

PALMETTO BANCSHARES INC
Form 425
April 22, 2015

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

FORM 8-K

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

Date of Report (Date of earliest event reported): April 22, 2015

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

Georgia
(State or other jurisdiction of
incorporation)

No. 001-35095
(Commission File Number)

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

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

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

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

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

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

Item
1.01 Entry into a Material Definitive Agreement.

On April 22, 2015, United Community Banks, Inc. (the “Company”), the holding company for United Community Bank, Blairsville, Georgia, entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Palmetto Bancshares, Inc. (“Palmetto”), the holding company for The Palmetto Bank, Greenville, South Carolina. Under the Merger Agreement, Palmetto will merge with and into the Company (the “Merger”) and The Palmetto Bank will merge with and into United Community Bank.

Subject to certain conditions and potential adjustments, Palmetto’s shareholders will have the right to receive 0.97 shares of the Company’s common stock or \$19.25 in cash, or a combination thereof, for each share of Palmetto common stock. The total merger consideration shall be prorated as necessary to ensure that 30% of the total outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the total outstanding shares of Palmetto common stock will be exchanged for shares of United common stock in the merger. The aggregate merger consideration equals \$74,004,165 and 8,970,202 shares of the Company’s common stock. The parties anticipate closing the Merger during the fourth quarter of 2015.

The Merger Agreement has been unanimously approved by the boards of directors of each of the Company and Palmetto. The closing of the Merger is subject to the required approval of Palmetto’s shareholders, requisite regulatory approvals, the effectiveness of the registration statement to be filed by the Company with respect to the stock to be issued in the Merger, and other customary closing conditions.

The Merger Agreement contains usual and customary representations and warranties that the Company and Palmetto made to each other as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the contract between the Company and Palmetto, and may be subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, the representations and warranties are subject to a contractual standard of materiality that may be different from what may be viewed as material to shareholders, and the representations and warranties may have been used to allocate risk between the Company and Palmetto rather than establishing matters as facts.

The Merger Agreement may be terminated in certain circumstances, including: (i) by mutual written agreement of the parties; (ii) by either party in the event of a breach by the other party of any representation or warranty contained in the Merger Agreement which has not been cured within thirty days and where such breach is reasonably likely to permit such party to refuse to consummate the Merger; (iii) by either party in the event that any required regulatory authority is denied by final action or any law or order prohibiting the Merger shall become final and nonappealable; (iv) by either party if the requisite Palmetto shareholder approval is not obtained; (v) by either party in the event that, under certain circumstances, the Merger shall not have been consummated by December 31, 2015 or certain conditions in the Merger Agreement have not been satisfied by February 29, 2016; (vi) by the Company in the event that, upon the effectiveness of the Company’s Registration Statement on Form S-4 with respect to the issuance of common stock to Palmetto shareholders, the Palmetto board of directors has not recommended for approval the Merger Agreement to its shareholders; (vii) by Palmetto, prior to Palmetto shareholder approval, to enter into a superior proposal; or (viii) by Palmetto in the event that the Company’s common stock price decreases in comparison to the specified ratio provided in the Merger Agreement, and the Company elects not to increase the merger consideration to be received by Palmetto shareholders. Upon termination of the Merger Agreement by Palmetto to enter into a superior proposal, Palmetto may be required to pay the Company a termination fee

of \$7.5 million.

The foregoing summary of the Merger Agreement is qualified in its entirety by reference to the complete text of such document, which is filed as Exhibit 2.1 to this Current Report on Form 8-K and which is incorporated herein by reference. The related press release is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Participants in the Merger Solicitation.

The Company and Palmetto, and certain of their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the shareholders of Palmetto in respect of the Merger. Information regarding the directors and executive officers of the Company and Palmetto and other persons who may be deemed participants in the solicitation of the shareholders of Palmetto in connection with the Merger will be included in the proxy statement/prospectus for Palmetto's special meeting of shareholders, which will be filed by the Company with the SEC. Information about the Company's directors and executive officers can also be found in the Company's definitive proxy statement in connection with its 2015 annual meeting of shareholders, as filed with the SEC on March 31, 2015, and other documents subsequently filed by the Company with the SEC. Information about Palmetto's directors and executive officers can also be found in Palmetto's definitive proxy statement in connection with its 2015 annual meeting of shareholders, as filed with the SEC on April 1, 2015, and other documents subsequently filed by Palmetto with the SEC. Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and other relevant documents regarding the Merger filed with the SEC when they become available.

Item
8.01 **Other Events.**

The Company has posted on the "Investor Relations" page of its website (<http://www.ucbi.com>) supplemental information related to the Merger. A copy of the supplemental information is filed as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing description is qualified in its entirety by reference to such exhibit. The Company is not undertaking any obligation to update this supplemental information.

Item
9.01 **Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated April 22, 2015, by and between United Community Banks, Inc. and Palmetto Bancshares, Inc.
99.1	Press release dated April 22, 2015 announcing the Merger Agreement with Palmetto Bancshares, Inc.
99.2	Supplemental Information dated April 22, 2015.

Cautionary Statements Regarding Forward-Looking Information.

This Current Report contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. In general, forward-looking statements usually use words such as “may,” “believe,” “expect,” “anticipate,” “intend,” “v,” “should,” “plan,” “estimate,” “predict,” “continue” and “potential” or the negative of these terms or other comparable terminology, including statements related to the expected timing of the closing of the Merger, the expected returns and other benefits of the Merger, to shareholders, expected improvement in operating efficiency resulting from the Merger, estimated expense reductions resulting from the transactions and the timing of achievement of such reductions, the impact on and timing of the recovery of the impact on tangible book value, and the effect of the Merger on the Company’s capital ratios. Forward-looking statements represent management’s beliefs, based upon information available at the time the statements are made, with regard to the matters addressed; they are not guarantees of future performance. Forward-looking statements are subject to numerous assumptions, risks and uncertainties that change over time and could cause actual results or financial condition to differ materially from those expressed in or implied by such statements.

Factors that could cause or contribute to such differences include, but are not limited to, the possibility that expected benefits may not materialize in the time frames expected or at all, or may be more costly to achieve; that the Merger may not be timely completed, if at all; that prior to completion of the Merger or thereafter, the parties’ respective businesses may not perform as expected due to transaction-related uncertainties or other factors; that the parties are unable to implement successful integration strategies; that the required regulatory, shareholder, or other closing conditions are not satisfied in a timely manner, or at all; reputational risks and the reaction of the parties’ customers to the Merger; diversion of management time to Merger-related issues; and other factors and risk influences contained in the cautionary language included under the headings “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2014 and other documents subsequently filed by the Company with the SEC. Consequently, no forward-looking statement can be guaranteed. Neither the Company nor Palmetto undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For any forward-looking statements made in this Current Report on Form 8-K, the exhibits hereto or any related documents, the Company and Palmetto claim protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Additional Information and Where to Find It.

This communication is being made in respect of the Merger involving the Company and Palmetto. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the Merger, the Company will file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will include a proxy statement/prospectus for the shareholders of Palmetto. The Company also plans to file other documents with the SEC regarding the Merger with Palmetto. Palmetto will mail the final proxy statement/prospectus to its shareholders. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER AND ANY OTHER RELEVANT DOCUMENTS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE MERGER.** The proxy statement/prospectus, as well as other filings containing information about the Company and Palmetto, will be available without charge, at the SEC's website (<http://www.sec.gov>). Copies of the proxy statement/prospectus and other documents filed with the SEC in connection with the Merger can also be obtained, when available, without charge, from the Company's website (<http://www.ucbi.com>) and Palmetto's website (<http://www.palmettobank.com>).

SIGNATURES

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

UNITED COMMUNITY BANKS, INC.

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

Date: April 22, 2015

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