

UNITED COMMUNITY BANKS INC  
Form S-3ASR  
November 14, 2008

As filed with the Securities and Exchange Commission on November 14,  
2008

File No. 333-\_\_\_\_\_

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

FORM S-3

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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

Georgia  
(State or other jurisdiction of  
incorporation or organization)

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

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

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

Copies to:  
James W. Stevens  
Kilpatrick Stockton LLP  
1100 Peachtree Street, Suite 2800  
Atlanta, Georgia 30309-4530  
(404) 815-6500

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

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

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

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

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.  x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.  o

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

Large Accelerated Filer  x

Accelerated Filer  o

Non-accelerated Filer  o

Smaller Reporting Company  o

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered (1) | Proposed Maximum Offering Price per Unit (3) | Proposed Maximum Aggregate Offering Price (3) | Amount of Registration Fee (4) |
|--|-----------------------------|--|---|--------------------------------|
| Common Stock                                       | 648,350 (2)                 | \$20.00                                      | \$12,967,000                                  | \$723.56                       |

(1) In the event of a stock split, stock dividend or similar transaction involving the registrant's common stock, in order to prevent dilution, the number of shares registered shall automatically be increased to cover the additional shares in accordance with Rule 416 under the Securities Act of 1933.

(2) Represents the number of shares of the registrant's common stock issuable upon exercise of currently outstanding warrants that may be exercised at any time from October 31, 2008 until October 31, 2013 at an exercise price of \$20.00 per share.

(3) The price per share and maximum aggregate offering price are based on the \$20.00 per share exercise price of the warrants pursuant to Rule 457(g) of the Securities Act of 1933.

(4) Calculated pursuant to Rule 457(g) under the Securities Act of 1933.

PROSPECTUS

648,350 SHARES  
OF  
COMMON STOCK

This prospectus relates to United Community Banks, Inc.'s issuance from time to time of up to 648,350 shares of common stock, \$1.00 par value per share, upon the exercise of currently outstanding warrants and the offer and sale of such common stock by the holders of such warrants following their exercise.

The warrants are exercisable at a conversion price \$20.00 per share at any time between October 31, 2008 and October 31, 2013. The conversion price is subject to adjustment as more fully set forth in the warrant agreements. The warrants to which the common stock relates were issued on October 31, 2008 in connection with United's private placements of \$11,767,000 of trust preferred securities through United Community Statutory Trust II and \$1,200,000 of trust preferred securities through United Community Statutory Trust III.

This prospectus provides you with a general description of the common stock issuance upon exercise of the warrants and that may be sold by the holders of such warrants. Our common stock is listed on the Nasdaq Global Select Mart under the symbol "UCBI". The prices at which the selling shareholders may sell the shares in this offering will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any of the proceeds from the sale of the shares.

Investing in our securities involves a high degree of risk. See the section entitled "Risk Factors" beginning on page 2, and the sections entitled "Risk Factors" in our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q, both as filed with the Securities and Exchange Commission, and both of which are incorporated herein by reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense. An investment in securities of United Community Banks, Inc. is not insured by the Federal Deposit Insurance Corporation or any other government agency.

|           |                                   |
|-----------|-----------------------------------|
|           | Approximate Proceeds to United(1) |
| Per Share | \$20                              |
| Total     | \$12,967,000                      |

- (1) Before deducting net expenses, which are estimated to be approximately \$21,000. No underwriter will be used in connection with the issuance of common stock upon exercise of the warrants. We will issue the shares of our common stock directly to the holders of such warrants upon the exercise of such warrants.

The date of this prospectus is November 14, 2008.

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You should rely only on the information contained or incorporated by reference in this prospectus or in any prospectus supplement or free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with information that is different from such information. If anyone provides you with different information, you should not rely on it. You should assume that the information contained in this prospectus, any prospectus supplement and any free writing prospectus is accurate only as of the date on its cover page and that any information we have incorporated by reference herein or therein is accurate only as of the date given in the document incorporated by reference.

References to our website have been provided for reference only, and information on our website does not constitute part of this prospectus. Neither this prospectus nor any prospectus supplement or free writing prospectus is an offer to sell or the solicitation of an offer to buy our common stock in any circumstances or jurisdiction where the offer or sale is not permitted.

ABOUT THIS PROSPECTUS

To understand the terms of the securities issuable under this prospectus, you should carefully read this prospectus and any applicable prospectus supplement or free writing prospectus we may authorize to be delivered to you. You should also read the documents referenced under the heading “Where You Can Find More Information” for information on United Community Banks, Inc. and its financial statements. This prospectus is part of a registration statement that United Community Banks, Inc. has filed with the U.S. Securities and Exchange Commission, or the SEC, using a “shelf registration” procedure.

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

## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Securities Exchange Act of 1934, which means that we are required to file reports, proxy statements, and other information, all of which are available at the Public Reference Section of the U.S. Securities and Exchange Commission at Room 1580, 100 F. Street, N.E., Washington, D.C. 20549. You may also obtain copies of the reports, proxy statements, and other information from the Public Reference Section of the SEC, at prescribed rates, by calling 1-800-SEC-0330. The SEC maintains a website at <http://www.sec.gov> where you can access reports, proxy, information and registration statements, and other information regarding registrants that file electronically with the SEC through the EDGAR system.

We have filed a registration statement on Form S-3 to register the securities to be issued under this prospectus. As allowed by SEC rules, this prospectus does not contain all of the information you can find in the registration statement or the exhibits to the registration statement because some parts of this registration statement are omitted in accordance with the rules and regulations of the SEC. You may obtain a copy of the registration statement from the SEC at the address listed above or from the SEC's website.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus incorporates important business and financial information about United which is not included in or delivered with this prospectus. The following documents previously filed by United are incorporated by reference into this prospectus:

United's Form 10-K for the fiscal year ended December 31, 2007, as amended;

United's Proxy Statement for the 2008 Annual Meeting;

United's Form 10-Q for the quarter ended September 30, 2008;

United's Current Reports on Form 8-K, filed with the SEC on October 6, 2008, October 23, 2008 and November 7, 2008;

The description of United's capital stock included on United's Form S-3 filed with the SEC on June 18, 2004 and any amendments or reports filed for the purpose of updating such description;

All other reports filed by United pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 since December 31, 2007; and

All documents filed after the date of this prospectus and prior to termination of the offering hereunder pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934

..

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

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Documents incorporated by reference are available from United without charge. You may obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from Lois Rich, Investor Relations, United Community Banks, Inc., at 63 Highway 515, Blairsville, Georgia 30512, telephone number (706) 781-2265.

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## BUSINESS

This prospectus provides you with a general description of United, the securities issuable under this prospectus and the offering. The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the securities.

United Community Banks, Inc., Blairsville, Georgia, is the third-largest bank holding company headquartered in Georgia. United conducts substantially all of its operations through 27 separate “community banks” with 108 locations in north Georgia, metro Atlanta, coastal Georgia, western North Carolina and east Tennessee. United’s community banks offer a full range of retail and corporate banking services, including checking, savings and time deposit accounts, secured and unsecured loans, wire transfers, brokerage services and other financial services.

United also operates, as a division of its Georgia bank subsidiary, United Community Mortgage Services, a full-service retail mortgage lending operation approved as a seller/servicer for the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, and Brintech, Inc., a New Smyrna Beach, Florida based consulting firm for the financial services industry. United owns an insurance agency, United Community Insurance Services, Inc., known as United Community Advisory Services through its Georgia bank. Additionally, United provides retail brokerage services through an affiliation with a third party broker/dealer.

At September 30, 2008, United had total consolidated assets of \$8.1 billion, total loans of \$5.8 billion, total deposits of \$6.7 billion, and shareholders’ equity of \$816.9 million.

United was incorporated in 1987 as a Georgia corporation. United’s principal executive offices are located at 63 Highway 515, Blairsville, Georgia 30512, and our telephone number is (706) 781-2265. United’s website is [www.ucbi.com](http://www.ucbi.com).

For a complete description of our business, financial condition, results of operations and other important information regarding United, we refer you to our filings with the SEC incorporated by reference in this prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2007, as amended, United’s Proxy Statement for United’s 2008 Annual Meeting and United’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, each of which is incorporated herein by reference. For instructions on how to find copies of these documents, see “Where You Can Find More Information”.

## ABOUT THE OFFERING

This prospectus relates to United Community Banks, Inc.'s issuance from time to time of up to 648,350 shares of common stock, \$1.00 par value per share, upon the exercise of currently outstanding warrants and the offer and sale of such common stock by the holders of such warrants following their exercise.

The warrants are exercisable at a conversion price \$20.00 per share at any time between October 31, 2008 and October 31, 2013. The conversion price is subject to adjustment as a result of any stock dividend by United of its capital stock that is greater than 2% of outstanding shares, any split of United's common stock or similar event affecting United common stock, all as more fully set forth in the warrant agreements.

The warrants to which the common stock relates were issued on October 31, 2008 in connection with United's private placements of \$11,767,000 of trust preferred securities through United Community Statutory Trust II and \$1,200,000 of trust preferred securities through United Community Statutory Trust III. Each capital security issued as part of these trust preferred offerings by United Community Statutory Trust II and United Community Statutory Trust III were issued with a warrant to purchase shares of United common stock. The warrants were issued in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

The warrants are not tradable or transferable separate from the related capital securities. The warrants are exercisable by the holder, in whole or in part, by delivery to United of the executed notice of exercise and the certificates representing the capital securities to be exchanged. A holder of a warrant does not have any of the rights of a holder of common stock before the common stock is purchased upon exercise of the warrant. Therefore, before a warrant is exercised, the holder of the warrant will not be entitled to receive any dividend payment or exercise any voting or other rights associated with the shares of common stock which may be purchased when the warrant is exercised.

As of November 11, 2008, 47,619,859 shares of common stock were issued and outstanding, exclusive of 3,448,147 shares of common stock reserved for issuance upon the exercise of outstanding options and vesting of restricted stock and 122,197 shares reserved for issuance under our deferred compensation plan.



## RISK FACTORS

An investment in our securities involves a significant degree of risk. You should carefully consider the risks described below, the risks discussed in the sections entitled "Risk Factors" contained in any prospectus supplement and our filings with the SEC which are incorporated herein by reference, including our Form 10-K for year ended December 31, 2007, as amended, and our Form 10-Q for the quarter ended September 30, 2008. You should also consider the risks, uncertainties, assumptions and all other information contained in this prospectus or any applicable prospectus supplement or free writing prospectus. These risks and uncertainties are not the only risks we face. It is possible that risks and uncertainties not listed below may arise or become material in the future and affect our business. These risks and uncertainties may be amended, supplemented or superseded from time to time by reports we file with the SEC in the future.

United's ability to raise capital could be limited and could affect its liquidity and could be dilutive to existing shareholders.

Current conditions in the capital markets are such that traditional sources of capital may not be available to United on reasonable terms if it needed to raise capital. In such case, there is no guarantee that United will be able to borrow funds or successfully raise additional capital at all or on terms that are favorable or otherwise not dilutive to existing shareholders.

Past operating results may not be indicative of future operating results.

United may not be able to sustain its growth. Various factors, such as increased size, economic conditions, regulatory and legislative considerations, competition and the ability to find and retain people that can make United's community-focused operating model successful, may impede its ability to expand its market presence. If United experiences a significant decrease in its growth rate, its results of operations and financial condition may be adversely affected.

United's business is subject to the success of the local economies and real estate markets in which it operates.

United's success significantly depends on the growth in population, income levels, loans and deposits and on the continued stability in real estate values in its markets. If the communities in which it operates do not grow or if prevailing economic conditions locally or nationally are unfavorable, United's business may be adversely affected. Adverse economic conditions in United's specific market areas, specifically decreases in real estate property values and sales volumes due to the nature of United's loan portfolio, approximately 90% of which is secured by real estate, could reduce United's growth rate, affect the ability of customers to repay their loans and generally affect United's financial condition and results of operations. United is less able than a larger institution to spread the risks of unfavorable local economic conditions across a large number of more diverse economies.

United's concentration of residential construction loans is subject to unique risks that could adversely affect earnings.

United's residential construction loan portfolio was \$1.6 billion at September 30, 2008, comprising 27% of total loans. Residential construction loans are often riskier than home equity loans or residential mortgage loans to individuals. In the event of a general economic slowdown like the one we are currently experiencing, these loans sometimes represent higher risk due to slower sales and reduced cash flow that could affect the borrowers' ability to repay on a timely basis.



In addition, although regulations and regulatory policies affecting banks and financial services companies undergo continuous change and we cannot predict when changes will occur or the ultimate effect of any changes, there has been recent regulatory focus on construction, development and other commercial real estate lending. Recent changes in the federal policies applicable to construction, development or other commercial real estate loans make us subject to substantial limitations with respect to making such loans, increase the costs of making such loans, and require us to have a greater amount of capital to support this kind of lending, all of which could have a material adverse effect on our profitability or financial condition.

United may face risks with respect to future expansion and acquisitions.

United regularly engages in de novo branch expansion. Also, when we believe a business opportunity becomes available in the right market with the right management team, United may seek to acquire other financial institutions or parts of those institutions. These involve a number of risks, including:

the potential inaccuracy of the estimates and judgments used to evaluate credit, operations, management and market risks with respect to an acquired branch or institution, a new branch office or a new market;

the time and costs of evaluating new markets, hiring or retaining experienced local management and opening new offices and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion;

the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse effects on results of operations; and

the risk of loss of key employees and customers of an acquired branch or institution.

Changes in prevailing interest rates may negatively affect net income and the value of United's assets.

Changes in prevailing interest rates may negatively affect the level of net interest revenue, the primary component of net income. In a period of changing interest rates, interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. At September 30, 2008, United's simulation model indicated that a 200 basis point increase in rates over the next twelve months would cause an approximate 3.2% increase in net interest revenue and a 200 basis point decrease in rates over the next twelve months would cause an approximate 4.0% decrease in net interest revenue. On October 8, 2008 and October 29, 2008, the Federal Open Markets Committee of the Federal Reserve reduced the targeted federal funds rate by 50 basis points each, thereby reducing the targeted federal funds rate to 1.00%. At September 30, 2008, United's simulation model indicated that a 100 basis point decrease in rates would cause an approximate 2.7% decrease in net interest revenue.

Changes in the level of interest rates may also negatively affect the value of United's assets and its ability to realize gains or avoid losses from the sale of those assets, all of which ultimately affect earnings. In addition, an increase in interest rates may decrease the demand for loans.

If United's allowance for loan losses is not sufficient to cover actual loan losses, earnings would decrease.

United's loan customers may not repay their loans according to their terms and the collateral securing the payment of these loans may be insufficient to assure repayment. United may experience significant loan losses which would have a material adverse effect on operating results. Management makes various assumptions and judgments about the collectability of the loan portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. United maintains an allowance for loan losses in an attempt to cover any loan losses inherent in the portfolio. In determining the size of the allowance, management relies on an analysis of the loan portfolio based on historical loss experience, volume and types of loans, trends in classification, volume and trends in delinquencies and non-accruals, national and local economic conditions and other pertinent information. If those assumptions are incorrect, the allowance may not be sufficient to cover future loan losses and adjustments may be necessary to allow for different economic conditions or adverse developments in the loan portfolio.

United may be subject to losses due to fraudulent and negligent conduct of our loan customers, third party service providers and employees.

When we make loans to individuals or entities, we rely upon information supplied by borrowers and other third parties, including information contained in the applicant's loan application, property appraisal reports, title information and the borrower's net worth, liquidity and cash flow information. While we attempt to verify information provided through available sources, we cannot be certain all such information is correct or complete. Our reliance on inco