

Walhalla, S. C., if the aforesaid merger with The Pelzer-Williamston Bank is consummated and if the aforesaid merger with Bank of Walhalla is consummated.

3.

If the aforesaid merger of SOUTHERN with the Bank of Walhalla is approved and consummated and if this merger between SOUTHERN and PELZER-WILLIAMSTON is approved and consummated, the amount of authorized capital stock of the surviving corporation, all of which shall be issued, shall be \$2,217,500.00, divided into 221,750 shares of common stock of the par value of \$10.00 per share. If, for any reason, the merger between SOUTHERN and the Bank of Walhalla is not consummated and this merger agreement between SOUTHERN and PELZER-WILLIAMSTON is approved and consummated, the amount of authorized capital stock of the surviving corporation, all of which shall be issued, shall be \$1,887,500.00, divided into 188,750 shares of common stock of the par value of \$10.00, per share. It being the specific intent of the parties hereto that this merger agreement is not conditioned upon or contingent on the consummation of or failure to consummate the merger of SOUTHERN with the Bank of Walhalla.

4.

The said surviving corporation shall have and possess all of the rights, privileges, powers and franchises of each of the said constituent corporations so merged. For the purposes of this Agreement and in accordance with the statutes and regulations thereto appertaining, balance sheets and profit and loss statements of both SOUTHERN and PELZER-WILLIAMSTON for the immediately preceding three fiscal years have been prepared as well as a pro forma consolidated balance sheet of the two said banking corporations. Such statements, for recording purposes, are not made a part of this Agreement, but copies of the same shall be mailed to the stockholders of both corporations at the same time that notices are mailed to the stockholders of the meeting of the stockholders to be held for the purposes of approving or rejecting this Merger Agreement.

5.

Upon the completion of the merger as aforesaid, each stockholder in PELZER-WILLIAMSTON shall be entitled to eight and one-half (8 1/2) shares

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