

The South Financial Group, Inc. 401(k) Plan TSFG Unitized Common Stock Fund

What is Unitization?

Unitization is an accounting method that provides participants greater flexibility. Here's how it works: the TSFG Unitized Common Stock Fund consists primarily of TSFG Common Stock (approximately 98%), and a small money market investment (approximately 2%). By blending the Common Stock with the money market investments, the participants are able to initiate transactions in the TSFG Unitized Common Stock Fund on a daily basis. For example, when you take a loan, withdraw money, or exchange out of the TSFG Unitized Common Stock Fund, the fund will actually sell the short-term investments in order to cover your request. This is because short-term investments are easier and quicker to sell. In a stock fund that is *not* unitized, a regular stock transaction can take a buyer and seller up to 3 business days to settle. The unit accounting method helps avoid these delays and will allow you to transfer to and from the stock fund as often as every business day.

What are the advantages of a unitized stock fund?

There are two advantages of investing in a unitized stock fund: same-day trading and liquidity. A unitized stock fund allows you to trade every business day just like a mutual fund. Same-day settlement means your money is available to work for you the same day rather than waiting the standard three-day settlement period for common stock transactions. The TSFG Unitized Common Stock Fund also allows loans and withdrawals to be processed daily, which means you get your money faster.

Will I be able to track the Stock Fund in the newspaper or other stock quote services?

Unfortunately, unitized stock funds cannot be tracked in the newspaper or with stock quote services. The TSFG Unitized Common Stock Fund is available exclusively to participants of the Plan. You can track the Common Stock with any stock quote service and it is listed in all of major daily newspapers.

What will affect the unit price of the unitized Stock Fund?

The same economic or market conditions that cause the Common Stock share price to move up and down affects the unit price of the TSFG Unitized Common Stock Fund. It is important to note that since there is a small amount of short-term investments in the TSFG Unitized Common Stock Fund, the fluctuation of the TSFG Unitized Common Stock Fund is not identical to the Common Stock.

As an investor in the TSFG Unitized Common Stock Fund, do I have the same shareholder rights as a Common Stock investor?

Yes, you retain all of the benefits of a shareholder, including voting rights.

Can a participant convert their units into shares?

You cannot convert the units in your TSFG Unitized Common Stock Fund into shares of common stock. However, when you leave the company, you may receive a full distribution or rollover of your account and request that the TSFG Unitized Common Stock Fund be converted to a stock certificate of Common Stock before the distribution or direct rollover. You may calculate your approximate number of common shares by dividing the market value of your TSFG Unitized Common Stock Fund account by the Common Stock share price. For example:
Market value of the TSFG Unitized Common Stock Fund in your account: \$5,000
Divided by current share price of TSFG Common Stock: \$33.00
Equals the approximate number of common shares you own: 151.515

Should you have any questions, please go to

<http://www.tsfg401kadvantage.com/401kcontact.html> or call 1-888-321-401k.