

MATTHEWS, YOUNG - MANAGEMENT CONSULTING

**A DIVISION OF
MATTHEWS, YOUNG & ASSOCIATES, INC.**

Consultants to Directors and Management

Since 1971

EXECUTIVE SEARCH SERVICES

**MATTHEWS, YOUNG - MANAGEMENT CONSULTING
A DIVISION OF MATTHEWS, YOUNG AND ASSOCIATES, INC.**

505 Millstone Drive
Hillsborough, N.C. 27278
Telephone: 919-644-6962
Fax: 919-644-6969
www.matthewsyong.com

E-Mail: tim.orourke@matthewsyong.com or mikehamilton@matthewsyong.com

BACKGROUND

A number of years ago, when the Chief Executive of a large company decided to retire, the Board asked us to do the search for a successor because we had worked with them for many years on many issues. Since then, we have been asked to find many other senior level managers, for both for-profit and not-for-profit organizations, in start-up, normal operation, and turnaround situations. As a result, we developed a formal practice in retained executive search.

MATTHEWS, YOUNG - MANAGEMENT CONSULTING has conducted numerous executive searches as a natural extension of our total practice in strategic services, organization design, information systems, and compensation services. We typically work on these issues at Board and Executive levels, and are frequently asked to fill voids in the executive level of client organizations.

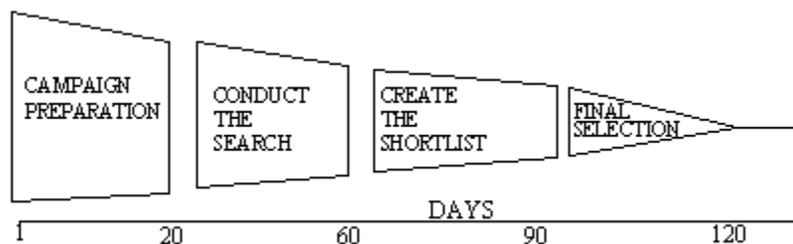
In the process of conducting these searches, we have built an extensive candidate base. Many of these candidates have been interviewed. Occasionally, a candidate that is already known will fit your needs.

THE PROCESS

As the graphic of the search process below shows, the first step (Campaign Preparation) requires defining your Organization's unique needs. This step involves a reassessment of the job description and minimum qualifications based on your strategy for the future. Next, an ideal candidate profile is developed. Only after this step is completed would we know if your needs match any known candidates' qualifications. Whether a known candidate fits or not, our commitment would be to find the one person that is most likely to best satisfy your needs.

THE RETAINER EXECUTIVE SEARCH PROCESS

MATTHEWS, YOUNG - MANAGEMENT CONSULTING ZEROING IN PROCESS



Finding just the right candidate to fill a key position can pay dividends that make search and recruitment costs seem like a minor issue. Doing a thorough executive search normally consumes three to six calendar months and well over 300 man-hours. Typically, over 250 telephone calls will be made and 15 to 30 candidates may be interviewed. While the payoff may be huge, most Board members and executives do not have the time to complete the process themselves. This is where **MATTHEWS, YOUNG - MANAGEMENT CONSULTING** comes in.

YOUR INVESTMENT

Due to the fact that we conduct numerous searches, we are able to complete the process in a very efficient manner. Consequently, your investment is limited to the lesser of:

1. an agreed upon percentage of the first year's annual compensation for the position being filled, or
2. accrued fees at our hourly rates when the search is completed, plus telephone and travel expenses.

Our fee is invoiced in three installments. The first two are based upon an estimated first year's salary, and the final installment is adjusted to reflect the actual offer and acceptance.

One of the first steps in the process is to price the job in the appropriate marketplace, at which point we will have defined standard compensation, and the maximum cost of the search. If you stop the process at that point, or we are able to complete the process before the entire percentage of standard compensation is accrued, you pay only our accrued fees up to that point.

We are pleased to discuss your needs for executive search at no cost or obligation. Call (919) 644-6962 and ask for Tim O'Rourke for a completely confidential assessment of your needs and our ability to help.

OUR SEARCH CLIENTS

Perhaps the best description of a consulting firm is its client base. Here is a partial list of current and recent search clients. We have had on-going relationships with most of these organizations for many years. They tend to keep us involved with them, as the more we do for them, the more effective we become.

COMPANY

POSITION FILLED

Asheville Savings Bank
Asheville, NC

Successor CEO,
Commercial Lending Manager,
Top Retail Banker

Blue Ridge Savings Bank, Inc.
Asheville, NC

Mortgage Underwriter,
Executive Vice President/City Executive

Capital Bank
Raleigh, NC

Regional President, Chief Banking
Officer, Top Mortgage Lender

Carolina Bank
Greensboro, NC

Chief Financial Officer

Carolina Federal Credit Union
Cherryville, NC

Successor CEO

Coastal Federal Credit Union

Chief Financial Officer

East Carolina Bank
Engelhard, NC

Successor CEOs (twice in 15 yrs)
Chief Financial Officer
Chief Enterprise Risk Officer

Fauquier Bank
Warrenton, VA

Human Resources Manager, Chief
Financial Officer, Credit Administrator,
Chief Executive Officer

Flag Financial Corporation
Atlanta, GA

Banking Sales Manager

High Point Bank and Trust
High point, NC

Successor CEO

HomeTrust Bank
Asheville, NC

Retail Banking Executive

Jeff Davis Bank Jennings, LA	Successor CEO
North Carolina Credit Union Network Greensboro, NC	Successor President
North Carolina Bankers Association Raleigh, NC	Successor CEO
Peoples Bank Newton, NC	Successor Chief Executive Officer Chief Financial Officer
Pines of Carolina Girl Scout Council Raleigh, NC	Successor CEO
SterlingSouth Bank and Trust Greensboro, NC	Chief Executive Officer
Truliant Federal Credit Union Winston - Salem, NC	Successor CEO

In an effort to protect the time of our clients, we include no specific references in published material, but references will be provided upon request. Please call.

Our Senior Staff

J. Timothy O'Rourke, CCP Chairman, President and Chief Executive Officer

A North Carolina native, Tim O'Rourke 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 for MATTHEWS, YOUNG, and has been responsible for delivery of all strategic, compensation and search services to financial institutions. In this role, O'Rourke managed compensation surveys, built an integrated database of salary information, and developed salary administration computer models for microcomputers, as well as salary administration, performance appraisal, and bonus and incentive compensation systems.

In his current role as President and CEO, Mr. O'Rourke continues to focus his attention on the strategic management of our clients' human assets. He is often called upon to speak on compensation issues, and conducts numerous strategic planning programs.

David W. Jones, CCP
Principal, Director of Executive Compensation Services

Mr. Jones recently returned to MATTHEWS, YOUNG 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 resources, 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 and final settlement of a \$20+ million dollar 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 has completed Leadership Training courses and has brought a diverse background to **MATTHEWS, YOUNG – MANAGEMENT CONSULTING**.

Franklin F. “Frank” Spence
Advisor to the Firm

Frank Spence worked for Wachovia Corporation from 1969 to 2002. During his tenure at Wachovia, Frank spent several years in Retail and Corporate Banking, but the majority of his career was spent in the Financial Institutions Division, a group dedicated to establishing relationships with and serving the needs of banks, thrifts and credit unions. The Division also provided consulting services to these institutions. In 1989, Frank was selected to become the Group Executive of this Division.

In 1983, Frank left Wachovia to become Executive Vice President of First National Bank of Gainesville, Ga., a \$300 million asset bank and the lead bank of First National Bancorp. It was during that time that he learned the practical lessons of community banking, and enabled him to be more effective in his job back at Wachovia in 1985.

Frank graduated from Davidson College in 1969. He also attended The Stonier Graduate School of Banking, later becoming a member of the faculty. In addition, Frank attended the Executive Management Program at Duke University’s Fuqua School of Business. He has been active in community organizations throughout his career, serving as a member of Rotary Clubs in both Gainesville, Ga. and in Winston-Salem, NC. He also served as a Trustee at Home Moravian Church and President of Forsyth Country Club, both in Winston-Salem.

Support Staff Specialists

Among a total staff of 8, the firm has Support Staff Specialists with a variety of business and related degrees and certifications.

OTHER RESOURCES

We maintain contacts with a group of former finance, manufacturing and marketing executives that can be brought into a situation if their particular expertise is required to solve a problem.

RESEARCH FACILITIES



NCSU Libraries



Our library includes over two thousand volumes, covering a wide variety of tools and techniques specific to the management of various types of organizations in various industries. With our headquarters in the Research Triangle area of North Carolina, we have easy access to the libraries of the University of North Carolina at Chapel Hill, North Carolina State University and Duke University. Professors from these schools are sometimes engaged for additional support.

TECHNOLOGY



Finally, we use state-of-the-art computer and communications technology for collection and analysis of data, financial modeling and communication with clients and other members of the firm around the clock, no matter where they are located. Systems for tracking results against plans are installed at the client's location and daily information is uploaded to **MATTHEWS, YOUNG - MANAGEMENT CONSULTING**, so that we can monitor critical success factors and address variances with the client as they occur.

IN SUMMARY...

In summary, if you need to fill a void in a key position in your organization, we know the search process and would be pleased to help. Advertising for candidates for top management and board positions tends to be ineffective. You see the best candidate is frequently not looking for a job change. They have to be found and convinced to look at an opportunity. As someone said at the board meeting when we were retained for a recent search:

"You can see starlings and blue jays anytime, because they are all around the yard. But, if you want to see an eagle, you have to look high above the tree tops."

We think we found an "eagle" for that client, and would be pleased to do the same for you.

HOW TO CONTACT US

For a confidential assessment of how we might help you and your organization, and for a list of references call:

(919) 644 - 6962

**DURING BUSINESS HOURS, OR AFTER HOURS TO LEAVE A RECORDED
MESSAGE.**