement in the first quarter of 2011.

Progress has not come swiftly or strongly enough, however, and as we turned the calendar to 2011 our classified assets were still too high in relation to capital. Regulators follow this ratio closely as they assess the health and strength of our bank, and we knew that pressure from their direction would increase until we resolved this situation. Regulators can place controls on a bank's growth and activities, and a bank that is not in good standing can find it difficult to take advantage of growth opportunities. This is an explanation, not a complaint; regulators have a job to do and we respect that.

Under these circumstances, management and the board of directors evaluated strategic alternatives to address our credit, financial and regulatory challenges. We considered three alternatives: (1) maintaining the status quo and letting time and economic conditions heal our problems, (2) selling common or preferred stock in public or private offerings, and (3) selling the company to a larger financial institution. After considering these alternatives, the board concluded that an optimal business plan would have to meet the following objectives:

- raise additional capital;
- demonstrate a meaningful reduction in non-performing assets to strengthen and de-risk the balance sheet;
- address concerns over any potential write-down of deferred tax assets;
- show a clear and defined path back to sustainable profitability within a relatively short time period; and
- allow us to take advantage of opportunities, such as potentially entering new markets and acquiring branches and other assets of other financial institutions through negotiated purchases, mergers and FDIC-assisted transactions.

We determined that the best way to accomplish these objectives was to sell a significant amount of stock to institutional investors in a private offering. This strategy would enable us to recapitalize the company at a favorable price to market, and use a portion of the capital to divest a substantial amount of our classified and most risky assets. This course would serve both short and long-term interests of our existing shareholders, employees, customers and communities because it would:

- restore the bank's compliance with its memorandum of understanding with regulators;
- allow us to resume dividend and interest payments on our preferred stock and trust preferred securities;
- allow us to avoid more serious regulatory enforcement actions;
- provide a significant level of capital to de-risk our balance sheet by disposing of riskier assets;
- return the company quickly to profitability; and
- allow us to take advantage of growth opportunities.

On March 30, 2011, we completed a capital transaction with Corsair Capital, LLC ("Corsair") and seven other institutional investors. They provided $380 million of capital by purchasing a combination of our common stock at a price of $1.90 per share and preferred stock that will be converted into common stock, mandatorily, at a conversion price of $1.90 per share after shareholder approval. When the preferred stock is converted, and assuming all of the proposals are approved at the annual meeting, these investors will own approximately 70 percent of our outstanding voting and non-voting common stock.

As part of the capital investment, we also announced plans to significantly improve our balance sheet by selling and disposing of approximately $435 million in substandard performing and non-performing loans and foreclosed properties, by the end of the second quarter. By the time you receive this letter, most of the asset disposition will already have been accomplished.

The recapitalization, loan sale and disposition of foreclosed properties are perhaps the most significant developments in the recent history of our company. They will result in a stronger organization that is better positioned to focus on the many growth opportunities in our markets – opportunities that can drive our success for years to come.

Corsair, the lead investor, is a multinational private equity firm with a long and successful track record of partnering strategically with, and investing in, banks and financial institutions worldwide. I strongly believe they are an ideal partner for United and our shareholders.

All eight of the investors know our industry and have examined our company in detail. They concluded that we are a quality franchise with strong management supported by extraordinarily dedicated and talented employees. They saw that United has a proven successful business model, an unmatched record of customer satisfaction and significant opportunities for profitability and growth in the short and long term. In their opinion, which is considerable, all of these attributes made United an attractive investment.

We recognize that this transaction is dilutive to existing shareholders. I know you don't like that and neither do I, nor do the other directors, all of whom are significant United shareholders. We could have perhaps struggled through with smaller amounts of capital along the way, returned to good standing with our regulators in a few years, and found selected growth opportunities still available. We would have had less dilution as shareholders, but of a smaller, sleepy institution. We rejected that course because we don't believe high-initiative employees can be attracted and retained where opportunity is lacking. We don't believe communities will thrive to their full potential without the active, creative and stable financial support of locally focused banks. We don't believe we can live the United golden rule – treating our customers the way we want to be treated – without sufficient strength to fully support the people providing the service. What we do believe is we should actively control our destiny to the highest possible extent, rather than passively wait for events to determine our future.

We are also shifting our risk profile from a concentration on residential real estate loans to a more balanced portfolio with increased focus on small business and commercial loans. The new capital will enable us to place additional commercial loan officers in our metropolitan markets. While taking no pleasure from the problems of other banks, we will be in a position to attract new customers and employees from weaker financial institutions.

Further, our new lead investor – Corsair – provides a level of comfort because its interests are in line with those of our other shareholders. When Corsair benefits, all shareholders benefit proportionally. As part of this partnership, we are proud to gain an excellent new board member, Peter Raskind. Peter has a very impressive resume, including past service as CEO of National City Corporation. We look forward to the benefit of his banking history, experience with public companies and many other strong attributes.

Our increased capital also is consistent with the guidance from regulators, freeing us to concentrate on productive things like operating, strengthening and growing the company we have all worked so very hard to create and sustain.

While recognizing that the economy has its inevitable impact on every company, I look to the future with optimism. The fundamentals that built this great organization are still in place – in fact, they are stronger than ever before. Core deposit growth is the best in our history. People are moving business to United at a rate higher than we have ever seen. Our customer satisfaction is nothing less than the best among U.S. banks; we have been recognized as such by Customer Service Profiles, an independent research firm. In addition, J.D. Power and Associates included United on its distinguished "Customer Service Champion" list, which includes only 39 other companies and *no* other banks. This follows our 2010 J. D. Power award for 'Highest Customer Satisfaction in Retail Banking in the Southeast Region.' What a record. I believe we have the best bankers in the industry.

In fact, there has never been a more passionate group of people, nor one that responds to need with a greater sense of professional urgency, than United Community Bank employees. They have remained steadfast; not for a moment have they taken their eye off the ball. Our ability to attract world-class investors is a testament to these talented people, and the high threshold to which they have raised our company. I congratulate and thank them.

I also thank you, for your patience and dedication to United. Your trust has allowed us to secure a course of action that puts us in position to return to profitability more quickly.

With our people, vision, strategy, drive, and now capital, we are in a much better position to seize the opportunities before us. That is what we intend to do.

Sincerely,

Jimmy Tallent
President and Chief Executive Officer
United Community Banks, Inc.

Consolidated Statement of Income

(in thousands, except per share data)	2010	2009	2008
Interest Revenue			
Loans, including fees	$ 277,904	$ 322,509	$ 385,959
Investment securities	59,958	77,370	75,869
Federal funds sold, commercial paper and deposits in banks	3,260	2,950	2,880
Total interest revenue	341,122	402,829	464,708
Interest Expense:			
Deposits:			
NOW	6,966	11,023	28,626
Money market	7,552	9,545	10,643
Savings	331	483	764
Time	66,883	120,326	158,268
Total deposit interest expense	81,732	141,377	198,301
Federal funds purchased, repurchase agreements and other short-term borrowings	4,235	2,842	7,699
Federal Home Loan Bank advances	3,355	4,622	13,026
Long-term debt	10,749	10,893	9,239
Total interest expense	100,071	159,734	228,265
Net interest revenue	241,051	243,095	236,443
Provision for loan losses	223,000	310,000	184,000
Net interest revenue after provision for loan losses	18,051	(66,905)	52,443
Fee Revenue:			
Service charges and fees	30,127	30,986	31,683
Mortgage loan and other related fees	7,019	8,959	7,103
Brokerage fees	2,662	2,085	3,457
Securities gains, net	2,552	2,756	1,315
Gain from acquisition	-	11,390	-
Losses on prepayment of borrowings	(2,233)	-	(2,714)
Other	8,421	6,178	5,237
Total fee revenue	48,548	62,354	46,081
Total revenue	66,599	(4,551)	98,524
Operating Expenses:			
Salaries and employee benefits	96,618	101,568	104,056
Communications and equipment	13,781	14,676	15,139
Occupancy	15,394	15,653	14,862
Advertising and public relations	4,625	3,950	5,695
Postage, printing and supplies	4,072	5,040	6,243
Professional fees	9,254	11,480	9,191
Foreclosed property	65,707	32,365	19,110
FDIC assessments and other regulatory charges	13,747	16,004	6,020
Amortization of intangibles	3,160	3,104	3,009
Goodwill impairment	210,590	95,000	-
Loss on sale of non-performing assets	45,349	-	-
Severance costs	-	2,898	-
Other	16,594	13,210	17,010
Total operating expenses	498,891	314,948	200,335
Loss from continuing operations before income taxes	(432,292)	(319,499)	(101,811)
Income tax benefit	(85,492)	(90,659)	(37,912)
Net loss from continuing operations	(346,800)	(228,840)	(63,899)
(Loss) income from discontinued operations, net of income taxes	(101)	513	449
Gain from sale of subsidiary, net of income taxes and selling costs	1,266	-	-
Net loss	(345,635)	(228,327)	(63,450)
Preferred stock dividends	10,316	10,242	724
Net loss available to common shareholders	$ (355,951)	$ (238,569)	$ (64,174)
Loss per common share - Basic / Diluted	$ (3.76)	$ (3.95)	$ (1.35)
Cash dividends per common share	-	-	.18
Weighted average common shares outstanding - Basic / Diluted	94,624	60,374	47,369

Consolidated Balance Sheet

(in thousands, except share data)	2010	2009
Assets		
Cash and due from banks	$ 95,994	$ 126,265
Interest-bearing deposits in banks	111,901	120,382
Federal funds sold, commercial paper and short-term investments	441,562	129,720
Cash and cash equivalents	649,457	376,367
Securities available for sale	1,224,417	1,530,047
Securities held to maturity (fair value $267,988)	265,807	-
Mortgage loans held for sale	35,908	30,226
Loans, net of unearned income	4,604,126	5,151,476
Less allowance for loan losses	174,695	155,602
Loans, net	4,429,431	4,995,874
Assets covered by loss sharing agreements with the FDIC	131,887	185,938
Premises and equipment, net	178,239	182,038
Accrued interest receivable	24,299	33,867
Goodwill and other intangible assets	11,446	225,196
Foreclosed property	142,208	120,770
Other assets	350,097	319,591
Total assets	$ 7,443,196	$ 7,999,914
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits:		
Demand	$ 793,414	$ 707,826
NOW	1,424,781	1,335,790
Money market	891,252	713,901
Savings	183,894	177,427
Time:		
Less than $100,000	1,496,700	1,746,511
Greater than $100,000	1,002,359	1,187,499
Brokered	676,772	758,880
Total deposits	6,469,172	6,627,834
Federal funds purchased, repurchase agreements and other short-term borrowings	101,067	101,389
Federal Home Loan Bank advances	55,125	114,501
Long-term debt	150,146	150,066
Accrued expenses and other liabilities	32,171	43,803
Total liabilities	6,807,681	7,037,593
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $1 par value; 10,000,000 shares authorized;		
Series A, $10 stated value; 21,700 shares issued and outstanding	217	217
Series B, $1,000 stated value; 180,000 shares issued and outstanding	175,711	174,408
Common stock, $1 par value; 200,000,000 shares authorized;		
94,685,003 and 94,045,603 shares issued	94,685	94,046
Common stock issuable; 336,437 and 221,906 shares	3,894	3,597
Capital surplus	665,496	622,034
(Accumulated deficit) retained earnings	(335,567)	20,384
Accumulated other comprehensive income	31,079	47,635
Total shareholders' equity	635,515	962,321
Total liabilities and shareholders' equity	$ 7,443,196	$ 7,999,914

Selected Financial Data - Quarterly Core Summary

(in millions, except per share data; taxable equivalent)	2010				2009
	4th Q	3rd Q	2nd Q	1st Q	4th Q
Core Earnings Summary					
Net interest revenue	$ 60.1	$ 60.0	$ 61.6	$ 61.3	$ 63.9
Core fee revenue (1)	11.8	12.6	11.6	11.6	11.7
Core revenue (1)	71.9	72.6	73.2	72.9	75.6
Core operating expenses (2)	44.3	45.2	43.8	44.0	45.7
Core earnings (pre-tax, pre-credit) (1)(2)	27.6	27.4	29.4	28.9	29.9
Operating provision for loan losses (3)	(47.8)	(50.5)	(61.5)	(75.0)	(90.0)
Foreclosed property costs					
Write downs and losses from sales	(15.8)	(14.2)	(11.2)	(8.1)	(9.6)
Other expenses	(4.8)	(5.5)	(3.3)	(2.7)	(4.8)
Loss on sale of non-perfoming assets	-	-	(45.3)	-	-
Securities gains, net	-	2.5	-	.1	2.0
Loss on prepayment of borrowings	-	(2.2)	-	-	-
Gain on sale of low income housing tax credits	.7	-	-	-	.7
Income tax benefit	16.5	16.7	32.4	22.4	31.7
Net operating loss from continuing operations (4)	(23.6)	(25.8)	(59.5)	(34.4)	(40.1)
Non-cash goodwill impairment charges	-	(210.6)	-	-	-
Partial reversal of fraud loss provision, net of tax expense	7.2	-	-	-	-
(Loss) income from discontinued operations	-	-	-	(.1)	.2
Gain from sale of subsidiary, net of income taxes and selling costs	-	-	-	1.3	-
Net loss	(16.4)	(236.4)	(59.5)	(33.2)	(39.9)
Preferred dividends and discount accretion	2.6	2.6	2.6	2.6	2.6
Net loss available to common shareholders	$ (19.0)	$ (239.0)	$ (62.1)	$ (35.8)	$ (42.5)
Performance Measures					
Per common share:					
Diluted operating loss from continuing operations (4)	$ (.28)	$ (.30)	$ (.66)	$ (.39)	$ (.45)
Diluted loss from continuing operations	(.20)	(2.52)	(.66)	(.39)	(.45)
Diluted loss	(.20)	(2.52)	(.66)	(.38)	(.45)
Book value	4.84	5.14	7.71	7.95	8.36
Tangible book value (5)	4.76	5.05	5.39	5.62	6.02
Key performance ratios:					
Net interest margin (6)	3.58 %	3.57 %	3.60 %	3.49 %	3.40 %
Tangible equity to assets (period-end) (5)	8.45	9.35	9.22	9.27	9.54
Tangible common equity to assets (period-end) (5)	6.08	6.84	6.86	6.98	7.30
Asset Quality*					
Non-performing loans	$ 179.1	$ 217.8	$ 224.3	$ 280.8	$ 264.1
Foreclosed properties	142.2	129.9	123.9	136.3	120.8
Total non-performing assets (NPAs)	321.3	347.7	348.2	417.1	384.9
Allowance for loan losses	174.7	174.6	174.1	173.9	155.6
Operating net charge-offs (1)	47.7	50.0	61.3	56.7	84.6
Allowance for loan losses to loans	3.79 %	3.67 %	3.5 %	3.48 %	3.02 %
Operating net charge-offs to average loans (1)(6)	4.03	4.12	4.98	4.51	6.37
NPAs to loans and foreclosed properties	6.77	7.11	6.97	8.13	7.30
NPAs to total assets	4.32	4.96	4.55	5.32	4.81
At Period End					
Loans*	$ 4,604	$ 4,760	$ 4,873	$ 4,992	$ 5,151
Investment securities	1,490	1,310	1,488	1,527	1,530
Total assets	7,443	7,013	7,652	7,837	8,000
Deposits	6,469	5,999	6,330	6,488	6,628
Shareholders' equity	636	662	904	926	962
Common shares outstanding	94.7	94.4	94.3	94.2	94.0

(1) Excludes net securities gains and losses, losses from the prepayment of borrowings and gains from the sale of low income housing tax credits. (2) Excludes foreclosed property costs, goodwill impairment charges and the loss on the sale of non-performing assets to Fletcher International. (3) Excludes an $11.75 million partial recovery of a 2007 fraud related loan loss and the reversal of the related provision for loan losses. (4) Excludes after-tax effect of the goodwill impairment charge and the partial recovery of a 2007 fraud related loan loss, both of which were considered to be non-operating items and are therefore excluded from operating earnings. Also excludes earnings (loss) from discontinued operations and the gain from the sale of Brintech. (5) Excluded the effect of acquisition related intangible assets. (6) Annualized.

* Excludes loans and foreclosed properties covered by loss sharing agreements with the FDIC.

Selected Financial Data - Annual Core Summary

(in millions, except per share data; taxable equivalent)	2010	2009	2008	2007	2006
Core Earnings Summary					
Net interest revenue	$ 243.1	$ 245.2	$ 238.7	$ 274.5	$ 237.9
Core fee revenue (1)	47.5	47.5	47.5	52.7	42.9
Core revenue (1)	290.6	292.7	286.2	327.2	280.8
Core operating expenses (2)	177.2	182.9	179.3	177.3	154.3
Core earnings (pre-tax, pre-credit) (1)(2)	113.4	109.8	106.9	149.9	126.5
Operating provision for loan losses (3)	(234.8)	(310.0)	(184.0)	(37.6)	(14.6)
Foreclosed property costs					
Write downs and losses from sales	(49.3)	(18.1)	(12.4)	(1.5)	(.5)
Other expenses	(16.4)	(14.2)	(6.7)	(2.9)	(.5)
Loss on sale of non-performing assets	(45.3)	-	-	-	-
FDIC special assessment	-	(3.8)	-	-	-
Bank-owned life insurance adjustments	-	2.0	(2.0)	-	-
Securities gains (losses), net	2.5	2.8	1.3	3.2	(.6)
Loss on prepayment of borrowings	(2.2)	-	(2.7)	(2.2)	(.6)
Gain on sale of low income housing tax credits	.7	.7	-	-	-
Income tax benefit	88.0	91.7	35.7	(40.3)	(41.3)
Net operating (loss) income from continuing operations (4)	(143.4)	(139.1)	(63.9)	68.6	68.4
Gain from acquisition, net of tax	-	7.1	-	-	-
Non-cash goodwill impairment charges	(210.6)	(95.0)	-	-	-
Severance cost, net of tax benefit	-	(1.8)	-	-	-
Fraud loss provision and subsequent recovery, net of tax benefit	7.2	-	-	(11.0)	-
Net (loss) income from discontinued operations	(.1)	.5	.4	.4	.4
Gain from sale of subsidiary, net of income taxes and selling costs	1.3	-	-	-	-
Net (loss) income	(345.6)	(228.3)	(63.5)	58.0	68.8
Preferred dividends and discount accretion	10.3	10.2	.7	-	-
Net (loss) income available to common shareholders	$ (355.9)	$ (238.5)	$ (64.2)	$ 58.0	$ 68.8
Performance Measures					
Per common share:					
Diluted operating (loss) earnings from continuing operations (4)	$ (1.62)	$ (2.47)	$ (1.36)	$ 1.47	$ 1.65
Diluted (loss) earnings	(3.76)	(3.95)	(1.35)	1.24	1.66
Cash dividends declared (rounded)	-	-	.18	.36	.32
Stock dividends declared (6)	-	3 for 130	2 for 130	-	-
Book value	4.84	8.36	16.95	17.73	14.37
Tangible book value (5)	4.76	6.02	10.39	10.94	10.57
Key performance ratios:					
Net interest margin	3.56 %	3.29 %	3.18 %	3.88 %	4.05 %
Tangible equity to assets (5)	9.15	8.33	6.67	6.63	6.32
Tangible common equity to assets (5)	6.80	6.15	6.57	6.63	6.32
Asset Quality*					
Non-performing loans	$ 179.1	$ 264.1	$ 190.7	$ 28.2	$ 12.5
Foreclosed properties	142.2	120.8	59.8	18.1	1.2
Total non-performing assets (NPAs)	321.3	384.9	250.5	46.3	13.7
Allowance for loan losses	174.7	155.6	122.3	89.4	66.6
Operating net charge-offs (3)	215.7	276.7	151.2	21.8	5.5
Allowance for loan losses to loans	3.79 %	3.02 %	2.14 %	1.51 %	1.24 %
Operating net charge-offs to average loans (3)	4.42	5.03	2.57	.38	.12
NPAs to loans and foreclosed properties	6.77	7.30	4.35	.78	.25
NPAs to total assets	4.32	4.81	2.92	.56	.19
At Year End					
Loans*	$ 4,604	$ 5,151	$ 5,705	$ 5,929	$ 5,377
Investment securities	1,490	1,530	1,617	1,357	1,107
Total assets	7,443	8,000	8,592	8,207	7,101
Deposits	6,469	6,628	7,004	6,076	5,773
Shareholders' equity	636	962	989	832	617
Common shares outstanding	94.7	94.0	48.0	46.9	42.9

(1) Excludes net securities gains and losses, losses from the prepayment of borrowings, gain from the acquisition of Southern Community Bank and gains from the sale of low income housing tax credits. (2) Excludes foreclosed property costs, goodwill impairment charges, severance costs, the special FDIC assessment in 2009, the loss from the sale of non-performing assets to Fletcher International in 2010 and a bank-owned life insurance expense item and subsequent recovery. (3) Excludes fraud-related provision for loan losses and related charge-offs of $18 million in 2007 and the subsequent partial recovery and provision reversal of $11.75 million in 2010. (4) Excludes after-tax effect of goodwill impairment charges, severance costs, gain from the acquisition of Southern Community Bank and fraud-related loan losses and subsequent partial recovery, all of which are considered to be non-operating items and are therefore excluded from operating earnings. Also excludes earnings (loss) from discontinued operations and the gain from the sale of Brintech. (5) Excludes the effect of acquisition-related intangible assets. (6) Number of new shares issued for shares currently held.
* Excludes loans and foreclosed properties covered by loss sharing agreements with the FDIC.

Corporate Information

Financial Information

Analysts and investors seeking financial information should contact:

Rex S. Schuette
Executive Vice President and
Chief Financial Officer
(706) 781-2265
rex_schuette@ucbi.com

This Annual Report contains forward-looking statements that involve risk and uncertainty and actual results could differ materially from the anticipated results or other expectations expressed in the forward-looking statements. A discussion of factors that could cause actual results to differ materially from those expressed in the forward-looking statements is included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

This Annual Report also contains financial measures that were prepared on a basis different from accounting principles generally accepted in the United States ("GAAP"). References to operating earnings, pre-tax, pre-credit earnings and core earnings are non-GAAP financial measures. Management has included such non-GAAP financial measures because such non-GAAP measures exclude certain non-recurring revenue and expense items and therefore provide a meaningful basis for analyzing financial trends. A reconciliation of these measures to financial measures determined using GAAP is included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Stock Price

United Community Banks, Inc.'s common stock is traded on the Nasdaq Global Select market under the symbol UCBI. Quarterly stock prices for 2010 and 2009 are provided in the following table.

	2010				2009			
Quarter	High	Low	Close	Average Daily Volume	High	Low	Close	Average Daily Volume
1st	$ 5.00	$ 3.21	$ 4.41	882,923	$ 13.87	$ 2.28	$ 4.16	524,492
2nd	6.20	3.86	3.95	849,987	9.30	4.01	5.99	244,037
3rd	4.10	2.04	2.24	810,161	8.00	4.80	5.00	525,369
4th	2.60	1.10	1.95	1,084,578	5.33	3.07	3.39	1,041,113

Account Consolidation

If you receive duplicate statements from United and wish to discontinue such mailings, or would like to consolidate your accounts, contact Shareholder Relations at (866) 270-5900 or investor_relations@ucbi.com. This will enable United to avoid unnecessary cost for duplication and mailing.

Shareholders seeking information on stock-transfer requirements, lost certificates, dividends and other shareholder matters, should contact Shareholder Relations.

Transfer Agent and Registrant

IST Shareholder Services
209 West Jackson Blvd., Suite 903
Chicago, Illinois 60606
(312) 427-2953

Independent Registered Public Accountants

Porter Keadle Moore, LLP
Atlanta, Georgia

Legal Counsel

Kilpatrick Townsend & Stockton LLP
Atlanta, Georgia

Equal Opportunity Employer

United Community Banks is an equal opportunity employer. All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and other personnel policies will remain free from discriminatory practices.

Board of Directors

Robert L. Head, Jr.
Chairman
Owner, Head Westgate

W.C. Nelson, Jr.
Vice Chairman
Owner, Nelson Tractor Company

Jimmy C. Tallent
President and
Chief Executive Officer

Robert H. Blalock
Owner, Blalock Insurance Agency, Inc.

Cathy Cox
President, Young Harris College

Hoyt O. Holloway
Owner, H and H Farms

Peter E. Raskind
Principal
JMB Consulting LLC

John D. Stephens
Partner, Stephens MDS, LP

Tim Wallis
President and
Chief Executive Officer
Wallis Printing Company

Zell B. Miller
Director Emeritus
Retired U.S. Senator

Executive Officers

Jimmy C. Tallent
President and
Chief Executive Officer

Guy W. Freeman
Executive Vice President
Chief Operating Officer

Rex S. Schuette
Executive Vice President
Chief Financial Officer

David P. Shearrow
Executive Vice President
Chief Risk Officer

Craig Metz
Executive Vice President
Corporate Marketing

Bill M. Gilbert
Senior Vice President
Retail Banking

Glenn S. White
President, Atlanta Region

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