

UNITED BANKSHARES INC/WV

Form S-4/A

August 06, 2003

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As filed with the Securities and Exchange Commission on August 6, 2003

Registration No. 333-106890

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**Pre-Effective Amendment No. 1  
to the**

**FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**UNITED BANKSHARES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**West Virginia**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**6711**  
(Primary Standard Industrial  
Classification Code Number)

**55-0641179**  
(I.R.S. Employer  
Identification Number)

**500 Virginia Street, East  
Charleston, West Virginia 25301  
(304) 348-8400**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Richard M. Adams  
United Bankshares, Inc.  
P. O. Box 393  
500 Virginia Street, East  
Charleston, West Virginia 25301  
(304) 348-8400**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)  
**with copies to:**

Sandra M. Murphy, Esq.  
Bowles Rice McDavid Graff & Love PLLC  
600 Quarrier Street  
P.O. Box 1386  
Charleston, West Virginia 25325-1386  
(304) 347-1131

Aaron M. Kaslow, Esq.  
Muldoon Murphy & Faucette LLP  
5101 Wisconsin Avenue, N.W.  
Washington, DC 20016  
(202) 686-4971

Approximate date of commencement of proposed sale to the public: as soon as practicable after this registration statement becomes effective. If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

## Edgar Filing: UNITED BANKSHARES INC/WV - Form S-4/A

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered <sup>(1)</sup>	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price <sup>(2)</sup>	Amount of Registration Fee <sup>(3)</sup>
Common Stock, par value \$2.50 per share	3,088,234 shares	Not applicable	\$9,225,884.61	\$ 746.37

(1) The number of shares of common stock, par value \$2.50 per share of United Bankshares, Inc. to be registered pursuant to this Registration Statement represents the maximum number of shares issuable by United Bankshares, Inc. upon consummation of the merger with Sequoia Bancshares, Inc.

(2) Estimated solely for the purposes of determining the registration fee in accordance with Rule 457(f)(2), based upon the book value of Sequoia Bancshares, Inc. common stock on March 31, 2003, less the amount of cash to be paid by United in connection with the transaction.

(3) Previously paid.

**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.**

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[SEQUOIA LOGO]

**Prospectus of United Bankshares, Inc.**

**Proxy Statement of Sequoia Bancshares, Inc.**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

The boards of directors of United Bankshares, Inc. and Sequoia Bancshares, Inc. have unanimously approved an Agreement and Plan of Reorganization that provides for the combination of Sequoia and United. The combined company will continue under the name United Bankshares, Inc., with its headquarters in Charleston, West Virginia. We believe the combined company will be able to create substantially more stockholder value than could be achieved by the companies individually.

In the merger, each share of Sequoia common stock will be converted into either (i) 1.4071 shares of United stock or (ii) \$39.40 in cash. Cash will be paid instead of issuing fractional shares of United common stock.

You will be able to elect to receive cash, United common stock or a combination of cash and United common stock for your Sequoia stock. Regardless of your choice, however, elections will be limited by the requirement that 75% of the shares of Sequoia common stock be exchanged for United common stock. Accordingly, the allocation of cash and United common stock you receive will depend on the elections of other Sequoia stockholders. The federal income tax consequences to you will depend on whether you receive cash, stock or a combination of cash and stock in exchange for your shares of Sequoia common stock.

United will issue approximately 2,598,276 shares of United common stock to Sequoia stockholders in the merger, based on Sequoia's outstanding shares on March 31, 2003. These shares will represent approximately 5.86% of the outstanding United common stock after the merger. United shares held by stockholders of United prior to the merger will represent approximately 94.14% of the outstanding United shares after the merger. United's common stock is traded on The NASDAQ National Market System under the symbol UBSI. On August 4, 2003, the last reported price per share was \$29.71.

Your vote is important. We are asking the stockholders of Sequoia to approve the merger agreement. We cannot complete the merger unless we receive the approval of the stockholders of Sequoia.

Sequoia's stockholders' meeting will be held on September 19, 2003, 11:00 a.m., at the Columbia Country Club, located at 7900 Connecticut Avenue, Chevy Chase, Maryland.

/s/ JAMES G. TARDIFF

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James G. Tardiff  
Chairman of the Board,  
and Chief Executive Officer  
Sequoia Bancshares, Inc.

An investment in the United common stock in connection with the merger involves risks. See "Risk Factors" beginning on page 15.

Neither the Securities and Exchange Commission nor any state securities regulators have approved of the merger or the shares of United common stock to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities we are offering through this document are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund, the Bank Insurance Fund or any other governmental agency.

The date of this proxy statement/prospectus is August 6, 2003, and it is first being mailed to Sequoia stockholders on or about August 13, 2003.

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**ADDITIONAL INFORMATION**

**This proxy statement/prospectus incorporates important business and financial information about United Bankshares, Inc. from documents filed with the Securities and Exchange Commission that are not included in or delivered with this document. These documents are available without charge upon written or oral request from:**

United Bankshares, Inc.  
514 Market Street  
Parkersburg, West Virginia 26102  
(304) 424-8800  
Attention: Corporate Secretary

**In order to ensure timely delivery of the documents, any request should be made by September 12, 2003.**

See Where You Can Find More Information on page 89.

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[SEQUOIA LOGO]

**NOTICE OF SPECIAL  
MEETING OF STOCKHOLDERS  
TO BE HELD ON SEPTEMBER 19, 2003**

To the Stockholders of Sequoia Bancshares, Inc.:

A special meeting of stockholders of Sequoia will be held on September 19, 2003, at 11:00 a.m. at the Columbia Country Club, located at 7900 Connecticut Avenue, Chevy Chase, Maryland for the following purposes:

1. to consider and vote upon a proposal to approve the Agreement and Plan of Reorganization ( merger agreement ) dated as of April 4, 2003, pursuant to which Sequoia will become a wholly-owned subsidiary of United and SequoiaBank will merge with and into United Bank. In the merger, among other things, each share of Sequoia common stock will be converted into and become the right to receive, at the election of the holder, either 1.4071 shares of United common stock or \$39.40 in cash. Cash will be paid instead of issuing fractional shares of United common stock; and
2. to transact any other business that may properly come before the meeting or any adjournment or postponement.

Sequoia s board has unanimously approved the merger agreement and recommends that you vote FOR approval and adoption of the merger agreement. Holders of record of Sequoia common stock at the close of business on July 31, 2003, will be entitled to vote at the Sequoia meeting or any adjournment or postponement thereof.

Sequoia stockholders have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of Sequoia common stock under applicable provisions of Delaware law (Section 262 of the Delaware General Corporation Law). In order to perfect your dissenters rights, you must file a written notice with Sequoia of your intent to exercise your dissenters rights before the taking of the vote on the merger at the special meeting and you must not vote in favor of the merger. A copy of the applicable Delaware statutory provisions is included as Annex C to the accompanying proxy statement/prospectus and a summary of the provisions can be found under the caption The Merger Appraisal Rights of Sequoia Stockholders.

Please do not send any certificates for your stock at this time.

/s/ JOHN J. MCDONNELL

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John J. McDonnell  
Secretary

August 13, 2003

**You are cordially invited to attend the special meeting in person. Even if you plan to be present, you are urged to mark, date, sign and return the enclosed proxy at your earliest convenience in the envelope provided, which requires no postage if mailed in the United States. If you attend the special meeting, you may vote either in person or by proxy. If your shares are not registered in your name, you will need additional documentation from your record holder in order to vote personally at the meeting.**

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Signatures

Attorney Consent

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

*Q: When and where is the stockholders' meeting?*

A: Sequoia's meeting will take place on September 19, 2003, at 11:00 a.m. at the Columbia Country Club, located at 7900 Connecticut Avenue, Chevy Chase, Maryland.

*Q: What do I need to do now?*

A: Just mail your signed proxy card in the enclosed return envelope, so that your shares may be represented at the meeting. In order to assure that your shares are voted, please mail your proxy as instructed on your proxy card even if you currently plan to attend the meeting in person. The board of directors of Sequoia recommends that its stockholders vote in favor of the merger.

*Q: What do I do if I want to change my vote?*

A: Just send in a later-dated, signed proxy card to Sequoia's Corporate Secretary before the meeting, or you can attend the meeting in person and vote. If your shares are not registered in your name, you will need additional documentation from your record holder in order to vote in person at the meeting. You may also revoke your proxy by sending a notice of revocation to Sequoia's Corporate Secretary at the address under "The Companies" on page 3.

*Q: If my shares are held in street name by my broker, will my broker vote my shares for me?*

A: No. If you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them for you. You should therefore be sure to provide your broker with instructions on how to vote your shares.

*Q: When do you expect the merger to be completed?*

A: We are attempting to complete the merger as quickly as possible. In addition to stockholder approval, we must also obtain regulatory approvals. We expect to complete the merger during the fourth quarter of 2003.

*Q: Whom do I call if I have questions about the meeting or the merger?*

A: Please contact James G. Tardiff, or J. Paul McNamara of Sequoia at (301) 961-1600 with any questions about the meeting or the merger.

*Q: What will I receive in the merger?*

A: Under the merger agreement, at your election, each share of Sequoia common stock you own will be exchanged for either 1.4071 shares of United common stock or \$39.40 in cash. You may elect either of these options and, if you desire, you may elect to exchange some of your Sequoia shares for cash and some of your Sequoia shares for United common stock.

Elections will be limited by a requirement that 75% of the total number of outstanding shares of Sequoia common stock be exchanged for United common stock. Therefore, the form of consideration you receive will depend in part on the elections of other Sequoia stockholders.

United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive.

*Q: How do I elect to receive cash, stock or a combination of both for my Sequoia stock?*

A: A form for making an election will be sent to you separately on or about the date this proxy statement/prospectus is mailed. For your election to be effective, your properly completed election form, along with your Sequoia stock certificates or an appropriate guarantee of delivery, must be sent to and received by Mellon Investor Services, the exchange agent, on or before 5:00 p.m., Eastern Standard Time (EST), on September 16, 2003. *Do not send your*



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*election form together with your proxy card.* Instead, use the separate envelope specifically provided for your election form and your stock certificates. If you do not make a timely election, you will be allocated United common stock and/or cash depending on the elections made by other Sequoia stockholders.

*Q: How do I exchange my Sequoia stock certificates?*

A: If you make an election, you must return your Sequoia stock certificates or an appropriate guarantee of delivery with your election form. Shortly after the merger, the exchange agent will allocate cash and United common stock among Sequoia stockholders, consistent with their elections and the allocation and proration procedures in the merger agreement. If you do not submit an election form, you will receive instructions on where to surrender your Sequoia stock certificates from the exchange agent after the merger is completed. **In any event, you should not forward your Sequoia stock certificates with your proxy card.**

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read this document and the documents we have referred to carefully. See *Where You Can Find More Information* on page 89.*

**The Companies**

***United Bankshares, Inc.***

500 Virginia Street, East  
Charleston, West Virginia 25301  
(304) 348-8400

United Bankshares, Inc. (United) is a West Virginia corporation registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended. United was incorporated and organized in 1982 and began conducting business in 1984 with the acquisition of three wholly-owned subsidiaries. Since its formation in 1982, United has acquired 24 banking institutions. United has two banking subsidiaries, United Bank West Virginia and United Bank Virginia. United also owns nonbank subsidiaries that engage in mortgage banking, asset management, investment banking and financial planning.

The headquarters of United is located in United Center at 500 Virginia Street, East, Charleston, West Virginia. United's executive offices are located in Parkersburg, West Virginia at Fifth and Avery Streets. United operates 85 branches 52 in West Virginia, 30 in the Northern Virginia, Maryland and Washington, DC areas and 3 in Ohio. As of March 31, 2003, United had total assets of \$5.82 billion, total deposits of \$3.98 billion, and stockholders' equity of \$541.87 million.

***Sequoia Bancshares, Inc.***

2 Bethesda Metro Center, Suite 1500  
Bethesda, Maryland 20814  
(301) 961-1600

Sequoia Bancshares, Inc. is the parent company of SequoiaBank, a community bank providing a full range of loans and financial services to individuals and small businesses in the Washington, D.C. metropolitan area. Sequoia operates 12 full-service banking offices. As of March 31, 2003, Sequoia had total assets of \$547.0 million, total deposits of \$407.1 million, and stockholders' equity of \$26.7 million.

**The Merger**

If Sequoia stockholders approve the merger at the special meeting and regulatory approvals are received, Sequoia will merge into a subsidiary of United and will become a wholly-owned subsidiary of United, and SequoiaBank will be merged into United Bank Virginia. We expect completion of the merger in the fourth quarter of 2003.

*The merger agreement is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement as it is the legal document that governs the merger.*

**What Sequoia Stockholders Will Receive in The Merger (See Page 48)**

Under the merger agreement, at your election, each share of Sequoia common stock you own will be exchanged for either 1.4071 shares of United common stock or \$39.40 in cash. You may elect either of these options and, if you desire, you may elect to exchange some of your Sequoia shares for cash and some of your Sequoia shares for United common stock.

Elections will be limited by a requirement that 75% of the total number of outstanding shares of Sequoia common stock be exchanged for United common stock. Therefore, the form of consideration you receive will depend in part on the elections of other Sequoia stockholders. Because the tax consequences of receiving cash will differ from the tax consequences of receiving stock, you should read carefully the tax information on page 39 and consult your tax advisor.





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United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive.

### **How to Choose Stock or Cash for Your Sequoia Shares (See page 49)**

You will be sent an election form by the exchange agent on which you may specify whether you wish to receive cash, United common stock or a combination of stock and cash in exchange for your shares of Sequoia common stock. You may also make no election as to whether you receive cash or United common stock as payment for your Sequoia shares. Your choice will be honored to the extent possible, but because of the overall limitation on the number of Sequoia shares that will be exchanged for cash and the number of Sequoia shares that will be exchanged for United common stock, whether you receive the amount of cash and/or stock that you request will depend on what other Sequoia stockholders elect to receive as consideration for their shares. Therefore, you may not receive exactly the form of consideration that you elect. We make no recommendation as to whether you should elect to receive cash or stock in the merger. You must make your own decision with respect to your election.

### **Recommendation to Stockholders**

Sequoia's board believes that the merger is fair to you and in your best interest and recommends that you vote FOR the approval and adoption of the merger agreement.

In connection with the Board's recommendation, you should be aware that Sequoia's directors as a group control the power to vote 49.24% of the issued and outstanding shares of Sequoia and can therefore exert significant influence on the approval of the Merger. For more information on the ownership of insiders, See Voting Securities and Principal Holders Thereof on page 82.

For a discussion of the circumstances surrounding the merger and the factors considered by Sequoia's board of directors in approving the merger agreement, see page 26.

### **Opinion of Sequoia's Financial Advisor**

In approving the merger, Sequoia's board considered the opinion of its financial advisor, Sandler O'Neill & Partners, L.P., as to the fairness from a financial point of view of the consideration to be paid by United in the merger as of April 4, 2003, as updated on the date of this document. This opinion is attached as Annex B. We encourage you to read this opinion.

### **Summary of Risk Factors (See Page 15)**

The merger is subject to risks, some of which are:

United may be unable to manage effectively the new assets it acquires;

changes in interest rates may adversely affect United's business;

United's officers and directors will own a significant number of shares after the merger and could exert significant influence on stockholder votes;

loss of United's Chairman and CEO or other executive officers could adversely affect its business;

United and its subsidiaries operate in highly competitive markets;

dividend payments by United's subsidiaries to United and by United to its stockholders could be restricted;

United's business is concentrated in the West Virginia and Northern Virginia areas, and a downturn in the local economies may adversely affect its business; and



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determination of the adequacy of the allowance for loan losses is based upon estimates that are inherently subjective and dependent on the outcome of future events. Ultimate losses may differ from current estimates. As a result, such losses may increase significantly.

**Board of Directors of United and United Bank after the Merger (See Page 39)**

Immediately following the merger, the board of directors of United will have 18 members, including Mr. James G. Tardiff, the current Chairman of the Board and Chief Executive Officer of Sequoia, and Mr. J. Paul McNamara, the current President of Sequoia. Messrs. Tardiff and McNamara will also serve on the board of directors of United Bank Virginia. Mr. McNamara will also serve as Vice Chairman of United Bank Virginia.

**Conditions to Completion of the Merger (See Page 56).**

The completion of the merger depends upon meeting a number of conditions, including the following:

approval of the stockholders of Sequoia;

receipt by United of all regulatory approvals without any conditions that would have a material adverse effect on United;

authorization for the listing on The NASDAQ National Market System of the shares of United common stock to be issued in the merger;

absence of any law or court order prohibiting the merger;

receipt of opinions from Sequoia's and United's counsel that the merger will qualify as a reorganization under Section 368 of the Internal Revenue Code; and

the continued accuracy of certain representations and warranties made by the parties in the merger agreement.

**Termination of Merger Agreement (See Page 57)**

Sequoia and United may jointly agree to terminate the merger at any time. Additionally:

(a) Either Sequoia or United may terminate the merger agreement if any of the following occurs:

either party breaches any of its representations or obligations under the merger agreement, and does not cure the breach within 30 days;

the merger is not completed by January 31, 2004, unless the failure of the merger to be consummated arises out of or results from the knowing action or inaction of the party seeking to terminate; or

the approval of any governmental entity required for consummation of the merger is denied or the stockholders of Sequoia do not approve the merger agreement;

(b) United may terminate the merger agreement if Sequoia's board fails to recommend approval of the merger agreement, withdraws its recommendation or modifies its recommendation in a manner adverse to United.

(c) Sequoia may terminate the merger agreement if the price of United common stock declines by more than 20% and underperforms an index of banking companies by more than 15% over a designated measurement period unless United agrees to increase the number of shares of United common stock to be issued to holders of Sequoia common stock who are to receive shares of United common stock in the merger.

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- (d) Sequoia may terminate the merger agreement in order to enter into an agreement with respect to an unsolicited proposal that if consummated would result in a transaction more favorable to Sequoia's stockholders from a financial point of view, provided that United does not make a counteroffer that is at least as favorable to the other proposal and Sequoia pays the termination fee described below.

**Termination Fee (See Page 57)**

In the event the merger agreement is terminated (i) due to failure to obtain Sequoia stockholder approval and at such time a competing acquisition proposal for Sequoia has been made public and not withdrawn or (ii) because the Sequoia board fails to recommend, withdraws, modifies, or changes its recommendation of the merger, then Sequoia must pay United a termination fee of \$1.12 million.

**Interests of Executive Officers and Directors in the Merger (See Page 37)**

When you consider the Sequoia board's recommendation that Sequoia stockholders vote in favor of the merger, you should be aware that a number of Sequoia's executive officers and directors may have interests in the merger that may be different from, or in addition to, yours.

These include:

Payments to James G. Tardiff, Chairman of the Board and Chief Executive Officer of Sequoia, and J. Paul McNamara, President and Chief Operating Officer of Sequoia, in consideration of the termination of their employment agreements with Sequoia;

Consideration to be paid to Mr. Tardiff under a consulting agreement with United;

An employment agreement between United and Mr. McNamara, which will go into effect upon completion of the merger;

The appointment of Mr. Tardiff and Mr. McNamara to the boards of directors of United and United Bank-Virginia;

Provisions in the merger agreement relating to the indemnification of directors and officers of Sequoia and insurance for directors and officers of Sequoia for liability for events occurring before the merger; and

The accelerated vesting of stock options as a result of completion of the merger.

**Material Federal Income Tax Consequences of the Merger (See Page 39)**

Your federal income tax treatment will depend primarily on whether you exchange your Sequoia common stock solely for United common stock, solely for cash or for a combination of United common stock and cash. If you exchange your Sequoia shares solely for United common stock, you should not recognize gain or loss except with respect to the cash you receive instead of a fractional share. If you exchange your Sequoia shares solely for cash, you should recognize capital gain or loss on the exchange. If you exchange your Sequoia shares for a combination of United common stock and cash, you should recognize capital gain, but not any loss, on the exchange. The actual federal income tax consequences to you of electing to receive cash, United common stock or a combination of cash and stock will not be ascertainable at the time you make your election because we will not know at that time if, or to what extent, the allocation and proration procedures will apply. The companies themselves, will not recognize gain or loss as a result of the merger. It is a condition to the obligations of Sequoia and United to complete the merger that each receive a legal opinion from its outside counsel that the merger will be a reorganization for federal income tax purposes.

The federal income tax consequences described above may not apply to some holders of Sequoia common stock. Your tax consequences will depend on your personal situation. You should consult your tax advisor

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for a full understanding of the tax consequences of the merger to you.

### **Resale of United Shares Received in the Merger (See Page 43)**

United has registered, under the federal securities laws, the shares of its common stock to be issued in the merger. Therefore, you may sell shares that you receive in the merger without restriction unless you are considered an affiliate of Sequoia or you become an affiliate of United. A director, executive officer or stockholder who beneficially owns 10% or more of the outstanding shares of a company is generally deemed to be an affiliate of that company.

If you are considered an affiliate of Sequoia or become an affiliate of United, you may resell the shares of United common stock you receive pursuant to an effective registration statement under the securities laws, or pursuant to Rule 145 of the SEC's rules, or in transactions otherwise exempt from registration under the securities laws. United is not obligated and does not intend to register for resale the shares issued to affiliates of Sequoia.

### **Appraisal Rights (See Page 43)**

Under Delaware law, Sequoia stockholders may object to the merger and demand to be paid the fair value of their shares. Under Delaware law, you should know that in determining the fair value of your shares, any appreciation or depreciation resulting from the accomplishment or expectation of the merger will not be considered. To properly exercise your appraisal rights and avoid a waiver of such rights, you must not vote your shares in favor of the merger and you must follow the exact procedures required by Delaware law (see Annex C).

### **Comparative Stockholder Rights (See Page 84)**

Sequoia is a Delaware corporation governed by Delaware law and United is a West Virginia corporation governed by West Virginia law. Once the merger occurs, Sequoia stockholders who receive shares of United common stock in exchange for their shares of Sequoia common stock will become stockholders of United, and their rights as United stockholders will be governed by West Virginia law and the provisions of the certificate of incorporation, as amended, and bylaws of United. Because of the differences between the laws of the states of Delaware and West Virginia and the respective certificates of incorporation and the bylaws of Sequoia and United, Sequoia stockholders' rights as stockholders will change as a result of the merger.

### **Regulatory Approvals (See Page 42)**

The merger of United with Sequoia must be approved by the Federal Reserve Bank of Richmond, the Virginia Department of Financial Institutions, and the Maryland Department of Financial Institutions. United filed an application with the Federal Reserve Bank of Richmond to obtain approval of the merger on July 11, 2003. On July 11, 2003 and July 17, 2003, United filed applications for approval of the merger with the Virginia Department of Financial Institutions. On July 15, 2003 United filed an application for approval of the merger with the Maryland Department of Financial Institutions. As of the date of this document, we have not received any of the required approvals. While we do not know of any reason why we would not be able to obtain approval in a timely manner, we cannot be certain when or if we will receive the required approvals.

### **Purchase Accounting Treatment (See Page 42)**

United will account for the merger using the purchase method of accounting. Under this method of accounting, United will record the fair market value of Sequoia's assets and liabilities on its financial statements. The difference between the purchase price paid by United and the fair market value of Sequoia's tangible and identifiable intangible assets net of its liabilities will be recorded on United's books as goodwill.

### **Recent Developments (See Page 19)**

**United.** United reported an increase in earnings for the second quarter and the first half of 2003. Diluted earnings per share were \$0.54 for the second quarter of 2003, up 6% from diluted earnings per share of \$0.51 for the second quarter of 2002. Second quarter net income was \$22.8

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million compared to \$22.2 million for the second quarter of 2002. Diluted earnings per share were \$1.07 for the first half of 2003, which also represented a 6% increase from diluted earnings per share of \$1.01 for the first half of 2002. Net income for the first six months of 2003 totaled \$45.3 million compared to \$44.0 million for the prior year's first six months. See Recent Developments.

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**SELECTED HISTORICAL FINANCIAL DATA**

We are providing the following financial information to aid you in your analysis of the financial aspects of the merger. This information is only a summary and you should read it in conjunction with the consolidated financial statements and related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations of United and Sequoia included in and/or incorporated by reference into this proxy statement/prospectus.

**Selected Consolidated Financial Information of United**

The following selected historical financial information for each of the years ended December 31, 1998 through 2002 are derived from United's consolidated financial information. The following selected historical financial information for the three months ended March 31, 2003, and March 31, 2002, are derived from the unaudited consolidated financial information of United and include, in the opinion of United's management, all adjustments (consisting only of normal accruals) necessary to present fairly the data of such periods. You should not rely on the three-month information as being indicative of results that may be expected for the entire year or for any future interim period.

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**UNITED BANKSHARES, INC.**  
**SELECTED CONSOLIDATED FINANCIAL INFORMATION**  
(Dollars in Thousands, Except Per Share Information)

	At or for the three months ended March 31,		At or for the year ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
<b>INCOME STATEMENT DATA:</b>							
Interest income	\$ 77,224	\$ 85,238	\$ 339,478	\$ 360,610	\$ 377,847	\$ 354,665	\$ 325,647
Interest expense	29,595	34,590	132,557	175,507	197,766	174,402	155,354
Net interest income	47,629	50,648	206,921	185,103	180,081	180,263	170,293
Provision for loan losses	1,455	2,227	7,937	12,833	15,745	8,800	12,156
Net interest income after provision for loan losses	46,174	48,421	198,984	172,270	164,336	171,463	158,137
Noninterest income	23,595	15,937	73,479	62,205	33,786	51,078	41,752
Noninterest expense	37,565	32,030	144,130	115,745	110,422	117,519	137,964
Income before income taxes	32,204	32,328	128,333	118,730	87,700	105,022	61,925
Income taxes	9,661	10,507	39,400	38,739	28,724	34,774	17,523
Net income	\$ 22,543	\$ 21,821	\$ 88,933	\$ 79,991	\$ 58,976	\$ 70,248	\$ 44,402
<b>COMMON SHARE DATA:</b>							
Net income basic	\$ 0.54	\$ 0.51	\$ 2.09	\$ 1.93	\$ 1.41	\$ 1.63	\$ 1.04
Net income diluted	0.53	0.50	2.06	1.90	1.40	1.61	1.02
Dividends paid per share	0.25	0.23	0.95	0.91	0.84	0.82	0.75
Book value per share	12.98	11.81	12.88	11.80	10.32	9.32	9.74
Common shares outstanding end of period	41,745	42,812	42,032	42,927	41,765	42,474	43,256
Basic weighted-average shares outstanding during the period	41,891	42,899	42,538	41,497	41,959	43,101	42,758
Diluted weighted-average shares outstanding during the period	42,355	43,549	43,113	42,065	42,260	43,722	43,461
<b>BALANCE SHEET DATA:</b>							
Total assets	\$ 5,816,539	\$ 5,557,581	\$ 5,792,019	\$ 5,631,775	\$ 4,904,547	\$ 5,069,160	\$ 4,567,899
Investment securities	1,350,286	1,473,583	1,285,490	1,428,716	1,245,334	1,472,553	927,316
Loans held for sale	478,706	223,388	582,718	368,625	203,831	117,825	720,607
Total loans, net of unearned income	3,495,781	3,491,455	3,573,161	3,502,334	3,192,494	3,170,096	2,652,391
Allowance for loan losses	46,985	47,889	47,387	47,408	40,532	39,599	39,189
Total deposits	3,975,954	3,818,901	3,900,848	3,787,793	3,391,449	3,260,985	3,493,058
Long-term borrowings	708,267	690,048	708,573	809,977	698,204	343,847	240,867
Total borrowings and other liabilities	1,298,712	1,233,044	1,349,632	1,337,453	1,082,228	1,412,245	653,310
Stockholders equity	541,873	505,636	541,539	506,529	430,870	395,930	421,531
Average assets	\$ 5,719,155	\$ 5,479,841	\$ 5,591,267	\$ 5,041,196	\$ 4,936,605	\$ 4,867,521	\$ 4,238,808
<b>PERFORMANCE DATA:</b>							
Return on average assets <sup>(1)</sup>	1.60%	1.61%	1.59%	1.59%	1.19%	1.44%	1.05%
Return on average stockholders equity <sup>(1)</sup>	16.67%	17.19%	16.73%	17.51%	14.41%	16.73%	10.77%
Net interest margin <sup>(1)</sup>	3.76%	4.16%	4.15%	4.12%	4.11%	4.12%	4.37%
Loans to deposits	87.92%	91.43%	91.60%	92.46%	94.13%	97.21%	75.93%
Dividend payout ratio	46.25%	45.23%	45.41%	47.63%	59.83%	50.35%	63.77%
<b>ASSET QUALITY RATIOS:</b>							
Nonperforming assets to total assets	0.36%	0.51%	0.34%	0.54%	0.30%	0.48%	0.49%



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Nonperforming loans to total loans	0.47%	0.41%	0.43%	0.50%	0.40%	0.65%	0.70%
Net loan charge-offs to average loans <sup>(1)</sup>	0.19%	0.19%	0.23%	0.33%	0.46%	0.28%	0.18%
Allowance for loan losses to total loans	1.34%	1.40%	1.33%	1.35%	1.27%	1.25%	1.48%
Allowance for loan losses to nonperforming loans	283.50%	327.24%	308.69%	269.52%	315.47%	190.91%	209.94%
<b>REGULATORY CAPITAL RATIOS:</b>							
Tier 1 risk-based capital	10.34%	10.31%	10.45%	10.01%	10.68%	10.64%	11.43%
Total risk-based capital	11.60%	11.71%	11.76%	11.37%	11.77%	11.75%	12.63%
Tier 1 leverage	8.12%	7.74%	7.96%	7.95%	8.17%	7.71%	8.52%

<sup>(1)</sup> Annualized for interim periods.

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**Selected Consolidated Financial Information of Sequoia**

The following selected consolidated financial information for each of the years ended December 31, 1998 through 2002 are derived from Sequoia's consolidated financial information. The following selected historical financial data for the three months ended March 31, 2003 and March 31, 2002 are derived from the unaudited consolidated financial information of Sequoia and include, in the opinion of Sequoia's management, all adjustments (consisting only of normal accruals) necessary to present fairly the data of such periods. You should not rely on the three-month information as being indicative of results that may be expected for the entire year or for any future interim period.

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**SEQUOIA BANCSHARES, INC.**  
**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

(Dollars in Thousands, Except Per Share Information)

	At or for the three months ended March 31,		At or for the year ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
<b>INCOME STATEMENT DATA:</b>							
Interest income	\$ 7,318	\$ 5,916	\$ 27,431	\$ 22,204	\$ 19,982	\$ 14,753	\$ 12,184
Interest expense	2,452	2,382	10,285	9,991	8,262	6,058	5,494
Net interest income	4,866	3,534	17,146	12,213	11,720	8,695	6,690
Provision for loan losses	150	195	295	1,005	260		
Net interest income after provision for loan losses	4,716	3,339	16,851	11,208	11,460	8,695	6,690
Noninterest income	1,041	664	3,322	2,225	1,454	1,169	943
Noninterest expense	3,625	3,162	13,402	11,446	9,853	7,635	6,277
Income before income taxes	2,132	841	6,771	1,987	3,061	2,229	1,356
Income taxes	744	295	2,144	586	410	(1,259)	20
Net income	\$ 1,388	\$ 546	\$ 4,627	\$ 1,401	\$ 2,651	\$ 3,488	\$ 1,336
<b>COMMON SHARE DATA:</b>							
Net income basic	\$ 0.56	\$ 0.22	\$ 1.88	\$ 0.55	\$ 1.04	\$ 1.37	\$ 0.52
Net income diluted	0.51	0.20	1.73	0.52	0.98	1.30	0.50
Dividends paid per share	0.025	0.025	0.10	0.10	0.10	0.10	0.00
Book value per share	10.84	7.89	10.47	7.94	7.40	6.09	5.30
Common shares outstanding end of period	2,462	2,496	2,462	2,498	2,554	2,549	2,549
Basic weighted-average shares outstanding during the period	2,462	2,496	2,461	2,529	2,554	2,549	2,549
Diluted weighted-average shares outstanding during the period	2,726	2,716	2,682	2,717	2,711	2,683	2,683
<b>BALANCE SHEET DATA:</b>							
Total assets	\$ 547,010	\$ 408,170	\$ 523,800	\$ 374,920	\$ 267,169	219,137	169,540
Investment securities	149,996	94,656	156,302	85,048	51,489	38,597	32,737
Total loans, net	343,147	251,341	324,341	253,659	188,843	149,222	118,929
Allowance for loan losses	3,762	3,597	3,767	3,291	2,703	2,561	2,368
Total deposits	407,090	305,740	404,966	281,114	215,458	164,368	135,323
Long-term borrowings	57,700	42,700	47,700	42,700	10,000	15,000	5,000
Stockholders equity	26,679	19,686	25,770	19,827	18,892	15,527	13,506
Average assets	\$ 526,200	\$ 375,645	\$ 450,298	\$ 312,896	\$ 242,632	\$ 188,570	\$ 156,488
<b>PERFORMANCE DATA:</b>							
Return on average assets <sup>(1)</sup>	1.07%	0.59%	1.03%	0.45%	1.09%	1.85%	0.85%
Return on average stockholders equity <sup>(1)</sup>	21.16	10.65	20.95	7.16	15.75	25.43	10.48
Net interest margin <sup>(1)</sup>	4.00	4.01	4.05	4.16	5.17	4.82	4.47
Loans to deposits	84.29	82.21	80.09	90.23	87.65	90.79	87.89

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Dividend payout ratio	4.46	11.36	5.32	18.18	9.62	7.30	0.00
<b>ASSET QUALITY RATIOS:</b>							
Nonperforming assets to total assets	0.06%	0.57%	0.06%	0.60%	0.88%	0.12%	0.14%
Nonperforming loans to total loans	0.10	0.93	0.09	0.89	1.24	0.04	0.03
Net loan charge-offs to average loans <sup>(1)</sup>	0.03	-0.10	-0.07	0.20	0.07	-0.14	-0.22
Allowance for loan losses to total loans	1.10	1.43	1.16	1.30	1.43	1.72	1.99
Allowance for loan losses to nonperforming loans	1,153.99	153.46	1,243.23	145.49	115.51	4,198.36	6,577.78
<b>REGULATORY CAPITAL RATIOS:</b>							
Tier 1 risk-based capital	9.07%	9.54%	9.16%	9.52%	9.18%	9.50%	10.20%
Total risk-based capital	10.38	11.67	10.51	11.70	10.44	10.80	11.40
Tier 1 leverage	6.46	7.26	6.44	7.58	6.80	6.80	7.30

<sup>(1)</sup> Annualized for interim periods.

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**Summary of Historical and Pro Forma Per Share Selected Financial Data**

Set forth below are the basic earnings, diluted earnings, cash dividends and book value per common share data for Sequoia and United on a historical basis, on a pro forma combined basis, and on a pro forma equivalent per common share of Sequoia.

The pro forma data was derived by combining the historical consolidated financial information of Sequoia and United using the purchase method of accounting for business combinations and assumes the transaction is completed as contemplated.

The Sequoia pro forma equivalent share information shows the effect of the merger from the perspective of an owner of Sequoia stock. The information was computed by multiplying the pro forma information by an exchange ratio of 1.4071 so that the per share amounts are equated to the respective amounts for one share of Sequoia stock. This represents the United common stock Sequoia shareholders will receive for each share of Sequoia common stock exchanged for stock.

The Sequoia pro forma equivalent share information is equated to the value for each share of Sequoia common stock being acquired. However, under the merger agreement elections will be limited by a requirement that 75% of the total number of outstanding shares of Sequoia common stock be exchanged for United common stock. Some stockholders may elect all cash for some or all of their shares equal to \$39.40 per share. Stockholders of Sequoia may also elect to exchange some of their shares for cash and some of their shares for United common stock. Therefore, the form of actual consideration Sequoia shareholders receive will depend in part on the elections of other Sequoia shareholders. For more information, see **What Sequoia Stockholders Will Receive in the Merger.**

You should read the information below together with historical financial statements and related notes and other information included and incorporated by reference in this proxy statement/prospectus. The unaudited pro forma combined data below is for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger, nor should you rely on the three-month information as being indicative of results expected for the entire year or for any future interim period.

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	<b>At or for the Three Months Ended March 31, 2003</b>	<b>At or for the Year Ended December 31, 2002</b>
<b>Basic Earnings Per Common Share</b>		
Sequoia historical	\$ 0.56	\$ 1.88
United historical	\$ 0.54	\$ 2.09
Pro forma combined	\$ 0.56	\$ 2.14
Pro forma equivalent per common share	\$ 0.78	\$ 3.01
<b>Diluted Earnings Per Common Share</b>		
Sequoia historical	\$ 0.51	\$ 1.73
United historical	\$ 0.53	\$ 2.06
Pro forma combined	\$ 0.54	\$ 2.09
Pro forma equivalent per common share	\$ 0.77	\$ 2.95
<b>Cash Dividends Per Common Share</b>		
Sequoia historical	\$0.025	\$ 0.10
United historical	\$ 0.25	\$ 0.95
Pro forma combined <sup>(1)</sup>	\$ 0.25	\$ 0.95
Pro forma equivalent per common share Sequoia	\$ 0.35	\$ 1.34
<b>Book Value Per Common Share</b>		
Sequoia historical	\$10.84	\$10.47
United historical	\$12.98	\$12.88
Pro forma combined	\$14.22	\$14.18
Pro forma equivalent per common share Sequoia	\$20.01	\$19.95

<sup>(1)</sup> Pro forma dividends per share represent United's historical dividends per share.

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United common stock is traded on the NASDAQ National Market System under the symbol UBSI. Sequoia's common stock is not listed on any exchange or on the NASDAQ and trades are infrequent. As of the record date for the Sequoia special meeting, there were 2,483,454 shares of Sequoia common stock outstanding, which were held by approximately 176 holders of record.

The following table sets forth during the periods indicated the high and low sales prices of United common stock as reported on the NASDAQ National Market and the dividends declared per share of United and Sequoia common stock.

	United		Sequoia	
	Market Price		Dividends Per Share	Dividends Per Share
	High	Low		
<b>2003</b>				
Third Quarter (through August 4, 2003)	\$ 30.65	\$ 28.37		
Second Quarter	\$ 30.93	\$ 27.40	\$ 0.25	\$ 0.025
First Quarter	\$ 30.51	\$ 27.00	\$ 0.25	\$ 0.025
<b>2002</b>				
Fourth Quarter	\$ 31.50	\$ 26.09	\$ 0.25	\$ 0.025
Third Quarter	\$ 31.65	\$ 24.88	\$ 0.24	\$ 0.025
Second Quarter	\$ 32.25	\$ 27.18	\$ 0.23	\$ 0.025
First Quarter	\$ 29.97	\$ 27.56	\$ 0.23	\$ 0.025
<b>2001</b>				
Fourth Quarter	\$ 29.50	\$ 26.25	\$ 0.23	\$ 0.025
Third Quarter	\$ 28.33	\$ 23.20	\$ 0.23	\$ 0.025
Second Quarter	\$ 27.00	\$ 21.55	\$ 0.23	\$ 0.025
First Quarter	\$ 23.25	\$ 19.44	\$ 0.22	\$ 0.025

The following table shows the closing price per share of United common stock on (1) April 4, 2003, which was the last trading day preceding public announcement of the merger agreement, and (2) August 4, 2003, which was the last full trading day for which closing prices were available at the time of the printing of this document. The following table also includes the equivalent market value per share of Sequoia common stock on those dates.

	Historical Market Value Per Share	Equivalent Market Value Per Share of Sequoia (1)
	United	
April 4, 2003	\$28.52	\$ 40.13
August 4, 2003	\$29.71	\$ 41.81

(1) The equivalent market value per share of Sequoia is based upon the exchange ratio of 1.4071 multiplied by the closing price per share of the United common stock on the specified date.

You are advised to obtain current market quotations for the United common stock. The market price of the United common stock at the effective time of the merger or at the time stockholders of Sequoia receive certificates evidencing shares of United common stock may be higher or lower than the market price at the time the merger agreement was executed, at the date of mailing of this document or at the time of the special meeting.





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**RISK FACTORS**

*An investment in United's common stock in connection with the merger involves certain risks. In considering the proposal to approve the merger you should carefully consider the following risk factors in addition to the other information contained in this proxy statement/prospectus:*

**United may be unable to manage effectively the new assets it acquires.**

As a result of the merger, United's total assets will increase by approximately 11.0% or \$642.0 million (based on March 31, 2003, balance sheet data). United's ability to integrate Sequoia into United's operations successfully depends on its ability to

control costs;

increase revenue;

maintain positive customer relations;

maintain regulatory compliance; and

attract, assimilate and retain qualified personnel.

If United fails to successfully integrate Sequoia's operations with its own operations, United may experience interruptions in its business which may have an adverse impact on its business, financial condition or results of operations. The significant integration issues that United must address include

Successful integration of these operations could be more expensive than anticipated and take longer than anticipated;

During the integration process, other parts of United's operations could be adversely affected as a result of the diversion of management's attention; and

The failure to integrate Sequoia's operations satisfactorily may also affect United's ability to operate in a manner consistent with safe and sound banking practices.

**Changes in interest rates may adversely affect United's business.**

United's earnings, like most financial institutions, are significantly dependent on its net interest income. Net interest income is the difference between the interest income United earns on loans and other assets which earn interest and the interest expense incurred to fund those assets, such as on savings deposits and borrowed money. Therefore, changes in general market interest rates, such as a change in the monetary policy of the Board of Governors of the Federal Reserve System or otherwise beyond those which are contemplated by United's interest rate risk model and policy could have an effect on net interest income. For more information concerning United interest rate risk model and policy, see the discussion under the heading "Market Risk" in United's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, which is incorporated herein by reference.

**United's officers and directors will own a substantial number of shares after the merger and could exert significant influence on matters submitted to its stockholders.**

After completion of the merger, two of Sequoia's directors will become directors of United. Assuming Messrs. Tardiff and McNamara elect to take all stock in the merger, Messrs. Tardiff and McNamara, together with United's current executive officers, directors and principal stockholders, will beneficially own approximately 16.36% of the outstanding shares of United common stock. As a result, these stockholders, if they act together, could significantly influence the outcome of matters submitted to the stockholders for a vote, including the election of directors, the approval of mergers and other business.

**Loss of United's Chief Executive Officer or other executive officers could adversely affect its business.**

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United's success is dependent upon the continued service and skills of its executive officers and senior management. If United loses the services of these key personnel, it could have a negative impact on United's business because of their skills, years of industry experience and the difficulty of promptly finding qualified replacement personnel. The services of Richard M. Adams, United's Chief Executive Officer, would be particularly difficult to replace. United and Mr. Adams are parties to an Employment Agreement providing for his continued employment by United through March 31, 2008.

### **United operates in a highly competitive market.**

United faces a high degree of competition in all of the markets it serves. United considers all of West Virginia to be included in its market area. This area includes the five largest West Virginia Metropolitan Statistical Areas (MSA): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Wheeling MSA and the Weirton MSA. United serves the Ohio counties of Lawrence, Belmont, Jefferson and Washington primarily because of their close proximity to the Ohio border and United banking offices nearby in West Virginia. In Virginia, United competes in the Northern Virginia counties of Arlington, Loudoun, Prince William and Fairfax. In addition, United has offices in the Washington, DC MSA and considers this part of its market. In Maryland, United has offices in Montgomery county. United considers all of the above locations to be the primary market area for the business of its banking subsidiaries.

There is a risk that aggressive competition could result in United controlling a smaller share of these markets. A decline in market share could lead to a decline in net income which would have a negative impact on stockholder value.

### **Dividend payments by United's subsidiaries to United and by United to its stockholders can be restricted.**

The declaration and payment of future cash dividends will depend on, among other things, United's earnings, the general economic and regulatory climate, United's liquidity and capital requirements, and other factors deemed relevant by United's board of directors. Federal Reserve Board policy limits the payment of cash dividends by bank holding companies and requires that a holding company serve as a source of strength to its banking subsidiaries.

United's principal source of funds to pay dividends on its common stock is cash dividends from its subsidiaries. The payment of these dividends by its subsidiaries is also restricted by federal and state banking laws and regulations. As of March 31, 2003, an aggregate of approximately \$17,860,000 was available for dividend payments from United Bank - Virginia and none from United Bank - West Virginia to United without regulatory approval.

### **United's business is concentrated in the West Virginia and Northern Virginia market areas and a downturn in the local economies may adversely affect its business.**

United's business is concentrated in the West Virginia and Northern Virginia market areas. As a result, its financial condition, results of operations and cash flows are subject to changes if there are changes in the economic conditions in these areas. A prolonged period of economic recession or other adverse economic conditions in one or both of these areas could have a negative impact on United. United can provide no assurance that conditions in its market area economies will not deteriorate in the future and that such a deterioration would not have a material adverse effect on United.

### **There are no assurances as to adequacy of the allowance for credit losses.**

United believes that its allowance for credit losses is maintained at a level adequate to absorb any probable losses in its loan portfolio.

Management establishes the allowance based upon many factors, including but not limited to:

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historical loan loss experience;

industry diversification of the commercial loan portfolio;

the effect of changes in the local real estate market on collateral values;

the amount of nonperforming loans and related collateral security;

current economic conditions that may affect the borrower's ability to pay and value of collateral;

volume, growth and composition of the loan portfolio; and

other factors management believes are relevant.

These determinations are based upon estimates that are inherently subjective, and their accuracy depends on the outcome of future events, so ultimate losses may differ from current estimates. Depending on changes in economic, operating and other conditions, including changes in interest rates, that are generally beyond its control, United's actual loan losses could increase significantly. As a result, such losses could exceed United's current allowance estimates. United can provide no assurance that its allowance is sufficient to cover actual loan losses should such losses differ substantially from our current estimates.

In addition, federal and state regulators, as an integral part of their respective supervisory functions, periodically review United's allowance for credit losses. United's independent auditors also review the allowance as a part of their audit. Any increase in its allowance required by either the regulatory agencies or independent auditors would reduce United's pre-tax earnings.

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**FORWARD-LOOKING INFORMATION**

Statements and financial discussion and analysis by United contained in this proxy statement/prospectus that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks and uncertainties. The important factors that could cause actual results to differ materially from the forward-looking statements include, without limitation:

**The Merger**

The ability to fully realize cost savings from the merger in the expected time frame;

Greater than expected costs of integrating Sequoia into United; and

Unexpected levels of losses of customers, deposits, or revenues.

**Interest Rates and Economy**

Changes in interest rates and economic conditions;

Changes in the levels of loan prepayments and the resulting effects on the value of United's loan portfolio;

Changes in local economic and business conditions adversely affecting United's borrowers and their ability to repay their loans according to their terms or the value of the related collateral; and

Changes in local economic and business conditions adversely affecting United's customers other than borrowers and their ability to transact profitable business with United.

**Competition and Product Availability**

Increased competition for deposits and loans adversely affecting rates and terms; and

Various strategic alternatives that United considers from time to time, including acquisitions of other depository institutions, their assets or their liabilities on favorable terms, and United's successful integration of any such acquisitions.

**Asset Management**

Increased credit risk in United's assets and increased operating risk caused by a material change in commercial, consumer and/or real estate loans as a percentage of the total loan portfolio;

The failure of assumptions underlying the establishment of and provisions made to the allowance for loan losses; and

Incurrence of higher-than-anticipated loan losses at Sequoia after the merger.

**Liquidity and Capital**

Changes in the availability of funds resulting in increased costs or reduced liquidity;

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Changes in United's ability to pay dividends on its common stock;

Increased asset levels and changes in the composition of assets and the resulting impact on United's capital levels and regulatory capital ratios; and

United's ability to fund its mortgage banking operations.

**Systems**

United's ability to acquire, operate and maintain cost effective and efficient systems; and

Unexpectedly difficult or expensive, but necessary technological changes.

**Personnel**

The loss of senior management or operating personnel and the potential inability to hire qualified personnel at reasonable compensation levels.

**Tax, Regulatory, Compliance and Legal**

Changes in applicable statutes and government regulations or their interpretations;

Claims of United's noncompliance with statutory and regulatory requirements; and

Changes in the status of litigation to which United is a party.

**RECENT DEVELOPMENTS**

United reported an increase in earnings for the second quarter and the first half of 2003. Diluted earnings per share were \$0.54 for the second quarter of 2003, up 6% from diluted earnings per share of \$0.51 for the second quarter of 2002. Diluted earnings per share were \$1.07 for the first half of 2003, which also represented a 6% increase from diluted earnings per share of \$1.01 for the first half of 2002.

Second quarter of 2003 results produced a return on average assets of 1.63% and a return on average equity of 16.67%, as compared to 1.62% and 17.02%, respectively, for the second quarter of 2002. For the first half of 2003, United's return on average assets was 1.62% while the return on average equity was 16.67% as compared to 1.62% and 17.10%, respectively, for the first half of 2002.

Increased noninterest income continued to be the leading contributor to the earnings growth for the second quarter and first half of 2003 from last year's results. These increases were driven primarily by increased mortgage banking production. Income from mortgage banking operations for the second quarter of 2003 increased \$7.1 million or 100% from the second quarter of 2002 as historically low interest rates favorably impacted mortgage refinancing and home purchasing. As a result of this increased mortgage loan activity, income from mortgage banking operations for the first half of 2003 increased \$12.6 million or 93% from the first half of 2002. On a linked-quarter basis, income from mortgage banking operations increased \$2.3 million or 19%. United anticipates that this trend should continue through 2003.

United's tax-equivalent net interest income for the second quarter of 2003 was relatively stable while the net interest margin was 3.83%, an increase of 7 basis points from 3.76% in the first quarter of 2003. Compared to last year's results, United's tax-equivalent net interest income for the second quarter of 2003 decreased by 7% from the second quarter of 2002. The net interest margin of 3.83% for the second quarter of 2003 was a 39 basis points decline from the second quarter of 2002's net interest margin of 4.22%. The net interest margin for the first half of 2003 was 3.79% as compared to a net interest margin of 4.19% during the same period last year.

Credit quality continues to compare favorably against peer group averages, despite sluggish economic conditions. As of June 30, 2003, the allowance for loan losses was \$46.8 million or 1.33% of loans, net of unearned income, which was the same percentage at December 31, 2002.

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**INFORMATION ABOUT THE MEETING AND VOTING**

Sequoia's board is using this proxy statement/prospectus to solicit proxies from the stockholders of record as of July 31, 2003, of Sequoia common stock for use at the Sequoia special meeting. In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization dated as of April 4, 2003, among United, a wholly-owned subsidiary, and Sequoia as provided in the merger agreement. Proxies may be voted on other matters that may properly come before the Sequoia special meeting, if any, at the discretion of the proxy holders. Sequoia's board knows of no such other matters except those incidental to the conduct of the meeting. A copy of the merger agreement is attached as Annex A.

**Matters Relating to the Special Meeting of Sequoia Stockholders**

<b>Time and Place:</b>	September 19, 2003 11:00 a.m., Eastern Time  Columbia Country Club 7900 Connecticut Avenue Chevy Chase, Maryland
<b>Purpose of Meeting:</b>	To vote on the proposed merger of Sequoia and United pursuant to which Sequoia will merge with a wholly-owned subsidiary of United.
<b>Required Vote:</b>	Approval of the merger requires the affirmative vote of a majority of the outstanding shares of common stock.
<b>Record Date:</b>	The record date for shares entitled to vote is the close of business on July 31, 2003.
<b>Outstanding Shares Held Record Date:</b>	On July 31, 2003, 2,483,454 shares of Sequoia common stock were outstanding.
<b>Shares Entitled to Vote:</b>	Shares entitled to vote of Sequoia common stock held at the close of business on the record date were 2,483,454. Each share of Sequoia common stock that you own entitles you to one vote. Shares held by Sequoia as treasury stock are not voted.
<b>Quorum Requirements:</b>	A quorum of stockholders is necessary to hold a valid meeting. The presence in person or by proxy at the meeting of holders of shares representing a majority of the shares of the Sequoia common stock outstanding and entitled to vote at the meeting is a quorum. Abstentions and broker non-votes count as present for establishing a quorum. Shares held by Sequoia as treasury stock do not count toward a quorum.

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**Broker Non-Votes and Abstentions:**

The proposal to approve the merger is a nondiscretionary item, meaning that brokerage firms cannot vote shares in their discretion on behalf of a client if the client has not given voting instructions. Accordingly, broker non-vote shares will not be counted as votes cast on that proposal. Shares with respect to which proxies have been marked as abstentions also will not be counted as votes cast on that proposal. Abstentions and broker non-votes will have the same effect as a vote against the merger agreement.

**Beneficial Ownership of Directors and Executive Officers:**

As of August 6, 2003, directors and executive officers beneficially owned 1,137,553 shares of Sequoia common stock, excluding exercisable options. These shares represent in total approximately 45.81% of the voting power of Sequoia's common stock.

**Voting and Revocation of Proxies**

The shares of Sequoia common stock represented by properly completed proxies received at or before the time for the meeting (or any adjournment) will be voted as directed by the respective stockholders unless the proxies are revoked as described below. If no instructions are given, executed proxies will be voted FOR the approval of the merger agreement, and executed but unmarked proxies will be voted FOR the approval of the merger agreement. If any other matters are properly presented at the meeting and voted upon, the proxies solicited hereby will be voted on those matters at the discretion of the proxy holders named therein. If your shares are held in street name by a broker or other nominee, you must provide your broker or other holder instructions on how to vote your shares. If you do not provide these instructions, you will not be permitted to vote your shares on the merger.

You may revoke any proxy given pursuant to this solicitation at any time before it is voted. Proxies may be revoked by:

filing with the Secretary of Sequoia, at or before the taking of the vote at the special meeting, a written notice of revocation bearing a later date than the revoked proxy;

properly executing and completing a later-dated proxy relating to the same shares and delivering it to the Secretary before the taking of the vote at the special meeting; or

attending the special meeting and voting in person, although attendance at the special meeting will not by itself constitute a revocation of a proxy.

If your shares are not registered in your name, you will need additional documentation from your record holder to vote the shares in person.

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You should send any written notice of revocation or subsequent proxy to the address below, or hand deliver it to the Corporate Secretary at or before the taking of the vote at the special meeting.

Sequoia Bancshares, Inc.  
2 Bethesda Metro Center, Suite 1500  
Bethesda, Maryland 20814  
Attention: Corporate Secretary

If your shares are held by a broker in street name and you wish to change the instructions you have given your broker about how to vote your shares, you must follow the instructions provided by the broker in order to change your vote.

**Solicitation of Proxies; Expenses**

In connection with Sequoia's special meeting, proxies are being solicited by, and on behalf of, Sequoia's board. Sequoia will bear the cost of soliciting proxies from its stockholders. In addition to solicitation by mail, proxies may be solicited from stockholders by directors, officers and employees of Sequoia and SequoiaBank in person or by telephone, facsimile or other means of communication. These directors, officers and employees will not receive additional compensation for soliciting proxies, but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation. Arrangements will be made with brokerage houses, custodians, nominees and fiduciaries for the forwarding of proxy solicitation materials to beneficial owners of shares and Sequoia will reimburse them for their reasonable expenses incurred in forwarding the materials.

**Appraisal Rights for Sequoia Stockholders**

If the merger agreement is approved and adopted by the Sequoia stockholders, holders of Sequoia common stock who delivered a written demand for appraisal to Sequoia prior to the vote on the merger agreement at Sequoia's special meeting and did not vote in favor of approval and adoption of the merger agreement will be entitled to receive the fair value of their shares under Section 262 of the Delaware General Corporation Law. The text of this law is attached to this proxy statement/prospectus as Annex C.



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**THE MERGER**

**General**

In the merger, Sequoia will be merged into a wholly-owned subsidiary of United and will become a wholly-owned subsidiary of United. SequoiaBank, Sequoia's subsidiary bank, will be merged into United Bank, United's Virginia subsidiary bank. If the merger is completed, stockholders of Sequoia will receive, for each share of Sequoia common stock owned, either 1.4071 shares of United common stock or \$39.40 in cash, subject to election, allocation and proration procedures contained in the merger agreement. No fractional shares of United common stock will be issued, but an additional cash payment will be made instead. Options to purchase Sequoia common stock will be converted into options to purchase the number of shares of United common stock equal to the number of shares of Sequoia common stock subject to the option multiplied by 1.4071, and no cash will be paid to option holders.

**United's Reasons for the Merger**

The merger is consistent with United's plan to have operations, offices and distinct capabilities in every market of its choice within its region. The merger should enhance the banking platform for future growth and expansion in the Washington, D.C. metropolitan area. United believes that, in addition to expanding United's presence in very attractive markets, the merger provides an opportunity to enhance United's stockholder value with the prospects of positive long-term performance of United's common stock. United believes that the merger is a strategic fit between United and Sequoia given the compatibility of the management and business philosophy of each company. Enhanced opportunities should result from the merger by eliminating redundant or unnecessary costs and enhancing revenue growth prospects.

**Background of the Merger**

In late August 2002, an officer of a large regional bank holding company (Company A) contacted James Tardiff, Chairman and Chief Executive Officer of Sequoia, and stated that since he would be in the Washington, D.C. area he would like to meet Mr. Tardiff so that he could introduce himself and Company A. Mr. Tardiff and J. Paul McNamara, the President and Chief Operating Officer of Sequoia, met with the officer of Company A, at which time they had general discussions regarding Company A, Company A's recent acquisitions in Virginia and Company A's prospects for expanding its operations in Northern Virginia.

After this initial meeting, the officer of Company A contacted Mr. Tardiff and suggested discussions regarding a possible business combination between Sequoia and Company A. In mid-September 2002, Mr. Tardiff and Mr. McNamara met with officers of Company A to discuss the possible acquisition of Sequoia by Company A.

From time to time over the past several years, various financial institutions have informally expressed an interest in a business combination with Sequoia and Sequoia's board of directors has considered the possibility of a business combination among the other strategic options available to it. On September 24, 2002, as part of a previously scheduled board retreat at which Sandler O'Neill had been requested to address the Sequoia board of directors on a variety of strategic matters, representatives of Sandler O'Neill discussed Company A's expression of interest in the context of other strategic options available to Sequoia. Sander O'Neill reported to the directors on the status of equity markets for financial institutions, recent mergers and acquisition activity among financial institutions, various strategic alternatives available to Sequoia, and the performance and valuation of Sequoia relative to its peers. In the discussion following Sandler O'Neill's presentation, the board of directors noted that Sequoia's recent rapid

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growth had reduced its regulatory capital ratios and that significant further growth may not be possible without additional capital. The board of directors also noted the increasing level of competition in Sequoia's market area by large regional bank holding companies and considered whether Sequoia had adequate resources, both technical and human, to support additional growth. At the conclusion of its discussions, the board of directors authorized management to pursue further discussions with Company A and to engage Sandler O'Neill to assist Sequoia in such discussions.

In early October 2002, Company A executed a confidentiality agreement and Sandler O'Neill, with the assistance of Sequoia's management, assembled a package of information regarding Sequoia. The information package was delivered to Company A in late October.

Over the next several weeks, officers of Company A and Sequoia discussed the nature of a possible acquisition of Sequoia by Company A. During this period, representatives of Sandler O'Neill also spoke with officers of Company A. The primary focus of the conversations between Sandler O'Neill and Company A was the proposed purchase price.

On November 13 through 15, 2002, officers of Sequoia attended an industry conference in Florida. While at the conference, officers of Sequoia and Company A met for several hours, but did not discuss the specific terms of the proposed business combination between Sequoia and Company A. At the conference, Mr. Tardiff and Mr. McNamara met Richard Adams, the President and Chief Executive Officer of United, at one of the conference functions, where they had the opportunity to become acquainted with each other and their respective companies.

In late November, 2002, representatives of Sandler O'Neill continued discussions with officers of Company A regarding the proposed terms of the acquisition of Sequoia, with particular focus on the price.

On December 3, 2002, Company A delivered to Sequoia a non-binding written offer to acquire Sequoia.

On December 4, 2002, at a meeting of the board of directors, Sandler O'Neill reviewed the proposal from Company A, updated its review of Sequoia, discussed the performance of Company A, presented an imputed valuation analysis of Sequoia and identified a number of other companies that were potential acquirors of Sequoia. The board of directors discussed the information provided by Sandler O'Neill and concluded that the price offered by Company A was inadequate. Based on its experience with Company A, the board of directors concluded that if Sequoia were to delay any further consideration of a business combination until after the first quarter of 2003, it should be able to command a higher price based on the strength of its recent earnings.

Following the board meeting, Sandler O'Neill communicated to Company A that the Sequoia board had found the proposed price to be insufficient. Company A did not respond with an increased offer and made no further effort to resume discussions with Sequoia.

In early February 2003, Mr. Adams contacted Mr. Tardiff to arrange a meeting. On February 25, 2003, Mr. Adams met with Mr. Tardiff and Mr. McNamara, at which time he expressed an interest in acquiring Sequoia. The Sequoia officers told Mr. Adams that the Sequoia board of directors had an upcoming meeting with Sandler O'Neill at which Sandler O'Neill would be addressing Sequoia's strategic options. Mr. Adams expressed a desire to avoid an auction process and told the Sequoia officers that he would contact them after the upcoming board meeting.

On March 10, 2003, the board of directors met with Sandler O'Neill in Sandler O'Neill's offices in New York. At this meeting, representatives of Sandler O'Neill updated the directors on mergers and acquisitions activity among financial institutions and reviewed Sequoia's capital needs. Sandler O'Neill

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also discussed with the Sequoia board of directors an analysis of the most likely purchasers of Sequoia, including an analysis of the capacity of such companies to pay the acquisition price. One of the companies discussed by Sandler O'Neill was United. Following a discussion of Sandler O'Neill's presentation, the Sequoia board of directors authorized management and Sandler O'Neill to update the information provided to Company A to reflect the first quarter of 2003 and to contact the companies discussed with Sandler O'Neill to determine their interest in a business combination with Sequoia. The board of directors was made aware of United's interest and considered the possibility that United would attempt to make a preemptive offer.

On March 11, 2003, before Sandler O'Neill began to initiate contacts on behalf of Sequoia, Mr. Adams contacted Mr. Tardiff to express United's continued interest in acquiring Sequoia. Mr. Adams explained that United did not wish to participate in a bidding process and stated that United would make an offer that fully valued Sequoia if Sequoia would provide United with a brief period during which Sequoia would deal exclusively with United.

Mr. Adams initially offered to exchange each share of Sequoia common stock for 1.0 share of United common stock plus \$10.00 in cash. Based on United's trading price of \$28.00 at that time, United's offer had a value of \$38.00 per share of Sequoia common stock, which was significantly above the amount that had been offered by Company A the previous December. Following discussions with representatives of Sandler O'Neill, United agreed to increase its offer to 1.05 shares of United common stock plus \$10.00 in cash.

On March 20, 2003, United delivered a non-binding written indication of interest to Sandler O'Neill that indicated an offer to acquire Sequoia for a combination of 1.05 shares of United common stock and \$10.00 per share in cash. The letter expressed United's willingness to appoint Mr. Tardiff and Mr. McNamara to its board and to the board of United Bank-Virginia, to honor their existing employment agreements, and to engage Mr. Tardiff as a consultant and employ Mr. McNamara as an officer following the consummation of the merger.

Later on March 20, 2003, the Sequoia board of directors held a meeting at which Mr. Tardiff and a representative of Sandler O'Neill informed the board of the status of discussions with United and the receipt of the written expression of interest. The Sequoia board of directors considered that the value of the consideration offered by United was at the high end of the expected valuation range, that United common stock had performed well in recent years, that United had a history of annual dividend increases, that management considered United to be a good fit with Sequoia, and that several of the other companies discussed with Sandler O'Neill were likely to pass on the opportunity to acquire Sequoia because they were preoccupied with pending acquisitions. As a result of this discussion, the Sequoia board of directors concluded that the proposed transaction with United presented an excellent opportunity that could be lost if Sequoia proceeded with the plan to solicit indications of interest from the companies on Sandler O'Neill's list. The board of directors authorized management to pursue discussions with United and agreed to deal exclusively with United for a period of two weeks.

On March 24, 2003, Sequoia and United executed a confidentiality agreement. On March 24 and 25, 2003, representatives of United conducted a due diligence review of Sequoia at Sequoia's administrative office. Over the following few days, representatives of United and Sequoia continued to discuss the results of United's due diligence review.

On March 27, 2003, United's counsel provided Sequoia and its counsel with a draft of the merger agreement. Representatives of Sequoia and United negotiated the merger agreement and the other ancillary documents over the next few days. At Sequoia's request, United agreed to provide Sequoia stockholders with the opportunity to receive either United common stock or cash rather than exchanging each Sequoia share for 1.05 shares of United plus \$10.00 in cash. Based on a price of \$28.00 per share of United common

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stock, 1.05 shares of United common stock plus \$10.00 had a total value of \$39.40. Based on this value, United agreed to provide Sequoia stockholders the opportunity to receive either 1.4071 shares of United common stock or \$39.40 in cash in exchange for their shares of Sequoia common stock, subject to the requirement that 75% of the Sequoia shares be exchanged for United common stock.

On March 30, 2003, representatives of Sequoia conducted a due diligence examination of United at United's Northern Virginia offices, which included a review of the loan portfolios of both United-Virginia and United-West Virginia.

On April 2, 2003, a special meeting of the Sequoia's board of directors was convened to update the board as to the status of the negotiations. Sequoia's legal counsel reviewed with the board the latest proposed financial terms offered by United. Sequoia's legal counsel then reviewed the board's fiduciary obligations to stockholders and its obligations in reviewing the agreement and in considering the proposed transaction with United.

Also on April 2, 2003, representatives of Sandler O'Neill and Sequoia's legal counsel conducted a due diligence examination of United at United's corporate offices in Parkersburg, West Virginia.

On April 4, 2003, at a special meeting of the board of directors of Sequoia, Sandler O'Neill reviewed with the board Sequoia's and United's financial, operational and stock performance on a historical and pro forma basis under various assumptions, the current mergers and acquisitions market for financial institutions and Sequoia's and United's historical and current market value and projected market value under various scenarios. Sandler O'Neill then reviewed the financial aspects of the proposed transaction that had been negotiated and delivered an oral opinion, later confirmed in writing, that the merger consideration was fair to Sequoia's stockholders from a financial point of view. The board of directors considered this opinion carefully, as well as Sandler O'Neill's experience, qualifications and interest in the transaction. The board of directors was informed of the findings of the due diligence review conducted by management and Sequoia's legal and financial advisors. In addition, Sequoia's board of directors reviewed the merger agreement and ancillary documents at length with legal counsel. After extensive review and discussion, Sequoia's board of directors unanimously approved the transaction and instructed management to execute and deliver the merger agreement.

**Sequoia's Reasons for the Merger**

The board of directors of Sequoia has determined that the merger is fair to, and in the best interests of, Sequoia and its stockholders. In approving the merger agreement, the Sequoia board consulted with its financial advisor with respect to the financial aspects and fairness of the transaction from a financial point of view and with its legal counsel as to its legal duties and the terms of the merger agreement. In arriving at its determination, the Sequoia board also considered a number of factors, including the following:

The results that could be obtained by continuing to operate independently, and the likely benefits to stockholders, compared with the value of the merger consideration being offered by United.

Information concerning the business, earnings, operations, financial condition and prospects of Sequoia and United, both individually and as combined.

The compatibility of the respective business and management philosophies of Sequoia and United.

The results of the due diligence review conducted on United, including the likelihood of the transaction receiving the requisite regulatory approvals in a timely manner.

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An assessment of United's ability to pay the aggregate merger consideration.

The opinion rendered by Sandler O'Neill, as financial advisor to Sequoia, that the merger consideration is fair, from a financial point of view, to Sequoia's stockholders.

The terms of the merger agreement and the structure of the merger, including the fact that the merger is intended to qualify as a transaction of a type that is generally tax-free for U.S. federal income tax purposes to the extent that United common stock is received.

The option of Sequoia stockholders to satisfy their own investment interests by receiving cash, United common stock or a combination of both cash and United common stock for their shares of Sequoia common stock.

The absence of any trading market for shares of Sequoia common stock compared to the NASDAQ listing and active trading market for shares of United common stock.

The ability of the Sequoia board of directors to terminate the merger agreement if the value of United common stock declines by more than 20% from its price after the announcement of the merger and underperforms by 15% or more an index of banking companies during the same time period.

The receipt of a higher dividend payout and dividend yield from United and United's practice of increasing its dividend on a regular basis.

The appointment of two members of Sequoia's board to the boards of directors of United and United Bank.

United's willingness to honor Sequoia's existing employment agreements and benefit plans.

The current and prospective economic, competitive and regulatory environment facing Sequoia and independent community banking institutions generally, which is characterized by continuing consolidation in metropolitan Washington, D.C. and increased nationwide, statewide and local competition.

The effect of the merger on Sequoia's depositors, customers and the communities served by Sequoia. The acquisition by United was deemed to be an opportunity to provide depositors, customers and the communities served by SequoiaBank with increased financial services and more branch offices.

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The discussion and factors considered by the directors of Sequoia is not intended to be exhaustive, but includes all material factors considered. In approving and recommending the merger, the directors of Sequoia did not assign any specific or relative weights to any of the foregoing factors and individual directors may have weighted factors differently.

### **Recommendation of Sequoia's Board of Directors**

After careful consideration, Sequoia's board of directors has determined that the merger agreement is advisable, in the best interests of Sequoia's stockholders and on terms that are fair to the stockholders of Sequoia. Accordingly, the board of directors of Sequoia has approved the merger agreement and recommends that Sequoia stockholders vote **FOR** approval of the merger agreement.

### **Opinion of Sequoia's Financial Advisor**

Sequoia's board of directors and senior management have consulted periodically with Sandler O'Neill regarding Sequoia's strategic options and related financial matters. By letter dated March 25, 2003, Sequoia retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination with a second party. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Sequoia in connection with the proposed merger and participated in certain of the negotiations leading to the merger agreement. At the April 4, 2003 meeting at which Sequoia's board considered and approved the merger agreement, Sandler O'Neill delivered to the board its oral opinion, subsequently confirmed in writing, that, as of such date, the merger consideration was fair to Sequoia's stockholders from a financial point of view. Sandler O'Neill has also delivered to the board a written opinion dated the date of this proxy statement/prospectus, which is substantially identical to its April 4th opinion. In rendering its updated opinion, Sandler O'Neill confirmed the appropriateness of its reliance on the analyses used to render its earlier opinion by reviewing the assumptions upon which its analyses were based, performing procedures to update certain of its analyses and reviewing the other factors considered in rendering its opinion. **The full text of Sandler O'Neill's updated opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. We urge you to read the entire opinion carefully in connection with your consideration of the proposed merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the Sequoia board and is directed only to the fairness of the merger consideration to Sequoia stockholders from a financial point of view. It does not address the underlying business decision of Sequoia to engage in the merger or any other aspect of the merger and is not a recommendation to any Sequoia stockholder as to how such stockholder should vote at the special meeting with respect to the merger, the form of consideration a stockholder should elect in the merger or any other matter.**

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In connection with rendering its April 4, 2003 opinion, Sandler O'Neill reviewed and considered, among other things:

- (1) the Agreement, together with certain of the annexes and schedules thereto;
- (2) certain financial statements and other historical financial information of Sequoia that it deemed relevant;
- (3) certain publicly available financial statements and other historical financial information of United that it deemed relevant;
- (4) internal earnings projections for Sequoia for the years ending December 31, 2003, 2004 and 2005 prepared by and reviewed with management of Sequoia and the views of senior management of Sequoia, based on discussions with members of senior management, regarding Sequoia's business, financial condition, results of operations and prospects;
- (5) earnings per share estimates for United for the years ending December 31, 2003 and 2004 published by I/B/E/S, and the views of senior management of United, based on limited discussions with members of senior management, regarding United's business, financial condition, results of operations and prospects;
- (6) the pro forma financial impact of the merger on United, based on assumptions relating to earnings projections, transaction expenses, purchase accounting adjustments and cost savings determined by the senior managements of Sequoia and United;
- (7) a comparison of certain financial information of Sequoia with similar publicly available information for certain other companies the securities of which are publicly traded;
- (8) the publicly reported historical price and trading activity for United's common stock, including a comparison of certain financial and stock market information for United with similar publicly available information for certain other companies the securities of which are publicly traded;
- (9) the financial terms of certain recent business combinations in the commercial banking industry, to the extent publicly available;
- (10) the current market environment generally and the banking environment in particular; and
- (11) such other information, financial studies, analyses and investigations and financial, economic and market criteria as it considered relevant.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill assumed and relied upon the accuracy and completeness of all the financial information, analyses and other information that was publicly available or otherwise furnished to, reviewed by or discussed with it and further relied on the assurances of management of Sequoia and United that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Sandler O'Neill was not asked to and did not independently verify the accuracy or completeness of any of such information nor did it assume any responsibility or liability for the accuracy or completeness of any of such information. Sandler O'Neill did not make an independent evaluation or appraisal of the assets, the collateral securing assets or the liabilities, contingent or otherwise, of Sequoia or United or any of their respective subsidiaries, or the collectability of any such assets, nor was it furnished with any such evaluations or appraisals. Sandler O'Neill is not an expert in the evaluation of allowances for loan losses and it did not

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make an independent evaluation of the adequacy of the allowance for loan losses of Sequoia or United, nor did it review any individual credit files relating to Sequoia or United. With Sequoia's consent, Sandler O'Neill assumed that the respective allowances for loan losses for both Sequoia and United were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. In addition, Sandler O'Neill did not conduct any physical inspection of the properties or facilities of Sequoia or United. Sandler O'Neill is not an accounting firm and it relied, with Sequoia's consent, on the reports of the independent accountants of Sequoia and United for the accuracy and completeness of the audited financial statements furnished to them.

Sandler O'Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Sandler O'Neill assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement are true and correct, that each party to the merger agreement will perform all of the covenants required to be performed by such party under the merger agreement and that the conditions precedent in the merger agreement are not waived. Sandler O'Neill also assumed, with Sequoia's consent, that there has been no material change in Sequoia's or United's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that Sequoia and United will remain as going concerns for all periods relevant to its analyses, and that the merger will qualify as a tax-free reorganization for federal income tax purposes.

In rendering its April 4th, 2003 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Sequoia or United and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Sequoia or United and the companies to which they are being compared.

The earnings projections for Sequoia and United used and relied upon by Sandler O'Neill in its analyses were based upon internal projections in the case of Sequoia and on published I/B/E/S consensus earnings estimates in the case of United. With respect to such financial projections and all projections of transaction costs, purchase accounting adjustments and expected cost savings relating to the merger, Sequoia's and United's managements confirmed to Sandler O'Neill that they reflected the best currently available estimates and judgments of such managements of the future financial performance of Sequoia and United, respectively, and Sandler O'Neill assumed for purposes of its analyses that such performances would be achieved. Sandler O'Neill expressed no opinion as to such financial projections or the assumptions on which they were based. The financial projections for Sequoia were prepared for internal purposes only and not with a view towards public disclosure. These projections, as well as the other estimates used by Sandler O'Neill in its analyses, were based on numerous variables and assumptions



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which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Sequoia, United and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Sequoia board at the April 4th meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of Sequoia's or United's common stock or the price at which Sequoia's or United's common stock may be sold at any time.

**Summary of Proposal.** Sandler O'Neill reviewed the financial terms of the proposed transaction. Based upon the closing price of United's common stock on April 3, 2003 of \$28.27 and assuming 75% of Sequoia's shares are converted into United stock and the remaining 25% are converted into cash in the merger, Sandler O'Neill calculated an implied transaction value of \$39.68 per share. Based upon Sequoia's December 2002 financial information, Sandler O'Neill calculated the following ratios:

**Transaction Ratios**

Transaction value/LTM earnings	23.61x
Transaction value/ Estimated 2003 earnings <sup>(1)</sup>	19.03x
Transaction value/Tangible book value per share	379.13%
Transaction value/Stated book value per share	379.13%
Tangible book premium/Core deposits <sup>(2)</sup>	24.54%

(1) Based on internal projections.

(2) Assumes Sequoia's core deposits total \$340.2 million.

The aggregate transaction value was approximately \$109.3 million, based upon 2.46 million shares of Sequoia common stock outstanding and including the intrinsic value of 348,204 stock options outstanding with a weighted average strike price of \$6.51 per share.

**Stock Trading History.** Sandler O'Neill reviewed the history of the reported trading prices and volume of United's common stock and the relationship between the movements in the prices of United's common stock to movements in certain stock indices, including the Standard & Poor's 500 Index, the S&P Bank Index, the NASDAQ Bank Index and the median performance of a composite peer group of publicly traded regional commercial banks selected by Sandler O'Neill. During the one-year period ended April 2, 2003, United's common stock underperformed the peer group and outperformed each of the other indices to which it was compared.

**Table of Contents****United's One-Year Stock Performance**

	<b>Beginning Index Value April 2, 2002</b>	<b>Ending Index Value April 2, 2003</b>
Regional Group	100.00%	101.68%
United	100.00	96.85
NASDAQ Bank Index	100.00	95.27
S&P Bank Index	100.00	87.66
S&P 500 Index	100.00	77.49

During the three-year period ended April 2, 2003, United's stock outperformed the S&P 500 and S&P Bank indices and underperformed the NASDAQ Bank index and the peer group.

**United's Three-Year Stock Performance**

	<b>Beginning Index Value March 31, 2000</b>	<b>Ending Index Value April 2, 2003</b>
Regional Group	100.00%	148.55%
NASDAQ Bank Index	100.00	145.18
United	100.00	130.00
S&P Bank Index	100.00	104.63
S&P 500 Index	100.00	58.78

**Comparable Company Analysis.** Sandler O'Neill compared selected financial information for Sequoia and two groups of selected financial institutions for which financial information was publicly available. The first group, or Regional Group, consisted of Sequoia and the following publicly traded regional commercial banks:

Chester Valley Bancorp, Inc.  
Bryn Mawr Bank Corp.  
Old Point Financial Corp.  
Leesport Financial Corp.  
C&F Financial Corp.  
Eastern Virginia Bankshares Inc.

NSD Bancorp, Inc.  
Long Island Financial Corp.  
PSB Bancorp, Inc.  
Comm Bancorp, Inc.  
Penns Woods Bancorp, Inc.

Sandler O'Neill also compared Sequoia to a group of publicly traded commercial banks that had a return on average equity (based on earnings for the twelve months ended December 31, 2002) greater than 17% and a price-to-tangible book value greater than 220%. This second group, or Highly Valued Group, consisted of the following publicly traded institutions:

Virginia Commerce Bancorp, Inc.  
First South Bancorp, Inc.  
Cascade Bancorp  
Bryn Mawr Bank Corp.  
C&F Financial Corp.

Columbia Bancorp  
United Security Bancshares  
Redwood Empire Bancorp  
Middleburg Financial Corp.  
Vineyard National Bancorp

The analysis compared historical financial information for Sequoia and the median data for each of the Regional Group and the Highly Valued Group as of and for each of the years ended December 31, 1997



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through 2002. The table below sets forth the comparative data as of and for the twelve months ended December 31, 2002, with pricing data as of April 2, 2003.

**Comparable Group Analysis**

	<u>Sequoia</u>	<u>Regional Group</u>	<u>Highly Valued Group</u>
Total assets ( <i>in thousands</i> )	\$523,800	\$540,290	\$548,124
Tangible equity/tangible assets	4.92%	9.10%	7.73%
Intangible assets/total equity	0.00%	0.01%	4.72%
Net loans/total assets	61.20%	64.76%	78.57%
Gross loans/total deposits	80.09%	85.08%	95.07%
Total borrowings/total assets	17.27%	11.18%	5.90%
Non-performing assets/total assets	0.09%	0.23%	0.28%
Loan loss reserve/gross loans	1.16%	1.21%	1.43%
Net interest margin	4.04%	4.09%	4.87%
Non-interest income/average assets	0.74%	1.15%	1.53%
Non-interest expense/average assets	2.98%	3.16%	3.80%
Efficiency ratio	65.48%	65.41%	57.19%
Return on average assets	1.03%	1.09%	1.62%
Return on average equity	20.94%	12.46%	19.34%
Price/tangible book value per share	NA	231.01%	287.93%
Price/LTM earnings per share	NA	15.37x	15.08x

Sandler O'Neill also used publicly available information to compare selected financial and market trading information for United and two groups of selected financial institutions. The first group, or Regional Group, consisted of United and the following publicly traded regional commercial banks:

First Citizens BancShares, Inc.  
BancorpSouth, Inc.  
South Financial Group, Inc.  
Trustmark Corp.  
F.N.B. Corp.

Hancock Holding Co.  
First Charter Corp.  
Alabama National Bancorporation  
WesBanco, Inc.  
United Community Banks, Inc.

Sandler O'Neill also compared United to a group of publicly traded commercial banks that had a return on average equity (based on earnings for the twelve months ended December 31, 2002) greater than 16% and a price-to-tangible book value greater than 230%. This second group, or Highly Valued Group, consisted of the following publicly traded institutions:

Hudson United Bancorp  
Investors Financial Services Inc.  
Trustmark Corp.  
International Bancshares Corp.  
First Midwest Bancorp, Inc.  
Community First Bankshares, Inc.

Chittenden Corp.  
UCBH Holdings, Inc.  
Park National Corp.  
Westamerica Bancorporation  
Pacific Capital Bancorp

The analysis compared publicly available financial information for United and the median data for each of the Regional Group and the Highly Valued Group as of and for each of the years ended December 31,

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1997 through 2002. The table below sets forth the comparative data as of and for the twelve months ended December 31, 2002, with pricing data as of April 2, 2003.

**Comparable Group Analysis**

	United	Regional Group	Highly Valued Group
Total assets ( <i>in thousands</i> )	\$5,792,019	\$5,531,690	\$5,827,170
Tangible equity/tangible assets	7.82%	7.34%	7.29%
Intangible assets/total equity	17.78%	10.97%	14.18%
Net loans/total assets	70.93%	61.90%	59.15%
Gross loans/total deposits	106.54%	96.14%	75.73%
Total borrowings/total assets	21.98%	16.45%	10.06%
Non-performing assets/total assets	0.19%	0.44%	0.30%
Loan loss reserve/gross loans	1.14%	1.42%	1.62%
Net interest margin	4.15%	4.13%	4.65%
Non-interest income/average assets	1.43%	1.52%	1.26%
Non-interest expense/average assets	2.58%	3.17%	3.22%
Efficiency ratio	50.28%	61.51%	52.04%
Return on average assets	1.59%	1.13%	1.55%
Return on average equity	16.73%	12.06%	18.82%
Price/tangible book value per share	269.98%	217.32%	325.79%
Price/LTM earnings per share	13.88x	14.36x	14.25x
Dividend payout ratio	46.12%	35.91%	35.29%
Dividend yield	3.32%	2.46%	2.53%

**Analysis of Selected Merger Transactions.** Sandler O'Neill reviewed merger transactions involving publicly traded commercial banks as acquired institutions with transaction values greater than \$15 million. Sandler O'Neill reviewed 85 transactions announced nationwide from January 1, 2002 to April 3, 2003 and 15 transactions in the MidAtlantic region announced from January 1, 2002 to April 3, 2003. Sandler O'Neill reviewed the multiples of transaction value at announcement to last twelve months earnings per share, transaction value to estimated earnings per share, transaction value to book value per share, transaction value to tangible book value per share, transaction value to deposits and tangible book premium to core deposits and computed high, low, mean and median multiples and premiums for both groups of transactions. These multiples were applied to Sequoia's financial information as of and for the twelve months ended December 31, 2002. As illustrated in the following table, Sandler O'Neill derived an imputed range of aggregate values for Sequoia of \$66.2 million to \$103.2 million based upon the median multiples for nationwide transactions and \$56.1 million to \$99.5 million based upon the median multiples for regional transactions. The aggregate transaction value of the merger as calculated by Sandler O'Neill was approximately \$109.3 million.

**Table of Contents****Nationwide & Mid-Atlantic Transaction Multiples**

(Dollars in millions)

	Nationwide		Mid Atlantic	
	Median Multiple	Implied Value	Median Multiple	Implied Value
Transaction price/LTM EPS	19.74x	\$ 95.0	20.53x	\$91.3
Transaction price/Estimated EPS	17.34x	\$103.2	17.98x	\$99.5
Transaction price/Book value	217.53%	\$ 66.2	256.77%	\$56.1
Transaction price/Tangible book value	229.29%	\$ 73.2	284.15%	\$59.1
Transaction price/Deposits	22.59%	\$ 97.8	24.83%	\$81.7
Tangible book premium/Core deposits <sup>(1)</sup>	16.45%	\$100.6	21.16%	\$91.5

(1) Assumes Sequoia's core deposits total \$340.2 million.

**Discounted Dividend Stream and Terminal Value Analysis.** Sandler O'Neill performed an analysis that estimated the future stream of after-tax dividend flows of Sequoia through December 31, 2006 under various circumstances, assuming Sequoia's projected dividend stream and that Sequoia performed in accordance with the earnings projections reviewed with management. For periods after 2005, Sandler O'Neill assumed an annual growth rate on earning assets of 15%. To approximate the terminal value of Sequoia common stock at December 31, 2006, Sandler O'Neill applied price/earnings multiples ranging from 10x to 25x and multiples of tangible book value ranging from 200% to 450%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9% to 15% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Sequoia common stock. As illustrated in the following tables, this analysis indicated an imputed range of values per share of Sequoia common stock of \$23.25 to \$71.10 when applying the price/earnings multiples and \$27.27 to \$75.16 when applying multiples of tangible book value. The transaction value of the merger as calculated by Sandler O'Neill was \$39.68 per share.

**Table of Contents***Earnings Per Share Multiples*

<b>Discount Rate</b>	<b>10x</b>	<b>13x</b>	<b>16x</b>	<b>19x</b>	<b>22x</b>	<b>25x</b>
<b>9.0%</b>	\$28.76	\$37.23	\$45.70	\$54.17	\$62.64	\$71.10
<b>11.0%</b>	26.76	34.63	42.51	50.38	58.25	66.13
<b>13.0%</b>	24.92	32.26	39.59	46.92	54.25	61.58
<b>15.0%</b>	23.25	30.08	36.92	43.75	50.58	57.42

*Tangible Book Value Per Share Multiples*

<b>Discount Rate</b>	<b>200%</b>	<b>250%</b>	<b>300%</b>	<b>350%</b>	<b>400%</b>	<b>450%</b>
<b>9.0%</b>	\$33.74	\$42.02	\$50.31	\$58.59	\$66.88	\$75.16
<b>11.0%</b>	31.39	39.09	46.79	54.50	62.20	69.90
<b>13.0%</b>	29.24	36.41	43.58	50.75	57.93	65.10
<b>15.0%</b>	27.27	33.95	40.64	47.33	54.01	60.70

Sandler O'Neill performed a similar analysis that estimated the future stream of after-tax dividend flows of United through December 31, 2006 under various circumstances, assuming United's projected dividend stream and that United performed in accordance with median IBES estimates. For periods after 2004, Sandler O'Neill assumed an annual growth rate on earning assets of 10%. To approximate the terminal value of United common stock at December 31, 2006, Sandler O'Neill applied price/earnings multiples ranging from 10x to 25x and multiples of tangible book value ranging from 100% to 350%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9% to 15% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of United common stock. As illustrated in the following table, this analysis indicated an imputed range of values per share of United common stock of \$20.20 to \$56.18 when applying the price/earnings multiples and \$12.67 to \$44.28 when applying multiples of tangible book value.

*Earnings Per Share Multiples*

<b>Discount Rate</b>	<b>10x</b>	<b>13x</b>	<b>16x</b>	<b>19x</b>	<b>22x</b>	<b>25x</b>
<b>9.0%</b>	\$24.72	\$31.01	\$37.30	\$43.60	\$49.89	\$56.18
<b>11.0%</b>	23.08	28.93	34.78	40.63	46.48	52.33
<b>13.0%</b>	21.58	27.03	32.48	37.92	43.37	48.82
<b>15.0%</b>	20.20	25.28	30.36	35.44	40.52	45.60

*Tangible Book Value Per Share Multiples*

<b>Discount Rate</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>	<b>300%</b>	<b>350%</b>
<b>9.0%</b>	\$15.38	\$21.16	\$26.94	\$32.72	\$38.50	\$44.28
<b>11.0%</b>	14.40	19.77	25.15	30.52	35.90	41.27
<b>13.0%</b>	13.50	18.50	23.51	28.51	33.52	38.52
<b>15.0%</b>	12.67	17.34	22.00	26.67	31.33	36.00

In connection with its analyses, Sandler O'Neill considered and discussed with the Sequoia board of directors how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to the growth rate of assets, net income and dividend payout ratio.

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Sandler O Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

**Pro Forma Merger Analysis.** Sandler O Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes in the fourth quarter of 2003, (2) 25% of the Sequoia shares are exchanged for cash at a value of \$39.40 per share, (3) 75% of the Sequoia shares are exchanged for United common stock at an exchange ratio of 1.4071, (4) the earnings projections and estimates for Sequoia and United referred to above, and (5) purchase accounting adjustments, charges and transaction costs associated with the merger and cost savings determined by the senior managements of Sequoia and United. The analysis indicated that for the year ending December 31, 2004, the first full year following the merger, the merger would be accretive to the combined company's projected earnings per share and dilutive to tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

**Pro Forma Merger Analysis**

	<b>Stand-alone</b>	<b>Pro Forma</b>
<b>Projected 2004 EPS</b>	<b>\$ 2.38</b>	<b>\$ 2.41</b>
<b>Projected Tangible Book Value</b> <i>(at December 31, 2004)</i>	<b>\$13.18</b>	<b>\$12.46</b>

Sequoia has agreed to pay Sandler O Neill a transaction fee in connection with the merger of approximately \$1.2 million (based on the closing price of United common stock on August 1, 2003), of which approximately \$275,000 has been paid to date with the remainder being payable upon closing of the merger. Sequoia has paid Sandler O Neill a \$100,000 fee for rendering its opinion, which will be credited against the transaction fee due upon closing of the merger. Sequoia has also agreed to reimburse certain of Sandler O Neill's reasonable out-of-pocket expenses incurred in connection with its engagement up to \$15,000 and to indemnify Sandler O Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

Sandler O Neill has in the past provided investment banking services to Sequoia and received compensation for such services. Sandler O Neill has also in the past provided investment banking services to United and may provide, and receive compensation for, such services in the future. In the ordinary course of its business as a broker-dealer, Sandler O Neill may purchase securities from and sell securities to Sequoia and United and their respective affiliates and may actively trade the equity securities of United for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

**Interest of Directors and Officers in the Merger that Differ from Your Interests**

Certain directors and executive officers of Sequoia have interests in the merger that are in addition to their interests as stockholders and option holders of Sequoia and their equity interests in United which will result from the conversion of their shares and options in the merger. Sequoia's board was aware of these interests at the time they approved the merger agreement.



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***Employment Agreements with James G. Tardiff and J. Paul McNamara.*** James G. Tardiff, Chairman and Chief Executive Officer, and J. Paul McNamara, President and Chief Operating Officer of Sequoia and SequoiaBank, currently have employment agreements with Sequoia and SequoiaBank that provide them with a severance payment and continuation of certain employee benefits if they are terminated in connection with a change in control of Sequoia or SequoiaBank. Messrs. Tardiff and McNamara have each entered into executive agreements with United, Sequoia and SequoiaBank, which provide certain termination benefits and will replace their current employment agreements upon completion of the merger.

***Executive Agreements with James G. Tardiff and J. Paul McNamara.*** James G. Tardiff and J. Paul McNamara have entered into separate agreements with United, Sequoia and SequoiaBank, under which they will cease to be directors and executive officers of Sequoia, and their current employment agreements with Sequoia will be terminated, upon completion of the merger. In exchange, United will make a cash payment of \$1,072,500 to each executive and provide three additional years of credited service under their respective salary continuation agreements, which will be assumed by United upon completion of the merger. The salary continuation agreements provide Messrs. Tardiff and McNamara with certain retirement, disability and death benefits. Messrs. Tardiff and McNamara have each agreed that, during the term of the agreement and for two years after its termination, they will not work for or serve as a director of a competing business in Maryland, Virginia or Washington, DC, nor will they disclose confidential business information or solicit United employees to join a competing business entity. If any payments made to Messrs. Tardiff and McNamara are deemed to be excess parachute payments under Section 280G of the Internal Code and thus subject to a 20% excise tax under Section 4999 of the Internal Revenue Code, United will reimburse them for the excise tax and any related taxes and penalties, so that they will receive the same amounts they would have received had they not been subject to the excise tax. Under his agreement, Mr. Tardiff will receive 36 months of continued health, life and disability insurance, and will continue as an employee of United until the latest of January 1, 2004 or the effective time of the merger. After that date he will serve as a consultant to United under a separate consulting arrangement. If Mr. Tardiff is employed by United on an interim basis, after completion of the merger but prior to the start of the consulting arrangement, he will be paid at a base rate of \$250,000 per year for such period and will be entitled to participate in benefit plans open to continuing employees.

***Consulting Agreement with James G. Tardiff.*** United and James G. Tardiff entered into a consulting agreement that is effective on the later of January 2, 2004 or the effective date of the merger, and continues for the following twelve months. During the agreement term, Mr. Tardiff agrees to serve as a consultant to United and a member of its board of directors, providing advice on the promotion of various products and services and assisting with strategic planning and the merger transition process. In exchange for his consulting services, Mr. Tardiff will receive cash compensation of \$250,000, credit for an additional year of service under the salary continuation agreement to be assumed by United, and continued health and welfare benefits. Mr. Tardiff agrees that, during the term of the consulting agreement and for two years after it expires, he will not work for or serve as a director of a competing business in Maryland, Virginia or Washington, DC, nor will he disclose confidential business information or solicit employees of United to work for a competitor.

***Employment Agreement with J. Paul McNamara.*** Mr. McNamara has entered into an employment agreement with United, effective as of the completion of the merger. During the three-year term of the agreement, he will serve as Vice Chairman of United Bank-Virginia and a member of United's Board of Directors. Mr. McNamara will receive an annual base salary of \$250,000 and will be entitled to participate in incentive bonus, retirement, and health and welfare benefit programs and receive certain perquisites, including use of an automobile and paid country club memberships. In addition, upon completion of the merger, United will grant Mr. McNamara 20,000 options to purchase stock under

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United's 2001 Incentive Stock Option Plan. Upon a termination of the employment agreement for any reason, Mr. McNamara will be fully vested in the normal retirement benefit provided for under the salary continuation agreement to be assumed by United following the merger, and United will continue his participation in health and welfare benefits, or provide similar coverage, for a period of 36 months. During his employment and for two years following termination of employment, Mr. McNamara agrees not to work for or serve as a director of a business competitor in Maryland, Virginia or Washington, DC and to refrain from disclosing confidential business information or soliciting employees of United for a competing business.

**Director Service and Compensation for Messrs. Tardiff and McNamara.** Under the terms of their agreements with United, James G. Tardiff and J. Paul McNamara will be elected or appointed to the boards of directors of United and United Bank Virginia. As members of the boards of directors, Messrs. Tardiff and McNamara are entitled to receive compensation in accordance with United's policy on director compensation. Non-employee directors of United receive a retainer of \$700 per month regardless of meeting attendance. Fees are also paid for committee meeting attendance. United Bank Virginia Board members receive \$500 per meeting attended.

**Sequoia Stock Options.** Under the terms of the Sequoia 1995 and 2000 stock option plans, all outstanding options to purchase Sequoia common stock become vested upon completion of the merger. Options granted to executive officers of Sequoia are fully vested. Certain unvested stock options granted to directors under the 1995 and 2000 stock option plans will vest upon completion of the merger. As of March 31, 2003, the directors of Sequoia and SequoiaBank held a total of 18,287 unvested options with a weighted average exercise price of \$7.49 per share.

**Deferred Compensation Agreements with Sequoia Directors.** Sequoia pays its non-employee directors an annual cash retainer plus fees for attendance at board and committee meetings. At various times during their board service, directors of Sequoia and SequoiaBank have elected to defer compensation for a given year instead of receiving the annual retainer in cash. Deferred compensation agreements between Sequoia and these directors generally provide for the payment of a fixed monthly benefit for 180 months payable to the director or his designated beneficiary, commencing on the first day of the month following the director's retirement on his 65th birthday. In the event of a director's death prior to retirement, a reduced sum is payable to the director's designated beneficiary. The retirement benefit attributable to each annual deferral vests ratably over a five year period and, in the event of a change in control of Sequoia, all benefits are fully vested. Accordingly, upon consummation of the merger with United, the directors' benefits will be fully vested, and United will assume Sequoia's obligations under these deferred compensation agreements.

## **Board of Directors of United After the Merger**

Immediately following the merger, the board of directors of United will have 18 members, including the 16 current United directors, plus Messrs. Tardiff and McNamara.

## **Federal Income Tax Consequences of the Merger**

The following discussion describes the material United States federal income tax consequences of the exchange of Sequoia stock for United stock and cash pursuant to the merger. This discussion is based upon the Internal Revenue Code of 1986, as amended, the regulations promulgated under the Internal Revenue Code, Internal Revenue Service rulings, and judicial and administrative rulings in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of federal income taxation that may be relevant to a stockholder in light of the stockholder's particular circumstances or to those Sequoia stockholders subject to special rules, such as

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stockholders who are not citizens or residents of the United States, financial institutions, tax-exempt organizations, insurance companies, dealers in securities, regulated investment companies, pass-through entities, stockholders who acquired their Sequoia stock pursuant to the exercise of options or similar derivative securities or otherwise as compensation, or stockholders who hold their Sequoia stock as part of a straddle, hedge or conversion transaction. This discussion assumes that Sequoia stockholders hold their respective shares of Sequoia stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code (i.e., property held for investment).

It is a condition to the obligations of Sequoia and United to complete the merger that each receive a legal opinion from its counsel that the merger constitutes a reorganization within the meaning of Section 368(a) of the Code. These legal opinions will assume the absence of certain changes in the existing facts and may rely on assumptions, representations and covenants made by Sequoia, United and others, including those contained in certificates of officers of Sequoia and United. If any of these factual assumptions is inaccurate, the tax consequences of the merger could differ from those described here. The opinions regarding the tax-free nature of the merger neither bind the Internal Revenue Service nor preclude the Internal Revenue Service from adopting a contrary position. Neither Sequoia nor United intends to obtain a ruling from the Internal Revenue Service with respect to the tax consequences of the merger.

In addition, in connection with the filing of the registration statement, Bowles Rice McDavid Graff & Love, PLLC, counsel to United, and Muldoon Murphy & Faucette LLP, counsel to Sequoia have delivered to United and Sequoia, respectively, their opinions, dated the date of this proxy statement-prospectus, that the merger will qualify as a reorganization within the meaning of section 368(a) of the Internal Revenue Code.

We intend this discussion to provide only a summary of the material federal income tax consequences of the merger. We do not intend that it be a complete analysis or description of all potential federal income tax consequences of the merger. In addition, we do not address tax consequences which may vary with, or are contingent upon, individual circumstances. Moreover, we do not address any non-income tax or any foreign state or local tax consequences of the merger. Accordingly, we strongly urge you to consult your tax advisor to determine your particular United States federal, state, local or foreign income or other tax consequences resulting from the merger, with respect to your individual circumstances.

As a result of the treatment of the merger as a reorganization described in Section 368(a) of the Internal Revenue Code, neither United nor Sequoia will recognize any taxable gain or loss as a result of the merger; and the federal income tax consequences of the merger to a Sequoia stockholder generally will depend on whether the stockholder receives cash, United common stock or a combination thereof in exchange for the stockholder's shares of Sequoia common stock.

*Receipt of Solely United Common Stock (plus any cash in lieu of a fractional share).* A Sequoia stockholder who receives solely United common stock in exchange for all of such stockholder's shares of Sequoia common stock in the merger will not recognize gain or loss on the exchange, except to the extent the stockholder receives cash in lieu of a fractional share interest in United common stock. A Sequoia stockholder who receives cash in lieu of a fractional share will be treated as if such stockholder had received a fractional share and then exchanged such fractional share for cash in a redemption by United. A Sequoia stockholder will generally recognize capital gain or loss on such a deemed redemption of the fractional share in an amount equal to the difference between the amount of cash received and the stockholder's tax basis in the fractional share. Such capital gain or loss will be long-term capital gain or loss if the Sequoia common stock exchanged was held for more than one year.

*Receipt of Solely Cash.* A Sequoia stockholder who receives solely cash in exchange for all of such stockholder's shares of Sequoia common stock pursuant to the merger generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the stockholder's aggregate tax basis for the shares of Sequoia common stock exchanged, which gain or loss will be long-term capital gain or loss if the shares of Sequoia common stock were held for more than one year.

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*Receipt of Both United Common Stock and Cash.* A Sequoia stockholder who receives both United common stock and cash consideration in exchange for all of such stockholder's shares of Sequoia common stock generally will recognize gain, but not loss, to the extent of the lesser of:

- (1) the total amount of cash received by such stockholder, and
- (2) the difference between (a) the sum of the fair market value of the United common stock received in the merger plus the total amount of cash received in the merger, and (b) the stockholder's aggregate tax basis in the shares of Sequoia common stock surrendered in the merger.

Any gain so recognized will be capital gain, provided that the cash consideration received is neither essentially equivalent to a dividend within the meaning of section 302 of the Internal Revenue Code nor has the effect of a distribution of a dividend within the meaning of section 356(a)(2) of the Internal Revenue Code. Such capital gain will be long-term capital gain if the shares of Sequoia common stock exchanged were held for more than one year.

*Basis.* A Sequoia stockholder who receives shares of United common stock in the merger will have a tax basis in such shares equal to such stockholder's aggregate tax basis in the Sequoia shares being exchanged, *decreased* by (a) the amount of any cash received by the stockholder and (b) the amount of loss to the stockholder which was recognized on such exchange, and *increased* by (x) the amount which was treated as a dividend, and (y) the amount of gain to the stockholder which was recognized on such exchange (not including any portion of such gain which was treated as a dividend).

*Holding Period.* The holding period of United common stock received will include the holding period of the shares of Sequoia common stock being exchanged.

*Dissenting Stockholders.* A holder of Sequoia common stock who dissents with respect to the merger, as discussed under Appraisal Rights of Sequoia Stockholders beginning on page 43, and who receives cash in respect of his or her shares of Sequoia common stock generally will be treated in the same manner as a holder who exchanges his or her shares of Sequoia common stock solely for cash in accordance with the above discussion.

*Backup Withholding.* A non-corporate holder of Sequoia common stock may be subject to information reporting and backup withholding on any cash payments he or she receives. Such a Sequoia stockholder will not be subject to backup withholding, however, if he or she:

furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal; or

is otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Sequoia stockholder's United States federal income tax liability, provided such stockholder furnishes the required information to the Internal Revenue Service.

*Reporting Requirements.* A Sequoia stockholder who receives United common stock as a result of the merger will be required to retain records pertaining to the merger and will be required to file with his or her United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

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### **Accounting Treatment**

The Merger will be accounted for under the purchase method of accounting, whereby, the assets and liabilities of Sequoia will be reflected in the consolidated financial statements of United based upon their estimated fair values as of the effective date of the merger. Results of operations will be reflected in the consolidated financial statements of United for all periods subsequent to the effective date of the merger. The excess purchase price over the fair market value of assets will be allocated to identifiable intangible assets. Any remaining excess will be allocated to goodwill and will not be amortized. Instead, goodwill is evaluated for impairment annually, or more frequently if impairment indicators arise.

### **Regulatory Approvals**

The merger of Sequoia with United is subject to the prior approval of the Board of Governors of the Federal Reserve System under the Bank Merger Act and the Bank Holding Company Act. In reviewing applications for transactions of this type, the Federal Reserve Board must consider, among other factors, the financial and managerial resources and future prospects of the existing and resulting institutions, and the convenience and needs of the communities to be served. In addition, the Federal Reserve Board may not approve a transaction if it will result in a monopoly or otherwise be anticompetitive. United filed an application with the Federal Reserve Bank of Richmond on July 11, 2003.

Under the Community Reinvestment Act of 1977, the Federal Reserve Board must take into account the record of performance of United Bank-Virginia and SequoiaBank in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, served by each institution. As part of the review process, bank regulatory agencies frequently receive comments and protests from community groups and others. United Bank-Virginia and SequoiaBank each received a Satisfactory rating during their last Community Reinvestment Act examinations.

In addition, a period of 15 to 30 days must expire following approval by the Federal Reserve Board before completion of the merger is allowed, within which period the United States Department of Justice may file objections to the merger under the federal antitrust laws. While we believe that the likelihood of objection by the Department of Justice is remote in this case, there can be no assurance that the Department of Justice will not initiate proceedings to block the merger, or that the Attorney General of the State of Indiana will not challenge the merger, or if any proceeding is instituted or challenge is made, as to the result of the challenge.

The merger of Sequoia with United is also subject to the prior approval of the Virginia Department of Financial Institutions and the Maryland Department of Financial Institutions.

The merger cannot proceed in the absence of the requisite regulatory approvals. There can be no assurance that the requisite regulatory approvals will be obtained, and if obtained, there can be no assurance as to the date of any approval. There can also be no assurance that any regulatory approvals will not contain a condition or requirement that causes the approvals to fail to satisfy the condition set forth in the merger agreement and described under *The Merger Agreement Conditions to Completing the Merger*.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the cash consideration or the exchange ratio for converting Sequoia common stock to United common stock. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the merger.

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### **Resales of United Common Stock Issued in the Merger**

United has registered under the federal securities laws the issuance of its shares of common stock in the merger. Therefore, you may sell shares without restriction unless you are considered an affiliate of Sequoia as of the date of Sequoia's special meeting or you become an affiliate of United. A director, executive officer or stockholder who beneficially owns 10% or more of the outstanding shares of a company is generally deemed to be an affiliate of that company.

If you are considered an affiliate of Sequoia or become an affiliate of United, you may resell the shares of United common stock you receive only pursuant to an effective registration statement under the securities laws, or pursuant to Rule 145 of the SEC's rules, or in transactions otherwise exempt from registration under the securities laws. United is not obligated and does not intend to register for resale the shares issued to affiliates of Sequoia.

### **Appraisal Rights of Sequoia Stockholders**

Under the Delaware General Corporation Law (DGCL), Sequoia stockholders may object to the merger and demand in writing to be paid the fair value of their shares. Determination of fair value is based on all relevant factors, but excludes any appreciation or depreciation resulting from the accomplishment or expectation of the merger. Stockholders who elect to exercise appraisal rights must comply with all of the procedures of Section 262 of the DGCL to preserve those rights. A copy of Section 262 is attached as Annex C to this proxy statement/prospectus.

Section 262 sets forth the procedures to be followed by a stockholder electing to demand appraisal of his or her shares. These procedures are complicated and must be followed strictly. Failure to comply with these procedures may cause you to lose your appraisal rights. The following information is only a brief summary of the required procedures under Delaware law and is qualified in its entirety by the provisions of Section 262.

Under Section 262, Sequoia is required to notify stockholders not less than 20 days before the special meeting to vote on the merger that appraisal rights will be available. A copy of Section 262 must be included with that notice. This proxy statement/prospectus constitutes Sequoia's notice to its stockholders of the availability of appraisal rights in connection with the merger in compliance with the requirements of Section 262. If you wish to exercise appraisal rights or wish to preserve your right to do so, you should carefully review Section 262 and are urged to consult a legal advisor before electing or attempting to exercise these rights. If you fail to timely and properly comply with the requirements of Section 262, your appraisal rights under Delaware law may be lost.

Please review Section 262 for the complete procedures. Neither United nor Sequoia will give you any notice of your appraisal rights other than as described in this proxy statement/prospectus and as required by the DGCL.

### ***General Requirements***

If you want to object to the merger and be paid the full value of your shares in cash, Section 262 generally requires you to take the following actions:

You must deliver a written demand for appraisal to Sequoia before the vote is taken on the merger agreement at Sequoia's special meeting. This written demand for appraisal must be in addition to and separate from any proxy or vote against the merger agreement. Merely voting against, abstaining from voting or failing to vote in favor of adoption of the merger

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agreement will not constitute a demand for appraisal within the meaning of Section 262. See Requirements for Written Demand for Appraisal below for more details on making a demand for appraisal.

You must not vote in favor of approval and adoption of the merger agreement. A failure to vote will satisfy this requirement, but a vote in favor of the merger agreement will constitute a waiver of your right of appraisal. Accordingly, if you want to maintain your appraisal rights you must either check the Against box or the Abstain box on the proxy card or refrain from executing and returning the enclosed proxy card.