

P970000089093

Florida Department of State
Division of Corporations
Public Access System

Electronic Filing Cover Sheet

Note: Please print this page and use it as a cover sheet. Type the fax audit number (shown below) on the top and bottom of all pages of the document.

((H04000146752 3)))

Note: DO NOT hit the REFRESH/RELOAD button on your browser from this page. Doing so will generate another cover sheet.

EFFECTIVE DATE
7/16/04

To: Division of Corporations
Fax Number : (850) 205-0380
From: *Angelica M. Chirn*
Account Name : AKERMAN, SENTERFITT & EIDSON, P.A.
Account Number : 075471001363
Phone : (305) 374-5600
Fax Number : (305) 374-5095

FILED
04 JUL 15 PM 2:44
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

RECEIVED
04 JUL 15 PM 2:08
DIVISION OF CORPORATIONS

MERGER OR SHARE EXCHANGE

THE SOUTH FINANCIAL GROUP, INC.

Certificate of Status	0
Certified Copy	1
Page Count	11
Estimated Charge	\$78.75

Electronic Filing Menu

Corporate Filing

Public Access Help

7/15/04
merger
sf

FILED

FAX AUDIT NO. H04000146752

04 JUL 15 PM 2:44

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**ARTICLES OF MERGER
OF
FLORIDA BANKS, INC.,
a Florida corporation,**

WITH AND INTO

**THE SOUTH FINANCIAL GROUP, INC.,
a South Carolina corporation**

EFFECTIVE DATE
7/16/04

Pursuant to the provisions of Sections 607.1105 and 607.1107 of the Florida Business Corporation Act, FLORIDA BANKS, INC., a Florida corporation, and THE SOUTH FINANCIAL GROUP, INC., a South Carolina corporation, do hereby adopt the following Articles of Merger:

1. The names of the entities which are parties to the merger contemplated by these Articles of Merger (the "Merger") are:

(i) FLORIDA BANKS, INC., a Florida corporation (the "Merging Company"); and

(ii) THE SOUTH FINANCIAL GROUP, INC., a South Carolina corporation (the "Surviving Company").

2. The Merging Company is hereby merged with and into the Surviving Company and the separate existence of the Merging Company shall cease. The Surviving Company is the surviving entity in the Merger. A copy of the Agreement and Plan of Merger is attached hereto as Exhibit "A" and made a part hereof by reference as if fully set forth herein. The Agreement and Plan of Merger and the performance of its terms were duly approved by action required under the applicable provisions of the laws of the State of Florida and the State of South Carolina, and the Articles of Incorporation of the Merging Company and the Articles of Incorporation of the Surviving Company.

3. The Agreement and Plan of Merger was approved by the Board of Directors of the Merging Company on March 17, 2004 and by the shareholders of the Merging Company on July 12, 2004, in accordance with applicable Florida law and the Articles of Incorporation of the Merging Company.

4. The Agreement and Plan of Merger was unanimously approved by the Board of Directors of the Surviving Company on March 15, 2004, in accordance with applicable South Carolina law and the Articles of Incorporation of the Surviving Company. The approval of the shareholders of the Surviving Company was not required under applicable South Carolina law.

FAX AUDIT NO. H04000146752

5. The Merger shall become effective at 12:00 a.m. on July 16, 2004.
6. The principal office of the Surviving Company under the laws of the State of South Carolina is 104 S. Main St., Greenville, South Carolina, 29601.
7. The Surviving Company is deemed to have appointed the Secretary of State of the State of Florida as its agent for service of process.

[Signatures are on next page]

FAX AUDIT No. H04000146752

The parties have caused these Articles of Merger to be executed on July 15, 2004.

MERGING COMPANY:

FLORIDA BANKS, INC.

By: 

Name: T. Edwin Stinson, Jr.

Title: CFO

SURVIVING COMPANY:

THE SOUTH FINANCIAL GROUP, INC.

By: _____

Name: William P. Crawford, Jr.

Title: Executive Vice President

FAX AUDIT No. H04000146752

The parties have caused these Articles of Merger to be executed on July 15, 2004.

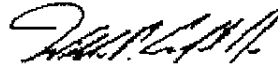
MERGING COMPANY:

FLORIDA BANKS, INC.

By: _____
Name: Ed Stinson
Title: Executive Vice President

SURVIVING COMPANY:

THE SOUTH FINANCIAL GROUP, INC.

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

JUL-15-04 13:50 From:AKERMAN SENTERFITT

3053745095

T-298 P.06/12 Job-893

FAX AUDIT NO. H04000146752

EXHIBIT "A"
AGREEMENT AND PLAN OF MERGER

See Attached

{M2129666;4}
FAX AUDIT NO. H04000146752

FAX AUDIT NO. H04000146752

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of March 17, 2004, between The South Financial Group, Inc., a South Carolina corporation ("TSFG") and Florida Banks, Inc., a Florida corporation ("FLBK").

Recitals

The Boards of Directors of TSFG and FLBK 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 FLBK 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 FLBK or any proposal or offer to acquire a substantial equity interest in, or a substantial portion of the assets of, FLBK, 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 FLBK with and into TSFG.

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

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

Determination Date. The third business day prior to the day of the Effective Time.

Effective Time. The effective time of the Merger as specified in the Articles of Merger.

Environmental Laws. Applicable federal, state and local laws, including common law, regulations and ordinances, and all applicable decrees, orders and contractual obligations relating to pollution or the discharge of, or exposure to, Hazardous Materials in the environment or workplace.

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 FLBK Common Stock.

Exchange Ratio. .77 shares of TSFG Common Stock for each share of FLBK Common Stock, subject to adjustment, if any, as contemplated in Section 9.1(h).

Fair Market Value. The average of the last reported sale price per share (expressed to three decimal places) of the TSFG Common Stock as reported on the NASDAQ/NMS (as reported in the *Wall Street Journal* or another mutually agreeable authoritative source) for the ten consecutive trading days immediately prior to the Determination Date.

FBCA. The Florida Business Corporation Act, as amended.

FDIC. The Federal Deposit Insurance Corporation.

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

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

FLBK Restricted Stock. Shares of FLBK Common Stock issued pursuant to the FLBK Second Amended and Restated Incentive Compensation Plan that are subject to vesting requirements.

FLBK Stock-Based Plans. The FLBK Amended and Restated 1998 Stock Option Plan, the FLBK Amended and Restated Employee Stock Purchase Plan and the FLBK Second Amended and Restated Incentive Compensation Plan.

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

Florida Bank. Florida Bank, N.A., a wholly-owned subsidiary of FLBK.

GAAP. Generally accepted accounting principles 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 other regulated substances or materials.

IRS. The Internal Revenue Service.

Index Price. Index Price on a given date means the closing price of the NASDAQ Bank Index.

Loan Property. Any property in which FLBK holds a security interest, and, where required by the context, such term

FAX AUDIT No. H04000146752

means the owner or operator of such property.

Material Adverse Effect. With respect to TSFG or FLBK, as the case may be, a material adverse effect on (i) the business, results of operations or financial condition of such party and its Subsidiaries taken as a whole, other than any such effect attributable to or resulting from (ii) any change in banking or similar laws, rules or regulations of general applicability or interpretations thereof by courts or governmental authorities, (iii) any change in GAAP or regulatory accounting principles applicable to banks, thrifts or their holding companies generally, (iv) any action or omission of the parties taken with the prior written consent of the other parties hereto, (v) any events, conditions or trends in business or financial conditions affecting the banking industry, (vi) any change or development in financial or securities markets or the economy in general, including changes in interest rates, (vii) the announcement or execution of this Agreement, including any impact on relationships with customers or employees, or (viii) charges and expenses contemplated in connection with the Merger and not otherwise in violation of this Agreement, including those related to employment contracts and severance payments; legal, accounting and investment banking fees; data processing conversion costs; and accounting changes or charges taken pursuant to Section 7.13 or (ix) the ability of the parties to consummate the transactions contemplated hereby.

Merger Consideration. The aggregate number of shares of TSFG Common Stock issuable by TSFG upon conversion of the FLBK Common Stock as provided herein.

Participation Facility. Any facility in which FLBK participates in the management and, where required by the context, such term means the owner or operator of such facility.

Per Share Merger Consideration. The shares of TSFG Common Stock issuable hereunder for each share of FLBK, which shall be equal to the Exchange Ratio.

Regulatory Agencies. The Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC and any other regulatory authority or applicable self-regulatory organization with jurisdiction over the Merger.

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.

Starting Date. March 17, 2004

Starting Price. The closing price of the TSFG common stock, as reported by Nasdaq, on March 17, 2004.

Subsidiary. The word "Subsidiary" (1) when used with respect to FLBK 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 FLBK, 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 FLBK, (b) a sale, lease, exchange, transfer, or other disposition of at least 50% of the assets of FLBK, 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 FLBK Common Stock whether by merger, consolidation, share exchange, business combination, tender, or exchange offer or otherwise, and (ii) which is otherwise on terms which the Board of Directors of FLBK in good faith concludes (after consultation with its financial advisors and outside counsel) would, if consummated, result in a transaction that is more favorable to its shareholders (in their capacities as 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 FLBK's Board of Directors, would result in a breach of the fiduciary duties of the FLBK 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 FLBK 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 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
"Closing Date"	Section 10.1
"Code"	Section 2.3
"ERISA Affiliate"	Section 4.13(a)
"Exchange Fund"	Section 2.8

(M2129666;4)

FAX AUDIT No. H04000146752

FAX AUDIT No. H04000146752

"Financial Advisors"	Section 4.9
"FLBK"	Preamble
"FLBK Contract"	Section 4.16(a)
"FLBK Director"	Section 7.11
"FLBK Disclosure Schedule"	Section 3.1
"FLBK Financial Statements"	Section 4.8
"FLBK Regulatory Agreement"	Section 4.17
"FLBK Reports"	Section 4.6
"Injunction"	Section 8.1(c)
"Loans"	Section 4.21(a)
"Maximum Amount"	Section 7.9
"Merger"	Recitals
"Plans"	Section 4.13(a)
"Proxy Statement/Prospectus"	Section 4.4
"Representatives"	Section 7.3(a)
"Requisite Regulatory Approvals"	Section 8.1(c)
"S-4"	Section 4.14
"Securities Act"	Section 2.11(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 Regulatory Agreement"	Section 5.18
"TSFG Reports"	Section 5.5
"Termination Fee Amount"	Section 9.2(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 FLBK, 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, FLBK 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 FLBK 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 immediately after the Closing. The Merger shall become effective at the Effective Time. 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 FLBK Common Stock**

(a) At the Effective Time, subject to Section 2.9(e), each share of FLBK Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of FLBK Common Stock held directly or indirectly by FLBK, 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, the Per Share Merger Consideration.

FAX ADDIT No. H04000146752

(b) At the Effective Time, all of the shares of FLBK Common Stock converted into the Per Share Merger 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 FLBK 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 Merger Consideration, (ii) any dividends and other distributions in accordance with Section 2.9(b) hereof, and (iii) any cash in lieu of fractional shares pursuant to Section 2.9(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 Exchange Ratio.

(d) At the Effective Time, all shares of FLBK Common Stock that are owned directly or indirectly by FLBK, 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 FLBK (other than Trust Account Shares and DPC Shares) shall be cancelled.

2.5 TSFG Common Stock. Except for shares of TSFG Common Stock owned by FLBK (other than Trust Account Shares and DPC 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.

2.6 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.

2.7 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 and the additional person who shall become a director of TSFG in accordance with Section 7.11 hereof, 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.

2.8 TSFG to Make Shares Available. At 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 2.9(a) in exchange for outstanding shares of FLBK Common Stock, and (ii) the cash in lieu of fractional shares to be paid in accordance with Section 2.9(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."

2.9 Exchange of Shares.

(a) As soon as practicable after the Effective Time, and in any event within five (5) 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 FLBK 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 FLBK Stock Certificates shall pass, only upon delivery of the FLBK Stock Certificates, to the Exchange Agent) and instructions for use in effecting the surrender of the FLBK Stock Certificates in exchange for the Merger Consideration. FLBK shall have the right to review both the letter of transmittal and the instructions prior to the Effective Time and provide reasonable comments thereon. Upon surrender of FLBK Stock Certificates for exchange and cancellation to the Exchange Agent, together with a properly executed letter of transmittal, the holder of such FLBK 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 FLBK Common Stock became entitled to receive pursuant to the provisions of Article II hereof and (y) a check representing the amount of cash in lieu of fractional shares, if any, which such holder has the right to receive in respect of the FLBK Stock Certificates, as provided in Section 2.9(e), and the FLBK Stock Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on the cash in lieu of fractional shares or the unpaid dividends and distributions, if any, payable to holders of FLBK 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 FLBK Stock Certificate until the holder thereof shall surrender such FLBK Stock Certificate in accordance with this Article II.

(M2129666;4)

FAX AUDIT No. H04000146752

FAX ADDIT No. H04000146752

After the surrender of a FLBK 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 FLBK 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 FLBK Stock Certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the FLBK 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 FLBK Stock Certificate surrendered, or required for any other reason, 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 FLBK of the shares of FLBK Common Stock which were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, FLBK 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 FLBK 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 shareholder of FLBK 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 shareholders of FLBK for twelve months after the Effective Time shall be paid to TSFG. Any shareholders of FLBK who have not theretofore complied with this Article II shall thereafter look only to TSFG for payment of the Per Share Merger Consideration and/or the unpaid dividends and distributions on the TSFG Common Stock deliverable in respect of each share of FLBK Common Stock such shareholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of TSFG, FLBK, the Exchange Agent or any other person shall be liable to any former holder of shares of FLBK 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 FLBK Stock Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such FLBK 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 FLBK Stock Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed FLBK Stock Certificate the Per Share Merger Consideration deliverable in respect thereof pursuant to this Agreement.

2.10 [Reserved].

2.11 Stock-Based Plans.

(a) At the Effective Time, each option granted by FLBK under any of the FLBK Stock-Based Plans, which is outstanding and unexercised immediately prior thereto, shall cease to represent a right to acquire shares of FLBK 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 otherwise subject to the terms of the applicable FLBK Stock-Based Plan, the agreements evidencing grants thereunder, and any other agreements between FLBK and an optionee regarding FLBK 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 FLBK Common Stock subject to the original option and the Exchange Ratio, provided that any fractional shares of TSFG Common Stock resulting from such multiplication shall be rounded to the nearest whole share (and .5 of a share shall be rounded up), 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 FLBK Common Stock under the original option divided by the Exchange Ratio, provided that such exercise price shall be rounded to the nearest cent (and .5 of a cent shall be rounded up).

(b) At the Effective Time, each share of FLBK Restricted Stock issued by FLBK under any of the FLBK Stock-Based Plans, which is outstanding immediately prior thereto, shall be converted automatically, at the Exchange Ratio, into fully-vested shares of TSFG Common Stock, provided that any fractional shares of TSFG Common Stock resulting from such the application of the Exchange Ratio shall be rounded to the nearest whole share (and .5 of a share shall be rounded up).

{M2129666,4}

FAX AUDIT No. H04000146752

FAX AUDIT No. H04000146752

(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 (i) subject to options to acquire TSFG Common Stock issued pursuant to this Section or (ii) issued upon the conversion of the FLBK Restricted Stock 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 securities that are eligible to be registered on a Form S-8.

(d) Prior to the Effective Time, TSFG and FLBK 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 FLBK equity securities (including derivative securities with respect to any FLBK 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 FLBK, 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 FLBK

[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]