

3.

The amount of the authorized capital stock of the surviving corporation shall be Three Million Twenty-Eight Thousand Eight Hundred Forty and no/100 (\$3,028,840.00) Dollars, divided into three hundred two thousand eight hundred eighty-four (302,884) shares of common stock of the par value of Ten and no/100 (\$10.00) Dollars per share of which two hundred forty-three thousand seven hundred fifty (243,750) will be issued and outstanding. The balance of fifty-nine thousand one hundred thirty-four (59,134) is reserved, unissued, to provide for the conversion of Capital Notes issued and outstanding.

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 thereto appertaining, a balance sheet and profit and loss statement of both SOUTHERN and STATE 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 STATE shall be entitled to five (5) shares of the new common stock of SOUTHERN, the surviving corporation, for each share of stock owned in STATE. Each holder of the common stock of STATE, upon surrender of the certificate(s) of the present shares of stock in STATE, properly endorsed with

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