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MERGER OR SHARE EXCHANGE

THE SOUTH FINANCIAL GROUP, INC.

Certificate of Status	0
Certified Copy	1
Page Count	11 12
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Merger
05/05/04 DC



FLORIDA DEPARTMENT OF STATE
Glenda E. Hood
Secretary of State

May 5, 2005

RESUBMIT
Please give original
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POINTE FINANCIAL CORPORATION
21845 POWERLINE ROAD
BOCA RATON, FL 33433

SUBJECT: POINTE FINANCIAL CORPORATION
REF: P93000070976

We received your electronically transmitted document. However, the document has not been filed. Please make the following corrections and refax the complete document, including the electronic filing cover sheet.

The name of the surviving corporation is THE SOUTH FINANCIAL GROUP, INC. Please correct the corporate name to read as such on section #5 of the Articles of Merger. (The comma Inc. is missing from the corporation name.)

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 245-6906.

Darlene Connell
Document Specialist

FAX Aud. #: H05000114531
Letter Number: 905A00032191

ARTICLES OF MERGER
FOR THE MERGER
OF
POINTE FINANCIAL CORPORATION,
a Florida corporation,
INTO
THE SOUTH FINANCIAL GROUP, INC.,
a South Carolina corporation
(the Surviving Corporation)

EFFECTIVE DATE
5-6-05

FILED
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The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to sections 607.1105 and 607.1107, F.S.

1. The name of the surviving corporation is The South Financial Group, Inc., a South Carolina corporation.
2. The name of the merging corporation is Pointe Financial Corporation, a Florida corporation.
3. Attached hereto is a copy of the Plan of Merger.
4. The merger shall become effective at 12:00 a.m. May 6, 2005.
5. The Plan of Merger was adopted by the board of directors of The South Financial Group, Inc. on October 26, 2004, and shareholder approval was not required.
6. The Plan of Merger was adopted by the shareholders of Pointe Financial Corporation on February 11, 2005.

Date: May 6, 2005

The South Financial Group, Inc.

By: [Signature]
Name: William P. Crawford, Jr.
Title: Executive Vice President

Date: May 6, 2005

Pointe Financial Corporation

By: _____
Name: R. Carl Palmer, Jr.
Title: Chief Executive Officer

H 05000114531

ARTICLES OF MERGER
 FOR THE MERGER
 OF
 POINTE FINANCIAL CORPORATION,
 a Florida corporation,
 INTO
 THE SOUTH FINANCIAL GROUP, INC.,
 a South Carolina corporation
 (the Surviving Corporation)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to sections 607.1105 and 607.1107, F.S.

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Date: May 6, 2005

The South Financial Group, Inc.

By: _____
 Name: William P. Crawford, Jr.
 Title: Executive Vice President

Date: May 6, 2005

Pointe Financial Corporation

By: RCF
 Name: R. Carl Falter, Jr.
 Title: Chief Executive Officer

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AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of October 27, 2004, between The South Financial Group, Inc., a South Carolina corporation ("TSFG") and Pointe Financial Corporation, a Florida corporation ("PFC").

Recitals

The Boards of Directors of TSFG and PFC have determined that it is in the best interests of their respective companies and their shareholders to consummate the business combination transaction provided for herein in which PFC will, subject to the terms and conditions set forth herein, merge (the "Merger") with and into TSFG.

The parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger.

Agreement

In consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** The following terms shall have the indicated definitions.

Acquisition Proposal. Any tender offer or exchange offer or any proposal for a merger, reorganization, consolidation, share exchange, recapitalization, liquidation, dissolution or other business combination involving PFC or any proposal or offer to acquire a substantial equity interest in, or a substantial portion of the assets of, PFC, other than the transaction contemplated by this Agreement.

Articles of Merger. The articles of merger complying with the FBCA and the SCBCA reflecting the merger of PFC with and into TSFG.

BHCA. The Bank Holding Company Act of 1956, as amended.

DPC Shares. Shares of PFC Common Stock held by PFC, TSFG or any of TSFG's Subsidiaries in respect of a debt previously contracted.

Environmental Laws. Any applicable federal, state or local law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to (1) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource), and/or (2) the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Materials. The term Environmental Law includes without limitation (a) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601, et seq; the Clean Air Act, as amended, 42 U.S.C. §7401, et seq; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq; the Toxic Substances Control Act, as amended, 15 U.S.C. §2601, et seq; the Emergency Planning and Community Right to Know Act, 42 U.S.C. §11001, et seq; the Safe Drinking Water Act, 42 U.S.C. §300f, et seq; and all comparable state and local laws, and (b) any common law (including without limitation common law that may impose strict liability) that may impose liability or obligations for injuries or damages due to the presence of or exposure to any Hazardous Materials.

ERISA. The Employee Retirement Income Security Act of 1974, as amended.

Exchange Act. The Securities Exchange Act of 1934, as amended.

Exchange Agent. Registrar & Transfer Company or the successor stock transfer agent of TSFG, which shall be responsible for the exchange of the Merger Consideration for the PFC Common Stock.

FBCA. The Florida Business Corporation Act, as amended.

FDIC. The Federal Deposit Insurance Corporation.

Fair Market Value shall mean the Final TSFG Stock Price.

Federal Reserve Board. The Board of Governors of the Federal Reserve System.

Federal Reserve Consent. The consent of the Federal Reserve Board necessary to consummation of the Merger.

GAAP. Accounting principles generally accepted in the United States consistently applied during the periods involved.

Governmental Entity. Any court, administrative agency or commission or other governmental authority or instrumentality.

Hazardous Materials. Any chemicals, pollutants, contaminants, wastes, toxic substances, petroleum or any other regulated substances or materials regulated under Environmental Laws, which is or could be detrimental to human health, safety or the environment.

IRS. The Internal Revenue Service.

Knowledge. With respect to PFC or TSFG, as the case may be, the actual knowledge of any of the executive officers of such entity.

Loan Property. Any property in which PFC holds a security interest (directly or indirectly through a participation), and, where required by the context, such term means the owner or operator of such property.

Material Adverse Effect. With respect to TSFG or PFC, as the case may be, a condition, event, change or occurrence that has a material adverse effect on the business, results of operations or financial condition of such party and its Subsidiaries taken as a whole, or the ability of the parties to consummate the transactions contemplated hereby, in ease case other than any such effect attributable to or resulting from (i) any change in banking or similar laws, rules or regulations of general applicability or interpretations thereof by a Governmental Entity, (ii) any change in GAAP or regulatory accounting principles applicable to banks, thrifts or their holding companies generally, (v) any action or omission of the parties taken with the prior written consent of the other parties hereto, (w) any events, conditions or trends in business or financial conditions affecting the banking industry, (x) any change or development in financial or securities markets or the economy in general, including changes in interest rates, or (y) the announcement or execution of this Agreement, including the consummation of the transactions contemplated hereby.

Mercantile Bank. Mercantile Bank, a state-chartered, non-member bank and wholly owned subsidiary of TSFG.

Merger Consideration. The Total Stock Amount and the Total Cash Amount to be issued by TSFG upon conversion of the PFC Common Stock as provided herein.

PFC Common Stock. The common stock, par value \$0.01 per share, of PFC.

PFC Option Plans. Collectively, the 1994 Non-Statutory Stock Option Plan and the 1998 Incentive Compensation and Stock Award Plan, as referenced in PFC's SEC filings.

PFC Stock Certificate. A certificate, which previous to the Merger represented any shares of PFC Common Stock.

Pointe Bank. Pointe Bank, a state-chartered, member bank and wholly-owned subsidiary of PFC.

Regulatory Agencies. The Federal Reserve Board, the FDIC, any applicable state banking commissions or any other state bank regulatory authority and any applicable self-regulatory organization with jurisdiction over the parties hereto or transactions contemplated herein.

Rights. Subscriptions, options, warrants, calls, commitments or agreements of any character to purchase capital stock.

SCBCA. The South Carolina Business Corporation Act, as amended.

SEC. The Securities and Exchange Commission.

Subsidiary. The word "Subsidiary" (1) when used with respect to PFC shall mean any corporation, partnership or other organization, whether incorporated or unincorporated, which is consolidated with such party for financial reporting purposes, and (2) when used with respect to TSFG shall mean each Subsidiary of TSFG that is a "Significant Subsidiary" within the meaning of Rule 1-02 of Regulation S-X of the SEC.

Superior Proposal. With respect to PFC, any written Acquisition Proposal made by a person other than TSFG which is for (i) (a) a merger, reorganization, consolidation, share exchange, business combination, recapitalization or similar transaction involving PFC, (b) a sale, lease, exchange, transfer, or other disposition of at least 50% of the assets of PFC, in a single transaction or a series of related transactions, or (c) the acquisition, directly or indirectly, by a person of beneficial ownership of 50% or more of PFC Common Stock whether by merger, consolidation, share exchange, business combination, tender, or exchange offer or otherwise, and (ii) which is on terms which the Board of Directors of PFC in good faith concludes (after consultation with its financial advisors and outside counsel) would, if consummated, result in a transaction that (a) is more favorable to its stockholders from a financial point of view, than the transactions contemplated by this Agreement (b) is reasonably capable of being completed, and (c) that if not accepted by PFC's Board of Directors, would result in a breach of the fiduciary duties of the PFC Board of Directors.

Surviving Corporation. The surviving corporation to the Merger, which shall be TSFG.

Taxes. Taxes shall mean all taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state, local or foreign taxing authority, including, but not limited to income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

Tax Return. Any return, report, information return or other document (including any related or supporting information) with respect to Taxes.

Trust Account Shares. Shares of PFC Common Stock or TSFG Common Stock held directly or indirectly in trust accounts, managed accounts and the like or otherwise held in a fiduciary capacity by PFC, TSFG or their respective subsidiaries for the benefit of third parties.

TSFG Common Stock. The common stock, par value \$1.00 per share, of TSFG.

1.2 **Terms Defined Elsewhere.** The capitalized terms set forth below are defined in the following sections:

"Agreement"	Preamble
"Benefit Agreements"	Section 7.8(c)
"Closing"	Section 10.1

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"Closing Date"	Section 10.1
"Code"	Section 2.3
"Effective Time"	Section 2.2
"Employment Agreements"	Section 7.8(a)
"EP Agreement"	Section 7.8(c)
"ERISA Affiliate"	Section 4.13(a)
"Exchange Fund"	Section 2.9
"Injunction"	Section 8.1(e)
"KBW"	Section 4.9
"Loans"	Section 4.21(a)
"Maximum Amount"	Section 7.9
"Merger"	Recitals
"NASDAQ/NMS"	Section 2.5(a)
"Plans"	Section 4.13(a)
"PFC"	Preamble
"PFC Contract"	Section 4.16(a)
"PFC Director"	Section 7.12
"PFC Disclosure Schedule"	Section 3.1
"PFC Financial Statements"	Section 4.8
"PFC Reports"	Section 4.6
"Proxy Statement/Prospectus"	Section 4.4
"Regulatory Agreement"	Section 4.17
"Representatives"	Section 7.3(a)
"Requisite Regulatory Approvals"	Section 8.1(c)
"S-4"	Section 4.14
"Securities Act"	Section 2.12(b)
State Banking Approvals	Section 4.4
"TSFG"	Preamble
"TSFG's Counsel"	Section 8.2(d)
"TSFG Disclosure Schedule"	Section 3.1
"TSFG Financial Statements"	Section 5.7
"TSFG Preferred Stock"	Section 5.2
"TSFG Reports"	Section 5.5
"Termination Fee Amount"	Section 9.2(b)
"Transmittal Material"	Section 2.5(b)

1.3 **Interpretation.** When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The phrases "the date hereof" and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date of this Agreement. No provision of this Agreement shall be construed to require PFC, TSFG or any of their respective affiliates to take any action that would violate any applicable law (including common law), rule or regulation.

ARTICLE II PLAN OF MERGER

2.1 **The Merger.** Subject to the terms and conditions of this Agreement, in accordance with the FBCA and SCBCA, at the Effective Time, PFC shall merge with and into TSFG. TSFG shall be the Surviving Corporation, and shall continue its corporate existence under the laws of the State of South Carolina. The name of the Surviving Corporation shall continue to be "The South Financial Group, Inc." Upon consummation of the Merger, the separate corporate existence of PFC shall terminate.

2.2 **Effective Time and Effects of the Merger.** Subject to the provisions of this Agreement, on the Closing Date, the Articles of Merger shall be duly prepared, executed and delivered for filing with the Secretaries of State of the State of Florida and the State of South Carolina. The Merger shall occur no later than five business days following the latest to be received of (i) the Requisite Regulatory Approvals from applicable federal and state bank regulatory authorities and expiration of applicable statutory waiting periods as a result thereof and (ii) PFC stockholder approval of this Agreement (collectively, the "PFC Approvals"); but in no event earlier than April 1, 2004 (the "Effective Time").

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The date which is the latest to occur of (i) or (ii) above shall be the "PFC Approval Date." At and after the Effective Time, the Merger shall have the effects set forth in the FBCA and SCBCA.

2.3 Tax Consequences. It is intended that the Merger shall constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") and that this Agreement shall constitute a plan of reorganization for the purposes of Sections 354 and 361 of the Code.

2.4 Conversion of PFC Common Stock.

(a) At the Effective Time, subject to Section 2.10(e), each share of PFC Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of PFC Common Stock held directly or indirectly by PFC, TSFG or any of TSFG's Subsidiaries (except for Trust Account Shares and DPC Shares)) shall, by virtue of this Agreement and without any action on the part of the holder thereof, be converted into and exchangeable for the right to receive, at the election of the holder thereof as provided in and subject to the provisions of Section 2.5, either (i) a number of shares of TSFG common stock equal to the Per Share Stock Consideration or (ii) cash in an amount equal to the Per Share Consideration (the "Per Share Cash Consideration").

For purposes of Section 2.4(a), 2.5 and otherwise in this Agreement:

Aggregate Consideration means the sum of (x) the Total Stock Consideration and (y) the Total Cash Amount.

Cash Percentage means the quotient, rounded to the nearest thousandth, obtained by dividing (A) the quotient obtained by dividing the Total Cash Amount by the Per Share Consideration, by (B) the total number of shares of PFC Common Stock outstanding as of the close of business on the Determination Date.

Common Stock Deemed Outstanding means the sum of (x) the total number of shares of PFC Common Stock outstanding as of the close of business on the Determination Date and (y) the Total Outstanding Options.

Final TSFG Stock Price means the average of the closing sale prices of TSFG Common Stock as reported on the Nasdaq Stock Market's National Market (the "NASDAQ/NMS"), or such other national securities exchange on which the TSFG Common Stock is then traded if not then reported on the NASDAQ/NMS, during the Valuation Period.

Per Share Stock Consideration means the quotient, rounded to the nearest ten-thousandth, obtained by dividing the Per Share Consideration by the Final TSFG Stock Price.

Per Share Consideration means the quotient, rounded to the nearest ten-thousandth, obtained by dividing the Aggregate Consideration by the Common Stock Deemed Outstanding.

Stock Percentage means the amount equal to one (1) minus the Cash Percentage.

Total Stock Consideration means the product obtained by multiplying (x) the Total Stock Amount and (y) the Final TSFG Stock Price.

Total Cash Amount means an amount equal to \$24,493,075.

Total Outstanding Options means the number of shares of PFC Common Stock issuable upon exercise of all options granted by the Company to purchase shares of PFC Common Stock pursuant to the PFC Option Plan and outstanding as of the close of business on the Determination Date.

Total Stock Amount means 2,554,022 shares.

Valuation Period means the ten consecutive trading days during which the shares of TSFG Common Stock are traded on the NASDAQ/NMS ending on the third calendar day immediately prior to the Effective Time (such day, the "Determination Date").

(b) All of the shares of PFC Common Stock converted into the Per Share Consideration pursuant to this Article II shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of PFC Stock Certificates shall thereafter cease to have any rights with respect to such securities, except the right to receive for each share (i) the Per Share Consideration, (ii) any dividends and other distributions in accordance with Section 2.10(b) hereof, and (iii) any cash in lieu of fractional shares pursuant to Section 2.10(e).

(c) If, between the date hereof and the Effective Time, (i) the shares of TSFG Common Stock shall be changed (or TSFG establishes a record date for changing such shares which is prior to the Effective Time) into a different number or class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, (ii) a stock dividend shall be declared (or TSFG establishes a record date for such dividend which is prior to the Effective Time) in respect of TSFG Common Stock, or (iii) any distribution is made (or TSFG establishes a record date for such distribution which is prior to the Effective Time) in respect of TSFG Common Stock other than a regular quarterly cash dividend consistent with past practice, proportionate adjustments shall be made to the Per Share Cash Consideration and the Per Share Stock Consideration.

(d) At the Effective Time, all shares of PFC Common Stock that are owned directly or indirectly by PFC, TSFG or any of TSFG's Subsidiaries (other than Trust Account Shares and DPC Shares) shall be cancelled and shall cease to exist and no stock of TSFG, cash or other consideration shall be delivered in exchange therefor. All shares of TSFG Common Stock that are owned by PFC (other than Trust Account Shares and DPC Shares) shall be cancelled.

2.5 Election Procedures.

(a) An election form in such form as TSFG and PFC shall mutually agree (the "Election Form") shall be mailed concurrent with the Proxy Statement/Prospectus. Customary transmittal materials (which shall specify that

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delivery shall be effected, and risk of loss and title to the certificates theretofore representing shares of PFC Common Stock shall pass, only upon proper delivery of such certificates to the Exchange Agent) in such form as TSFG and PFC shall mutually agree (the "Transmittal Materials") shall be mailed at least 35 days prior to the Election Deadline (as defined below) or on such other date as PFC and TSFG shall mutually agree (the "Mailing Date") to each holder of record of PFC Common Stock as of the close of business on the fifth business day prior to the Mailing Date (the "Election Form Record Date").

(b) Each Election Form shall permit the holder (or the beneficial owner through appropriate and customary documentation and instructions) to elect to receive (i) the Per Share Stock Consideration in respect of all of such holder's PFC Common Stock ("Stock Election Shares"), (ii) the Per Share Cash Consideration in respect of all of such holder's PFC Common Stock ("Cash Election Shares"), (iii) the Per Share Stock Consideration in respect of that portion of such holder's shares of PFC Common Stock equal to the Stock Percentage, rounded to the nearest whole share (the "Mixed Stock Shares"), and the Per Share Cash Consideration in respect of that portion of such holder's shares of PFC Common Stock equal to the Cash Percentage, rounded to the nearest whole share (the "Mixed Cash Shares," and together with the Mixed Stock Shares, the "Mixed Election Shares"), or (iv) to make no election with respect to such holder's PFC Common Stock ("No Election Shares"). Any PFC Common Stock with respect to which the Exchange Agent has not received an effective, properly completed Election Form on or before 5:00 p.m., on the Election Deadline shall also be deemed to be "No Election Shares". The "Election Deadline" shall be 5:00 p.m. on the first business day following the date on which the PFC stockholder meeting at which this Agreement will be considered is called to occur (or such other date as TSFG and PFC may mutually agree).

(c) TSFG shall make available one or more Election Forms as may reasonably be requested from time to time by all persons who become holders (or beneficial owners) of PFC Common Stock between the Election Form Record Date and the close of business on the business day prior to the Election Deadline, and PFC shall provide to the Exchange Agent all information reasonably necessary for it to perform as specified herein.

(d) Any such election shall have been properly made only if the Exchange Agent shall have actually received a properly completed Election Form by the Election Deadline. An Election Form shall be deemed properly completed only if accompanied by one or more certificates (or customary affidavits and indemnification regarding the loss or destruction of such certificates or the guaranteed delivery of such certificates) representing all shares of PFC Common Stock covered by such Election Form, together with duly executed transmittal materials included in the Election Form. Any Election Form may be revoked or changed by the person submitting such Election Form at or prior to the Election Deadline. In the event an Election Form is revoked prior to the Election Deadline and a replacement Election Form as to the applicable PFC Common Stock is not submitted prior to the Election Deadline, the shares of PFC Common Stock represented by such Election Form shall become No Election Shares and TSFG shall cause the certificates representing PFC Common Stock to be promptly returned without charge to the Person submitting the Election Form upon written request to that effect from the holder who submitted the Election Form. Subject to the terms of this Agreement and of the Election Form, the Exchange Agent shall have reasonable discretion to determine whether any election, revocation or change has been properly or timely made and to disregard immaterial defects in the Election Forms, and any good faith decisions of TSFG regarding such matters shall be binding and conclusive. None of PFC, TSFG or the Exchange Agent shall be under any obligation to notify any person of any defect in an Election Form.

(e) Within ten business days after the Election Deadline, unless the Effective Time has not yet occurred, in which case as soon thereafter as practicable, TSFG shall cause the Exchange Agent to effect the allocation among the holders of PFC Common Stock of rights to receive TSFG Common Stock or cash in the Merger in accordance with the Election Forms as follows:

(i) **Cash Election Shares and Mixed Cash Shares More Than Total Cash Amount.** If the aggregate cash amount that would be paid upon the conversion in the Merger of the Cash Election Shares and the Mixed Cash Shares is greater than the Total Cash Amount, then:

(A) all Mixed Stock Shares, Stock Election Shares and No Election Shares shall be converted into the right to receive the Per Share Stock Consideration,

(B) the Exchange Agent shall then select from among the Cash Election Shares, by a pro rata selection process, a sufficient number of shares ("Stock Designated Shares") such that the aggregate cash amount that will be paid in the Merger equals as closely as practicable the Total Cash Amount, and all Stock Designated Shares shall be converted into the right to receive the Per Share Stock Consideration, and

(C) the Cash Election Shares that are not Stock Designated Shares and all Mixed Cash Shares will be converted into the right to receive the Per Share Cash Consideration.

(ii) **Cash Election Shares Plus Mixed Cash Shares Less Than Total Cash Amount.** If the aggregate cash amount that would be paid upon conversion in the Merger of the Cash Election Shares and the Mixed Cash Shares is less than the Total Cash Amount, then:

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(A) all Cash Election Shares and Mixed Cash Shares shall be converted into the right to receive the Per Share Cash Consideration,

(B) the Exchange Agent shall then select first from among the No Election Shares and then (if necessary) from among the Stock Election Shares, by a pro rata selection process, a sufficient number of shares ("Cash Designated Shares") such that the aggregate cash amount that will be paid in the Merger equals as closely as practicable the Total Cash Amount, and all Cash Designated Shares shall be converted into the right to receive the Per Share Cash Consideration, and

(C) the Stock Election Shares and the No Election shares that are not Cash Designated Shares and all Mixed Stock Shares shall be converted into the right to receive the Per Share Stock Consideration.

(iii) Cash Election Shares and Mixed Cash Shares Equal to Total Cash Amount. If the aggregate cash amount that would be paid upon conversion in the Merger of the Cash Election Shares and the Mixed Cash Shares is equal or nearly equal (as determined by the Exchange Agent) to the Total Cash Amount, then subparagraphs (i) and (ii) above shall not apply and all Cash Election Shares and Mixed Cash Shares shall be converted into the right to receive the Per Share Cash Consideration and all Stock Election Shares, Mixed Stock Shares and No Election Shares shall be converted into the right to receive the Per Share Stock Consideration.

(f) The pro rata selection process to be used by the Exchange Agent shall consist of such equitable pro ration processes as shall be mutually determined by TSFG and PFC.

2.6 TSFG Common Stock. Except for shares of TSFG Common Stock owned by PFC (other than Trust Account Shares and DFC Shares), which shall be cancelled as contemplated by Section 2.4 hereof, the shares of TSFG Common Stock issued and outstanding immediately prior to the Effective Time shall be unaffected by the Merger and such shares shall remain issued and outstanding.

2.7 Articles of Incorporation and Bylaws. At the Effective Time, the Articles of Incorporation of TSFG, as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation. At the Effective Time, the Bylaws of TSFG, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until thereafter amended in accordance with applicable law.

2.8 Directors and Executive Officers. At and after the Effective Time, the directors of TSFG shall consist of all of the directors of TSFG serving immediately prior to the Effective Time, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified. The executive officers of TSFG immediately prior to the Effective Time shall be the officers of the Surviving Corporation, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation until their respective successors are duly elected or appointed and qualified.

2.9 TSFG to Make Shares Available. At or prior to the Effective Time, TSFG shall deposit, or shall cause to be deposited with the Exchange Agent, for exchange in accordance with this Article II, (i) certificates representing the shares of TSFG Common Stock to be issued pursuant to Section 2.4 and Section 2.10(a) in exchange for outstanding shares of PFC Common Stock, (ii) such cash as shall be necessary to pay the Per Share Cash Consideration in accordance with Section 2.4 and 2.10(a) hereof, and (iii) the cash in lieu of fractional shares to be paid in accordance with Section 2.10(e) hereof. Such cash and certificates for shares of TSFG Common Stock, together with any dividends or distributions with respect thereto, are hereinafter referred to as the "Exchange Fund."

2.10 Exchange of Shares.

(a) As soon as practicable after the Effective Time, and in any event within seven business days after the Effective Time, or otherwise as may be agreed upon by the parties, the Exchange Agent shall mail to each holder of record of PFC Stock Certificates at the Effective Time, a form letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the PFC Stock Certificates shall pass, only upon delivery of the PFC Stock Certificates, to the Exchange Agent, and (ii) shall be subject to the reasonable approval of PFC) and instructions for use in effecting the surrender of the PFC Stock Certificates in exchange for Merger Consideration. Upon surrender of PFC Stock Certificates for exchange and cancellation to the Exchange Agent, together with a properly executed letter of transmittal, the holder of such PFC Stock Certificates shall be entitled to receive in exchange therefor (x) a certificate representing that number of whole shares of TSFG Common Stock which such holder of PFC Common Stock became entitled to receive pursuant to the provisions of Article II hereof and (y) a check representing the aggregate Per Share Cash Consideration and/or the amount of cash in lieu of fractional shares, if any, which such holder has the right to receive in respect of the PFC Stock Certificates surrendered pursuant to the provisions of Article I hereof, and the PFC Stock Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on the Per Share Cash Consideration, on the cash in lieu of fractional shares or the unpaid dividends and distributions, if any, payable to holders of PFC Stock Certificates.

(b) No dividends or other distributions declared after the Effective Time with respect to TSFG Common Stock and payable to the holders of record thereof shall be paid to the holder of any unsurrendered PFC Stock Certificate until the holder thereof shall surrender such PFC Stock Certificate in accordance with this Article II. After

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the surrender of a PFC Stock Certificate in accordance with this Article II, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to shares of TSFG Common Stock represented by such PFC Stock Certificate.

(c) If any certificate representing shares of TSFG Common Stock is to be issued in a name other than that in which the PFC Stock Certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the PFC Stock Certificate so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other taxes required by reason of the issuance of a certificate representing shares of TSFG Common Stock in any name other than that of the registered holder of the PFC Stock Certificate surrendered, or required for any other reason connected to such transfer, or shall establish to the reasonable satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of PFC of the shares of PFC Common Stock which were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, PFC Stock Certificates representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for certificates representing shares of TSFG Common Stock, as provided in this Article II.

(e) Notwithstanding anything to the contrary contained herein, no certificates or scrip representing fractional shares of TSFG Common Stock shall be issued upon the surrender for exchange of PFC Stock Certificates, no dividend or distribution with respect to TSFG Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of TSFG. In lieu of the issuance of any such fractional share, TSFG shall pay to each former stockholder of PFC who otherwise would be entitled to receive a fractional share of TSFG Common Stock an amount in cash determined by multiplying (i) the Fair Market Value by (ii) the fraction of a share of TSFG Common Stock which such holder would otherwise be entitled to receive pursuant to Section 2.4 hereof.

(f) Any portion of the Exchange Fund that remains unclaimed by the stockholders of PFC for twelve months after the Effective Time shall be paid to TSFG. Any stockholders of PFC who have not theretofore complied with this Article II shall thereafter look only to TSFG for payment of the Per Share Consideration and/or the unpaid dividends and distributions on the TSFG Common Stock deliverable in respect of each share of PFC Common Stock such stockholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of TSFG, PFC, the Exchange Agent or any other person shall be liable to any former holder of shares of PFC Common Stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(g) In the event any PFC Stock Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such PFC Stock Certificate to be lost, stolen or destroyed and the posting by such person of a bond in such amount as the Exchange Agent may direct as indemnity against any claim that may be made against it with respect to such PFC Stock Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed PFC Stock Certificate the Per Share Consideration deliverable in respect thereof pursuant to this Agreement.

2.11 [Reserved]

2.12 Stock Options and Restricted Stock.

(a) At the Effective Time, each option granted by PFC under the PFC Option Plans, which is outstanding and unexercised immediately prior thereto shall cease to represent a right to acquire shares of PFC Common Stock and shall be converted automatically into a fully-vested option to purchase shares of TSFG Common Stock in an amount and at an exercise price determined as provided below (and in accordance with the terms of the applicable PFC Option Plan), the agreements evidencing grants thereunder, and any other agreements between PFC and an optionee regarding PFC Options):

(1) the number of shares of TSFG Common Stock to be subject to the new option shall be equal to the product of the number of shares of PFC Common Stock subject to the original option immediately prior to the Effective Time and the Per Share Stock Consideration, provided that any fractional shares of TSFG Common Stock resulting from such multiplication shall be rounded down to the nearest whole share; and

(2) the exercise price per share of TSFG Common Stock under the new option shall be equal to the exercise price per share of PFC Common Stock under the original option immediately prior to the Effective Time divided by the Per Share Stock Consideration, provided that such exercise price shall be rounded up to the nearest cent.

(b) Immediately prior to the Effective Time, each restricted stock award granted by PFC that is held by any PFC employee or director will be deemed fully vested, all restrictions deemed to lapse and all performance conditions deemed fully achieved.

(c) Prior to the Effective Time, TSFG shall reserve for issuance the number of shares of TSFG Common Stock necessary to satisfy TSFG's obligations under this Section. TSFG shall file with the SEC no later than ten business days after the Effective Time, a registration statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the shares of TSFG Common Stock subject to options to acquire TSFG Common Stock issued pursuant to this Section, and shall use its best efforts to maintain the current status of the prospectus contained therein, as well as comply with applicable state securities or "blue sky" laws, for so long as such options remain outstanding; provided, however, that TSFG shall only be required to file and maintain the effectiveness of such registration statement with respect to options that are eligible to be registered on a Form S-8.

(d) Prior to the Effective Time, TSFG and PFC shall take all such steps as may be required to cause any acquisitions of TSFG equity securities (including derivative securities with respect to any TSFG equity securities) and dispositions of PFC equity securities (including derivative securities with respect to any PFC equity securities) resulting from the transactions contemplated by this Agreement by each individual who is anticipated to be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to TSFG or who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to PFC, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

ARTICLE III
DISCLOSURE SCHEDULES; STANDARDS FOR REPRESENTATIONS AND WARRANTIES
[Omitted]

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY
[Omitted]

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF TSFG
[Omitted]

ARTICLE VI
COVENANTS RELATING TO CONDUCT OF BUSINESS
[Omitted]

ARTICLE VII
ADDITIONAL AGREEMENTS
[Omitted]

ARTICLE VIII
CONDITIONS PRECEDENT
[Omitted]

ARTICLE IX
TERMINATION AND AMENDMENT
[Omitted]

ARTICLE X
GENERAL PROVISIONS
[Omitted]