

Matthews, Young - Management Consulting has provided strategic, compensation, executive search and HR services to financial institutions and owner/executives of all types of organizations for more than 40 years. Our compensation practice is devoted to helping clients achieve a balanced set of compensation objectives that are based on the client's unique strategy.

Consultants to Directors
and Management Since
1971

COMPENSATION SERVICES INFORMATION

THE COMPENSATION SERVICE AREA MISSION

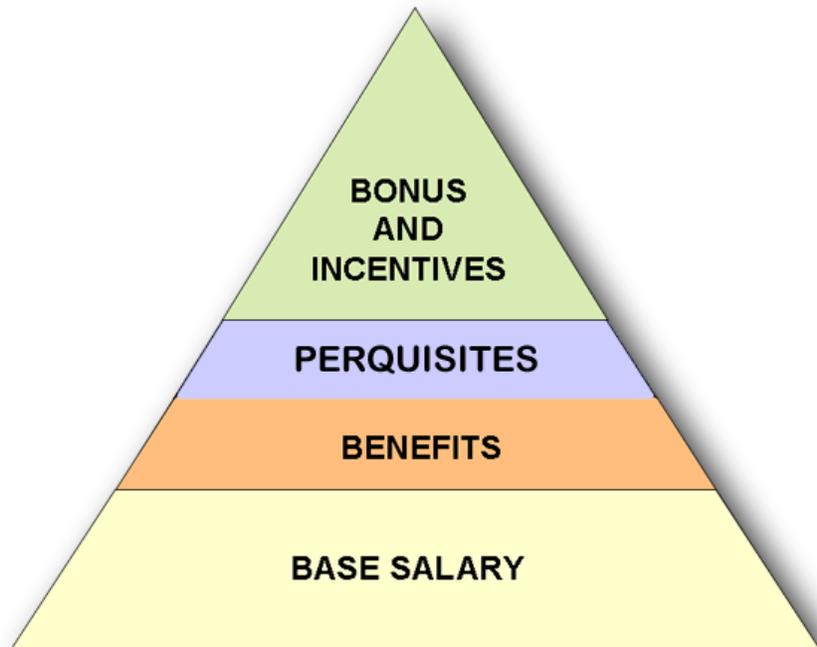
Our mission is to help our clients attract, retain and motivate a sufficient number of qualified people to achieve their strategies, while they plan and control human resource costs within an affordable budget.

MATTHEWS, YOUNG
MANAGEMENT
CONSULTING

A DIVISION OF
MATTHEWS, YOUNG
& ASSOCIATES, INC.

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O U R P H I L O S O P H Y

- Compensation issues are directly related to an organization's condition, culture and objectives.
- Each client is unique and there is no standard answer to an organization's needs. Solutions must be designed, implemented and internalized.
- We like to be held accountable for achieving results, not making recommendations.
- We pursue results and work hard to ensure you get the benefits you seek.
- We keep the client informed throughout the consulting process to ensure the client is never surprised.

O U R C O M P E N S A T I O N S E R V I C E S :

The following are some of the compensation issues Matthews, Young - Management Consulting has addressed in recent client engagements:

- Compensation Strategy and Policy Development and Related Proxy CD&A Assistance
- Stock-Based Incentives, Phantom Stock and Performance Unit Incentives, Deferred Compensation and other forms of Long Term Executive Incentive Compensation Design and Administration
- Individual and Team Alternative Compensation Plans
- Directors Current and Deferred, Cash and Stock Compensation
- Fairness and Reasonableness of Executive Compensation
- Job Description and Evaluation System Development
- Salary Administration System Development
- Performance Evaluation and Salary Increase Processes
- Benefits and Perquisites Review and Programming
- Annual Incentive and Bonus Compensation Design and/or Administration
- Performance Evaluation for Incentive and Bonus Distribution Systems
- Compensation Survey Development and Administration Compensation Budgeting and Control Modeling

P R O B L E M S O L V I N G A P P R O A C H

Most of our client relationships begin with a request to address a specific issue in the compensation area. In addressing the issue, our approach is like that of a good physician. We attempt to understand the overall health of the patient before prescribing a solution for a specific problem.



We prefer to start the problem solving process with an audit of the client's overall compensation philosophy, policies, systems and practices. Each component is examined in light of the client's financial and organizational well being, as well as their unique strategy and objectives. When the audit is accomplished and the big picture is known, a solution can be prescribed to address the specific problem.

The client is always involved in the problem solving process. It is the client who decides among the valid alternative solutions and determines the pace and resources to be applied to the solution.

We, the consultant, provide the time, objectivity and expertise necessary to focus on the problem. Since we sell no products, our prescribed solutions are never biased. We stay involved until the problem has been resolved. We work on the problem within a determined budget, keeping the client informed of progress and expenditures against the budget. We are qualified to address all forms of compensation and how they can be mixed to provide you and your employees with the best overall solution to your unique needs.

O U R R E S O U R C E S

The value you receive from a relationship with a firm like Matthews, Young is directly related to the resources the firm can bring to bear to solve your problems and advance your interests.



PEOPLE

We are structured to place senior managers with certifications and practical experience on your case. Our consulting staff includes professionals with broadly diverse backgrounds. We also draw upon local universities for associative resources as the technical need requires. The biographical sketches on the succeeding pages provide more details about our senior consultants.

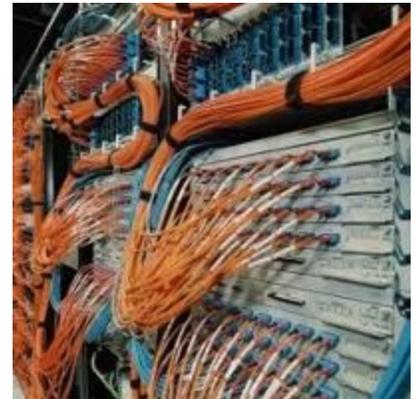
INFORMATION

We maintain a variety of marketplace information including industry, occupational and geographic subsets. This data is supplemented through our own private surveys and analyses. In addition, our in house library and local university libraries provide ready access to volumes of compensation information, as well as peer company and market statistical data. With these data resources, we are able to draw upon the information necessary to make relevant market comparisons for our clients.

TECHNOLOGY

We use industry standard computer hardware and software to solve client problems and to transfer strategy information and models. We maintain models for the analysis of the impacts of strategy on the firm to include the effect upon capital adequacy and the creation of value for the stockholders.

Our systems allow for the electronic transfer of data by email, VPN, fax, etc. Communication with Matthews, Young is available 24 hours a day.



W H O T O C O N T A C T

Call (919)644-6962 and ask for:

Tim O'Rourke (tim.orourke@matthewsyong.com),
David Jones (david.jones@matthewsyong.com),
Randy McGraw (rmcgraw@matthewsyong.com).

You can also feel free to visit or write us at:

Matthews, Young-Management Consulting
505 Millstone Drive
Hillsborough, NC 27278

B I O G R A P H I C A L S K E T C H E S

J. TIMOTHY O'ROURKE, CCP PRESIDENT AND CHIEF EXECUTIVE OFFICER

An Illinois native, Tim O'Rourke grew up in North Carolina and received his BA degree from the University of North Carolina at Chapel Hill. In 1970, he joined the Durham-based Central Carolina Bank, where in 1981 he was named a First Vice President. His 14 year banking career includes management positions in Systems/Programming, Operations, Research, Personnel and Marketing. He has also chaired Marketing, Operations and Asset/Liability Management Committees with banks. In addition, Mr. O'Rourke has completed the North Carolina Bankers Association's Advanced Management Program, and has received the American Compensation Association's Certified Compensation Professional designation. He has published numerous articles on banking subjects, frequently speaks at financial institution forums and is on the faculty of a number of FDIC sponsored Bank Director Colleges.

In 1984, Mr. O'Rourke joined **MATTHEWS, YOUNG—MANAGEMENT CONSULTING** to help executives grow their earnings and expand in size. He has worked on a broad group of assignments with all types of organizations, including serving as interim managing officer for a \$425 million troubled savings and loan for an 18 month period. Over his many years of consulting, he has become a specialist in strategic planning, organizational design, management by objectives systems, executive compensation, salary administration, management incentives and executive search and outplacement.

Since 1998, Mr. O'Rourke has been a Senior Principal and has been responsible for delivery of all strategic, compensation and search services to clients of all types. He is often called upon to speak on compensation issues, and conducts numerous strategic planning programs. In his current role as President and CEO, Mr. O'Rourke continues to focus his attention on ensuring client experience with the Firm is top rate.

DAVID W. JONES, CCP PRINCIPAL, DIRECTOR OF EXECUTIVE COMPENSATION SERVICES

Mr. Jones recently returned to **MATTHEWS, YOUNG—MANAGEMENT CONSULTING** where he began his consulting career and, as a Principal consultant, led the firm's compensation consulting practice. Most recently, he was a Senior Vice President and Principal in the Consulting Division of Silverton Bank, leading the Executive Compensation consulting practice. Mr. Jones was also a Principal in the executive compensation consulting practice of Mercer Human Resource Consulting for over 15 years.

A cum laude graduate of Davidson College, David holds an MBA from Duke University. He is a member of WorldatWork and has held accreditation as a Certified Compensation Professional

since 1983. With over 30 years in consulting, Mr. Jones has worked in a variety of industries as well as addressing the particular needs of SEC reporting, privately-held, S-corp. and De Novo banks. He specializes in the evaluation, design and implementation of all aspects of executive and outside director compensation programs. Mr. Jones is frequently retained to evaluate the appropriateness of executive compensation and equity arrangements in light of business performance and returns to shareholders.

P. RANDALL MCGRAW
SENIOR CONSULTANT

Randy McGraw joined **MATTHEWS, YOUNG—MANAGEMENT CONSULTING** in October of 2002. In his seventeen year professional career, Randy held positions in accounting and finance as a Controller and CFO for a Retail Service Consulting firm. After assisting with the merger and public stock offering of the firm, he then held positions in senior management as a Regional Vice President and Divisional Vice President responsible for the development and implementation of sales and marketing programs. Randy's varied and diverse background required skills in operations, human Business planning, sales and marketing, all with budget and profit responsibilities.

Most recently, Randy has been employed as an Estate Executor responsible for the administration an final settlement of a \$20+ million estate. In this role he has obtained experience in negotiations, loss management, risk management and asset management. In addition to these skills, he has gained valuable insight into business organization, debt financing and strategic planning.

Randy has a BS degree in Business Administration with a core concentration in Accounting and Finance from Appalachian State University. He completed Leadership Training courses and brought a diverse background to **MATTHEWS, YOUNG—MANAGEMENT CONSULTING**.

SUPPORT STAFF SPECIALISTS

Among a total staff of 10, the firm has Support Staff Specialists with a variety of business and related degrees and certifications.

REFERENCES ARE AVAILABLE UPON REQUEST