

UNITED BANKSHARES INC/WV

Form S-4/A

June 01, 2007

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As filed with the Securities and Exchange Commission on June 1, 2007

Registration No.  
333-142331

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

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

(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 LLP  
600 Quarrier Street  
P. O. Box 1386  
Charleston, West Virginia 25325-1386  
(304) 347-1131

Wayne A. Whitham, Jr., Esq.  
Williams Mullen  
1021 East Cary Street  
P.O. Box 1320  
Richmond, Virginia 23218-1320  
(804)783-6473

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.

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
Common Stock, par value \$2.50 per share	3,648,817 shares	Not applicable	\$ 122,955,168.57	\$ 3,774.72

- (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 Premier Community Bankshares, Inc.
- (2) The proposed maximum aggregate offering price is estimated solely to determine the registration fee and reflects the market price of Premier Community Bankshares, Inc. common stock to be exchanged for United Bankshares, Inc. common stock in connection with the merger, computed in accordance with Rule 457(c) and Rule 457(f) under the Securities Act of 1933, as amended, based upon the average of the high and low sales prices (\$32.27 and \$32.27) of Premier Community Bankshares, Inc. common stock as reported on The Nasdaq Capital Market on May 29, 2007, less the amount of cash to be paid by United Bankshares, Inc. in connection the merger (\$71,829,488.00).
- (3) United Bankshares, Inc. has previously paid \$3,663.24 of the filing fee.

**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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**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

You are cordially invited to attend the 2007 annual meeting of the shareholders of Premier Community Bankshares, Inc. to be held on July 10, 2007 at 10:00 a.m. at the Hampton Inn, 9800 Winchester Road, Front Royal, Virginia. At the annual meeting, you will be asked to elect four directors for terms of three years each.

You will also be asked to approve the proposed merger of Premier Community Bankshares into United Bankshares, Inc. In the merger, each share of Premier Community Bankshares common stock that you own will be exchanged for either \$34.00 cash or 0.93 shares of United Bankshares common stock. You may elect whether to receive cash, stock or a combination of cash and stock for your shares of Premier Community Bankshares common stock, except that at least 50% and no more than 65% of the total number of shares of Premier Community Bankshares common stock will be converted into common stock of United Bankshares. If the total stock elections are less than the 50% minimum or exceed the 65% maximum, you may receive a different proportion of cash and/or stock than you elect.

We expect the merger to be tax-free with respect to the shares of United Bankshares common stock that you receive. If you receive cash in the merger, you may have to recognize income or gain for tax purposes.

**The merger proposal is described in this proxy statement/prospectus. We encourage you to read this entire document carefully, including the Risk Factors section beginning on page 16.**

Your board recommends that you vote for the merger. **We need your vote to complete the merger.** Whether or not you plan to attend the annual meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope. If you neither return your card nor vote in person, the effect will be to vote against the merger.

You should obtain current market quotations on shares of United Bankshares common stock, which is listed on the Nasdaq Global Select Market under the symbol UBSI, and Premier Community Bankshares common stock, which is listed on the Nasdaq Capital Market under the symbol PREM.

Donald L. Unger

*President and Chief Executive Officer*

*Premier Community Bankshares, Inc.*

**An investment in United Bankshares common stock in connection with the merger involves certain risks and uncertainties. See Risk Factors beginning on page 16 of this proxy statement/prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or determined if this proxy statement/prospectus is accurate or adequate. It is illegal to tell you otherwise.**

**The securities to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other federal or state governmental agency.**

This proxy statement/prospectus is dated June 1, 2007 and is expected to be first mailed to shareholders on or about June 8, 2007.

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[insert logo]  
**PREMIER COMMUNITY BANKSHARES, INC.**  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON JULY 10 , 2007**

YOU ARE HEREBY NOTIFIED of and invited to attend the annual meeting of shareholders of Premier Community Bankshares, Inc., a Virginia corporation, to be held on Tuesday, July 10, 2007 at 10:00 a.m. at the Hampton Inn, 9800 Winchester Road, Front Royal, Virginia, for the purpose of considering and voting upon the following:

1. The election of four directors to serve for terms of three years each expiring at the 2010 annual meeting of shareholders, or until their successors are elected and qualify (or, if the merger described in the second proposal below is consummated, until the effective date of the merger). (See Proposal One.)
2. A proposal to approve and adopt the Agreement and Plan of Reorganization dated as of January 26, 2007, between Premier Community Bankshares, Inc. and United Bankshares, Inc. and the transactions contemplated thereby. The reorganization agreement provides that Premier Community Bankshares will merge with and into a subsidiary of United Bankshares, upon the terms and subject to the conditions set forth in the reorganization agreement, as more fully described in the accompanying proxy statement/prospectus. (See Proposal Two.)
3. A proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the matters to be considered by the shareholders at the meeting, as more fully described in the accompanying proxy statement/prospectus. (See Proposal Three.)
4. Such other matters as may properly come before the annual meeting.

Our board of directors has determined that the terms of the merger are fair to and in the best interests of Premier Community Bankshares and our shareholders, has approved and adopted the reorganization agreement, and unanimously recommends that our shareholders vote *FOR* the approval and adoption of the reorganization agreement and the transactions contemplated thereby.

Our board of directors has fixed the close of business on May 4, 2007 as the record date for determination of our shareholders entitled to receive notice of and to vote at the annual meeting. The annual meeting may be adjourned or postponed from time to time upon approval of our shareholders without any notice other than by announcement at the annual meeting of the adjournment or postponement thereof, and any and all business for which notice is hereby given may be transacted at such adjourned or postponed annual meeting.

The affirmative vote of the holders of more than two-thirds of the outstanding shares of our common stock on the record date is required to approve and adopt the reorganization agreement. Please complete, date, sign and promptly return the enclosed proxy card, which is solicited by your board of directors, in the enclosed envelope, whether or not you expect to attend the annual meeting. You may

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revoke the proxy at any time before its exercise by delivering to us a written notice of revocation, by delivering to us a duly executed proxy card bearing a later date or by voting in person at the annual meeting. Failure to return a properly executed proxy card, or to vote at the annual meeting, will have the same effect as a vote against the reorganization agreement and the transactions contemplated thereby.

By Order of the Board of Directors

June 1, 2007

/s/ Donald L. Unger  
*President and Chief Executive Officer*

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Annex B	Opinion of Davenport & Company LLC, dated January 26, 2007, to the board of directors of Premier Community Bankshares, Inc.

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**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates certain business and financial information about United Bankshares and Premier Community Bankshares from other documents filed with the SEC that is not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon oral or written request to:

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

Premier Community Bankshares, Inc.  
4095 Valley Pike  
Winchester, Virginia 22602  
Attention: Barbara Morris  
Telephone: (540) 869-6600

**If you would like to request any documents, please do so by July 3, 2007 in order to receive them before the shareholder meeting.**

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**QUESTIONS AND ANSWERS  
ABOUT THE SHAREHOLDER MEETING AND THE MERGER**

**Q: What will shareholders be voting on at the annual meeting?**

**A:** Shareholders will be voting on the following three matters:

The election of four directors. The directors will be elected for terms of three years each expiring at the 2010 annual meeting of shareholders. We will shorten the end of these terms to the effective date of the merger if the merger of Premier Community Bankshares and United Bankshares is completed.

A proposal to approve and adopt the reorganization agreement between Premier Community Bankshares and United Bankshares and the transactions contemplated thereby.

A proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the matters to be considered by the shareholders at the meeting.

Shareholders will also consider any other matters that may properly come before the meeting.

**Q: Why is Premier Community Bankshares proposing the merger?**

**A:** We believe the proposed merger is in the best interests of Premier Community Bankshares and its shareholders. Our board of directors believes that combining with United Bankshares provides significant value to our shareholders and provides those shareholders who elect to receive stock in the merger the option to participate in the opportunities for growth offered by the combined company.

You should review the reasons for the merger described in greater detail under the caption **Background of the Merger; Board Recommendations and Reasons for the Merger** beginning on page 66.

**Q: When and where is the shareholder meeting?**

**A:** The annual meeting is scheduled to take place on Tuesday, July 10, 2007, at 10:00 a.m., local time, at the Hampton Inn, 9800 Winchester Road, Front Royal, Virginia.

**Q: What does the Premier Community Bankshares board of directors recommend?**

**A:** The Premier Community Bankshares board of directors has approved the reorganization agreement. The Premier Community Bankshares board recommends that shareholders vote **FOR** the proposal to approve the reorganization agreement and the transactions contemplated thereby.

The Premier Community Bankshares board of directors also recommends that the shareholders vote for all four nominees in the election of directors.

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**Q: What will shareholders receive for their stock?**

- A:** For each share of Premier Community Bankshares common stock that you own, you may request to receive:
- (1) \$34.00 in cash; or
  - (2) 0.93 shares of United Bankshares common stock.

Shareholders will be able to elect to receive cash, shares of United Bankshares common stock, or a combination of cash and stock for their shares of Premier Community Bankshares common stock, subject to the allocation and prorationing mechanism described in this proxy statement/prospectus in greater detail under the caption Cash or Common Stock Election; Surrender of Certificates beginning on page 62 and Allocation and Proration Procedures beginning on page 64.

**Q: What must shareholders do to elect to receive cash or United Bankshares common stock?**

- A:** To elect to receive cash or United Bankshares common stock for any or all of your shares of Premier Community Bankshares common stock, you must indicate in the place provided on the election form, which you will receive in a separate mailing, the number of shares with respect to which you prefer to receive cash or stock, sign the form, and return the form in the separate envelope provided so that it is received prior to 5:00 p.m. Eastern time on July 5, 2007, which we refer to as the election deadline.

You will be able to make one of the following elections on the election form:

to elect to receive shares of United Bankshares common stock with respect to all of your shares of Premier Community Bankshares common stock;

to elect to receive cash with respect to all of your shares of Premier Community Bankshares common stock;

to elect to receive shares of United Bankshares common stock with respect to some of your shares of Premier Community Bankshares common stock and cash with respect to the remainder of your shares; or

to indicate that you make no election, and thus have no preference, with respect to your shares of Premier Community Bankshares common stock.

If you do not submit an election form prior to the election deadline, you will be deemed to have indicated that you are making no election, and thus have no preference, with respect to your shares of Premier Community Bankshares common stock. See Cash or Common Stock Election; Surrender of Certificates beginning on page 62.

**Q: Can I revoke or change my election after I mail my form of election?**

- A:** Yes. You may revoke or change your election at any time before the election deadline. You can do this by sending a written notice of such revocation or change in your election to the exchange agent at the address contained on the election form.

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If you revoke your election form and then do not re-submit an election form that is timely, you will be deemed to have indicated that you are making no election with respect to your shares of Premier Community Bankshares common stock.

**Q: Are shareholders guaranteed to receive the amount of stock or cash that they request on their election form?**

**A:** No. The reorganization agreement provides that at least 50% and no more than 65% of the total number of shares of Premier Community Bankshares common stock will be converted into common stock of United Bankshares. It is possible, therefore, that if you elect stock (or cash) for all or a portion of your shares of Premier Community Bankshares common stock, you could receive a different proportion of stock and cash than you elected. United Bankshares will make any allocation adjustments after the closing of the merger, based on the election forms that were timely received.

If the total number of shares of Premier Community Bankshares common stock with respect to which a stock election has been made (which we will refer to as the Stock Election Number) is less than 50% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger, re-allocations will be made, first to elections that did not specify either cash or stock and then to cash elections, so that the total number of shares of Premier Community Bankshares common stock converted into United Bankshares common stock is at least 50% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger.

In addition, if the Stock Election Number is more than 65% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger, re-allocations will be made to stock elections so that the total number of shares of Premier Community Bankshares common stock converted into United Bankshares common stock represents no more than 65% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger.

**Q: If I make an election to receive all cash, under what circumstances will my election be re-allocated?**

**A:** Because the reorganization agreement provides that the total number of shares of Premier Community Bankshares common stock converted into United Bankshares common stock cannot be less than 50% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger, your election may be re-allocated if the Stock Election Number is less than 50% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger. If the number of shares held by shareholders who did not make an election is less than or equal to the shortfall of required stock elections (which is the difference between 50% and the percentage that the Stock Election Number represents) of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger, then the shareholders who did not make an election will receive a combination of cash and United Bankshares common stock. If the shortfall of required stock elections exceeds the number of shares held by shareholders who did not make an election, then you will



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receive a combination of cash and United Bankshares common stock following a pro rata adjustment of all elections for cash in order to reach the 50% stock threshold.

**Q: If I make an election to receive all stock, under what circumstances will my election be re-allocated?**

**A:** Because the reorganization agreement provides that the total number of shares of Premier Community Bankshares common stock converted into United Bankshares common stock cannot exceed 65% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger, your election may be re-allocated if the Stock Election Number is more than 65% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger. In that circumstance, the exchange agent will identify shareholders who did not make an election and assign them as having made a cash election. Each shareholder who made an election to receive all stock will receive a combination of cash and United Bankshares common stock following a pro rata adjustment of all elections for stock as necessary to keep within this 65% stock limitation.

**Q: What happens if I do not make an election?**

**A:** If the Stock Election Number is less than 50% of the total number of shares of Premier Community Bankshares common stock outstanding at the effective time of the merger, and the shortfall number is less than the number of non-election shares, your no-election shares will be converted into the right to receive a certain number of shares of United Bankshares common stock and cash in order to reach this 50% threshold. If the shortfall exceeds the number of non-election shares, then your no-election shares will be converted into the right to receive United Bankshares common stock.

If the Stock Election Number is 50% or more, but 65% or less, you will receive either cash or shares of United Bankshares common stock, as determined by United Bankshares in its discretion.

If the Stock Election Number is more than 65%, you will receive cash.

**Q: How will I receive my shares of United Bankshares common stock or cash?**

**A:** After the allocation of cash and United Bankshares common stock, or a combination of each, to the shareholders of Premier Community Bankshares, the exchange agent will mail transmittal forms to each Premier Community Bankshares shareholder. You should complete the transmittal form and return it to the exchange agent as soon as possible. Once the exchange agent has received the proper documentation, it will forward to you the cash and/or United Bankshares common stock to which you are entitled.

Shareholders will not receive any fractional shares of United Bankshares common stock. Instead, they will receive cash, without interest, for any fractional share of United Bankshares common stock that they might otherwise have been entitled to receive based on the market value of the United Bankshares common stock on the date that the merger occurs.

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**Q: How do I exchange my Premier Community Bankshares stock certificates?**

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

**Q: What should I do if my shares of Premier Community Bankshares are held by my broker or otherwise in street name?**

**A:** If you hold your shares of Premier Community Bankshares common stock in street name (*i.e.*, your bank or broker holds your shares for you), you should receive instructions regarding election procedures directly from your bank or broker. If you have any questions regarding these procedures, you should contact your bank or broker directly, or you may contact United Bankshares or Premier Community Bankshares at the addresses or telephone numbers listed on page 1.

**Q: When will we complete the merger?**

**A:** We intend to complete the merger as soon as possible after shareholder approval is received, all other regulatory approvals have been obtained and other conditions to the closing have been satisfied or waived.

The regulatory approvals are described under [Regulatory Approvals](#) beginning on page 83.

**Q: What should I do now?**

**A:** Mail your signed proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the shareholder meeting. It is important that the proxy card be received as soon as possible and in any event before the shareholder meeting.

In addition, you will receive the election form in a separate mailing. You should make an election as indicated on the form, sign the form, and return the form with your stock certificates (or appropriate guarantee of delivery) in the separate envelope provided so that it is received prior to 5:00 p.m. Eastern time on July 5, 2007, which we refer to as the election deadline.

**Q: Can I change my vote after I mail my proxy card?**

**A:** Yes. You can change your vote at any time before your proxy is voted at the shareholder meeting. You can do this in one of three ways:

First, you can send a written notice stating that you would like to revoke your proxy.

Second, you can complete and submit a new proxy card.

Third, you can attend the shareholder meeting and vote in person. Simply attending the shareholder meeting, however, will not revoke your proxy.



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If you choose either of the first or second methods, you must submit your notice of revocation or your new proxy card to Premier Community Bankshares prior to the shareholder meeting. Your submissions must be mailed to the Secretary of Premier Community Bankshares at the address listed on page 1.

**Q: Who will be soliciting proxies?**

**A:** In addition to solicitation of proxies by officers, directors and employees of Premier Community Bankshares, Premier Community Bankshares has engaged a professional proxy solicitation firm, Mellon Investor Services, to assist it in soliciting proxies.

**Q: What if I do not vote or I abstain from voting?**

**A:** If you do not vote or you abstain from voting, your failure to vote or abstention will count as a **NO** vote on the proposal to approve and adopt the reorganization agreement.

Abstentions will not be counted as voting in favor of or against a director in the election of directors.

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

**A:** Your broker will vote your shares on the proposal to approve and adopt the reorganization agreement only if you provide instructions on how to vote. You should follow the directions provided by your broker to vote your shares. If you do not provide your broker with instructions on how to vote your shares held in street name, your broker will not be permitted to vote your shares on the proposal to approve and adopt the reorganization agreement, which will have the effect of a **NO** vote on the items being considered.

Your broker is able to vote your shares in the election of directors even if you do not provide instructions on how to vote.

**Q: Will I be able to sell the shares of United Bankshares common stock that I receive in the merger?**

**A:** Yes, in most cases. The shares of United Bankshares common stock to be issued in the merger will be registered under the Securities Act of 1933 and listed on the Nasdaq Global Select Market. However, certain shareholders who are deemed to be affiliates of United Bankshares or Premier Community Bankshares under the Securities Act (generally, directors, executive officers and shareholders of United Bankshares or Premier Community Bankshares holding 10% or more of the outstanding shares of common stock) must abide by certain transfer restrictions under the Securities Act.

**Q: What are the tax consequences of the merger to me?**

**A:** Your tax consequences will depend on what form of payment you receive in the merger as well as your basis in the Premier Community Bankshares common stock that you own. For greater detail, see Certain Federal Income Tax Consequences of the Merger beginning on page 88.

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**Q: Who should shareholders call with questions?**

**A:** If you have more questions about the merger you should contact:

John A. Willingham

Senior Vice President and Chief Financial Officer

Premier Community Bankshares, Inc.

4095 Valley Pike

Winchester, Virginia 22602

Telephone: (540) 869-6600

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**SUMMARY**

*This brief summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. We urge you to carefully read the entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers to fully understand the merger and the other matters to be considered at the shareholder meeting. See *Where You Can Find More Information* on page 106. Each item in this summary includes a page reference directing you to a more complete description of that item.*

**The Merger (page 61)**

We have attached the reorganization agreement to this proxy statement/prospectus as Annex A. Please read the reorganization agreement. It is the legal document that governs the merger.

In the merger, United Bankshares will acquire Premier Community Bankshares by means of the merger of Premier Community Bankshares into a subsidiary of United Bankshares.

Each share of Premier Community Bankshares common stock outstanding will be converted in the merger into either cash or shares of United Bankshares common stock as further described below. We expect to complete the merger in the third quarter of 2007, although there can be no assurance in this regard.

**Our Reasons for the Merger (page 66)**

Premier Community Bankshares board of directors is proposing the merger because, among other reasons: the value to be received by the shareholders under the merger agreement relative to the historical trading price of Premier Community Bankshares common stock represented a premium of approximately 70% over the closing price of Premier Community Bankshares common stock on January 25, 2007, the last trading day before the merger agreement was signed;

the per share value of the consideration to Premier Community Bankshares shareholders and the fact that at least 35% and up to 50% of the consideration will be in the form of cash;

the anticipated tax-free exchange of Premier Community Bankshares common stock for United Bankshares common stock for that portion of consideration;

the ability of Premier Community Bankshares shareholders, through the United Bankshares common stock component of the merger consideration, to participate in the potential growth of the combined institutions following consummation of the transaction;

the merger is less risky than the potential alternatives available to Premier Community Bankshares, including other potential merger transactions and the alternative of remaining independent; and

the opinion of Davenport rendered to the Premier Community Bankshares board as to the fairness, from a financial point of view, of the merger consideration offered to holders of Premier Community Bankshares common stock.

**What Shareholders Will Receive (page 62)**

Each of your shares of Premier Community Bankshares common stock will automatically be converted into the right to receive either \$34.00 cash or 0.93 shares of United Bankshares common stock, subject to the limitation that the total number of shares of Premier Community Bankshares common stock converted into United Bankshares common stock is no less than 50%, and no more than 65%.

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To elect to receive cash or United Bankshares common stock for any or all of your shares of Premier Community Bankshares common stock, you must indicate in the place provided on the election form, which you will receive in a separate mailing, the number of shares with respect to which you prefer to receive cash or stock, sign the form, and return the form in the separate envelope provided so that it is received prior to 5:00 p.m. Eastern time on July 5, 2007.

You will be able to make one of the following elections on the election form:

to elect to receive shares of United Bankshares common stock with respect to all of your shares of Premier Community Bankshares common stock;

to elect to receive cash with respect to all of your shares of Premier Community Bankshares common stock;

to elect to receive shares of United Bankshares common stock with respect to some of your shares of Premier Community Bankshares common stock and cash with respect to the remainder of your shares; or

to indicate that you make no election, and thus have no preference, with respect to your shares of Premier Community Bankshares common stock.

If you do not submit an election form prior to the election deadline, you will be deemed to have indicated that you are making no election, and thus have no preference, with respect to your shares of Premier Community Bankshares common stock.

If stock elections representing less than 50% of the outstanding shares of Premier Community Bankshares common stock prior to the merger are made, re-allocations will be made, first to elections that did not specify either cash or stock and then to cash elections, so that no less than 50% of the shares of Premier Community Bankshares common stock are converted into stock. In addition, if stock elections representing more than 65% of the outstanding shares of Premier Community Bankshares common stock prior to the merger are made, re-allocations will be made, first to elections that did not specify either cash or stock and then to stock elections so that no more than 65% of the shares of Premier Community Bankshares common stock are converted into stock.

United Bankshares will not issue any fractional shares in the merger. Instead, you will receive cash for any fractional share of United Bankshares common stock owed to you. The amount of cash that you will receive for any such fractional share will be calculated by multiplying the fractional share interest by the closing price of United Bankshares common stock on the Nasdaq Global Select Market on the effective date of the merger. The purchase of fractional shares will be taken into account to ensure that no less than 50% of the shares of Premier Community Bankshares common stock are converted into stock.

**No Dissenters or Appraisal Rights (page 66)**

Shareholders will not have any dissenters or appraisal rights in connection with the merger and the other matters described in this proxy statement/prospectus.

**Our Recommendation (page 66)**

The Premier Community Bankshares board of directors believes that the merger is fair to Premier Community Bankshares shareholders and in their best interests. Premier Community Bankshares board unanimously recommends that shareholders vote **FOR** the proposal to approve and adopt the reorganization agreement and the transactions contemplated thereby.

**Opinion of Financial Advisor (page 70)**

Davenport & Company LLC delivered a written opinion to the Premier Community Bankshares board of directors that, as of January 26, 2007, the merger consideration is fair to the common shareholders of Premier Community

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Bankshares from a financial point of view. We have attached this opinion to this proxy statement/prospectus as Annex B. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Davenport & Company LLC in providing its opinion.

**Accounting Treatment (page 87)**

The merger will be accounted for under the purchase method of accounting.

**Certain Federal Income Tax Consequences (page 88)**

You generally will not recognize any gain or loss for United States federal income tax purposes as a result of your exchange of shares of Premier Community Bankshares common stock solely for shares of United Bankshares common stock. Premier Community Bankshares shareholders may, however, have to recognize income or gain in connection with the receipt of any cash received in the merger. Because this tax treatment may not apply to all of Premier Community Bankshares shareholders, you should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you. You will not be obligated to exchange your shares of Premier Community Bankshares common stock unless Premier Community Bankshares receives a legal opinion that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368 of the Internal Revenue Code. This opinion, however, will not bind the Internal Revenue Service, which could take a different view.

Shareholders will also be required to file certain information with their federal income tax returns and to retain certain records with regard to the merger.

**The discussion of United States federal income tax consequences set forth above is for general information only and does not purport to be a complete analysis or listing of all potential tax effects that may apply to a holder of Premier Community Bankshares common stock. Shareholders of Premier Community Bankshares are strongly urged to consult their tax advisors to determine the particular tax consequences to them of the merger, including the application and effect of federal, state, local, foreign and other tax laws.**

**The Companies (page 93)**

*United Bankshares, Inc.*

*500 Virginia Street, East*

*Charleston, West Virginia 25301*

*(304) 348-8400*

United Bankshares, Inc. is a West Virginia corporation registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended. United Bankshares 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 Bankshares has acquired 26 banking institutions. United Bankshares has two banking subsidiaries doing business under the name United Bank, one operating under the laws of West Virginia and the other operating under the laws of Virginia. United Bankshares' banking subsidiaries offer a full range of commercial and retail banking services and products. United Bankshares also owns nonbank subsidiaries that engage in other community banking services such as asset management, real property title insurance, investment banking, financial planning and brokerage services.

The headquarters of United Bankshares is located in United Center at 500 Virginia Street, East, Charleston, West Virginia. United Bankshares' executive offices are located in Parkersburg, West Virginia at Fifth and Avery Streets. United Bankshares operates 90 full service offices—52 located throughout West Virginia, 35 throughout the Northern Virginia, Maryland and Washington, DC areas and 3 in Ohio.

As of March 31, 2007, United Bankshares had total assets of \$6.57 billion, total



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deposits of \$4.74 billion, and stockholders' equity of \$638.7 million.

*Premier Community Bankshares, Inc.*

*4095 Valley Pike*

*Winchester, Virginia 22602*

*(540) 869-6600*

Premier Community Bankshares is a bank holding company organized under the laws of the Commonwealth of Virginia and is registered under the federal Bank Holding Company Act. It has three banking subsidiaries: The Marathon Bank, which has 11 offices in Virginia, Rockingham Heritage Bank, which has 12 offices in Virginia, and Premier Bank, Inc., which has three offices in West Virginia through which all of its business is conducted. The subsidiary banks operate autonomously, with separate local identities, management teams and decision-making processes, and without strict operating control from the holding company. Each bank has full responsibility for day-to-day operations, with minimal support from the holding company level. As a result, each bank can tailor its services and products to the needs of its community.

Premier Community Bankshares is engaged in the business of offering banking services to the general public. Through its subsidiaries, Premier Community Bankshares offers checking accounts, savings and time deposits, and commercial, real estate, personal, home improvement, automobile and other installment and term loans. It also offers financial services, travelers' checks, safe deposit boxes, collection, notary public and other customary bank services (with the exception of trust services) to its customers. The three principal types of loans that the banks make are commercial and industrial loans, real estate loans and loans to individuals for household, family and other consumer expenditures.

As of March 31, 2007, Premier Community Bankshares reported, on a consolidated basis, total assets of \$900.7 million, net loans of \$749.1 million, deposits of \$742.3 million and shareholders' equity of \$73.8 million.

**The Shareholder Meeting (page 29)**

The annual meeting will be held on July 10, 2007 at 10:00 a.m. at the Hampton Inn, 9800 Winchester Road, Front Royal, Virginia. At the annual meeting, you will be asked:

to elect four directors to serve for terms of three years each expiring at the 2010 annual meeting of shareholders (or until the effective date of the merger if the merger of Premier Community Bankshares and United Bankshares is completed) (See Proposal One);

to approve the reorganization agreement and the transactions contemplated thereby (See Proposal Two); and

to consider and vote upon a proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event that there are not sufficient votes at the time of the meeting to approve the matter to be considered by the shareholders at the meeting (See Proposal Three).

**Record Date; Vote Required (page 30)**

You can vote at the annual meeting if you owned shares of Premier Community Bankshares common stock at the close of business on May 4, 2007. On that date, Premier Community Bankshares had 5,741,710 shares of common stock outstanding and entitled to vote. You can cast one vote for each share of Premier Community Bankshares common stock that you owned on that date.

The approval of the reorganization agreement and the transactions contemplated thereby requires the affirmative vote of the holders of more than two-thirds of Premier Community Bankshares' outstanding shares.

Approval of the adjournment of the meeting requires the affirmative vote of a majority of the shares represented at the meeting, whether or not a quorum is present.

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As of May 4, 2007, Premier Community Bankshares directors and executive officers, and their affiliates, held approximately 9.71% of the outstanding shares of Premier Community Bankshares common stock entitled to vote at the annual meeting. The Premier Community Bankshares directors have indicated that they plan to vote the shares of Premier Community Bankshares common stock that they own for approval of the reorganization agreement and the transactions contemplated thereby.

**Conditions to Completion of the Merger (page 79)**

The obligations of United Bankshares and Premier Community Bankshares to complete the merger depend on a number of conditions being met. These include:

Premier Community Bankshares shareholders approval of the reorganization agreement;

approval of the merger by the necessary federal and state regulatory authorities;

authorization for the listing on the Nasdaq Global Select Market of the shares of United Bankshares common stock to be issued in the merger;

absence of any law or court order prohibiting the merger;

receipt of opinions from counsel to Premier Community Bankshares and United Bankshares that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

the continued accuracy of certain representations and warranties.

Where the law permits, either of us could choose to waive a condition to our obligation to complete the merger although that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

**Regulatory Approvals (page 83)**

We cannot complete the merger unless it is approved by the Board of Governors of the Federal Reserve System, the Virginia State Corporation Commission and the West Virginia Board of Banking and Financial Institutions. Once the Federal Reserve Board approves the merger, we have to wait from 15 to 30 days before we can complete it. During that time, the Department of Justice may challenge the merger.

As of the date of this proxy statement/prospectus, we have not yet received the required approvals. While we do not know of any reason why we would not be able to obtain the necessary approvals in a timely manner, we cannot be certain when or if we will receive them.

**Termination of the Reorganization Agreement (page 81)**

Premier Community Bankshares and United Bankshares may mutually agree to terminate the merger at any time.

Either Premier Community Bankshares or United Bankshares 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 if such breach individually or in the aggregate with other breaches results in a material adverse effect;

the merger is not complete by November 30, 2007, 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

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the merger is denied or the shareholders of Premier Community Bankshares do not approve the merger agreement.

United Bankshares may terminate the reorganization agreement if Premier Community Bankshares' board fails to recommend approval of the merger agreement, withdraws its recommendation or modifies its recommendation in a manner adverse to United Bankshares.

Premier Community Bankshares may terminate the merger agreement if the price of United Bankshares common stock declines by more than 20% from \$36.27 and underperforms an index of banking companies by more than 20% over a designated measurement period unless United Bankshares agrees to increase the number of shares of United Bankshares common stock to be issued to holders of Premier Community Bankshares common stock who are to receive shares of United Bankshares common stock in the merger.

Premier Community Bankshares 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 Premier Community Bankshares' shareholders from a financial point of view, provided that United Bankshares does not make a counteroffer that is at least as favorable to the other proposal and Premier Community Bankshares pays the termination fee described below.

**Termination Fee (See Page 82)**

In the event the reorganization agreement is terminated (i) due to failure to obtain Premier Community Bankshares shareholder approval and at such time a competing acquisition proposal for Premier Community Bankshares has been made public and not withdrawn or (ii) because the Premier Community Bankshares' board fails to recommend, withdraws, modifies, or changes its recommendation of the merger, then Premier Community Bankshares must pay United Bankshares a termination fee of \$8 million.

**Waiver and Amendment (page 82)**

We may jointly amend the reorganization agreement, and each of us may waive our right to require the other party to adhere to the terms and conditions of the reorganization agreement. However, we may not do so after Premier Community Bankshares' shareholders approve the necessary transactions if the amendment or waiver would violate the Virginia State Corporation Act or the West Virginia Business Corporation Act.

**Interests of Directors and Officers in the Merger that Differ from Your Interests (page 77)**

Some of the directors and officers of Premier Community Bankshares have interests in the merger that differ from, or are in addition to, their interests as shareholders of Premier Community Bankshares. These interests exist because of, among other things, employment or severance agreements that the officers entered into with Premier Community Bankshares, and rights that these officers and directors have under Premier Community Bankshares' benefit plans. These employment and severance agreements provide certain officers with severance benefits if their employment is terminated following the merger. In addition, one of the members of the Premier Community Bankshares board of directors will join the board of United Bankshares, and three of its members will join the board of directors of United Bank (Virginia).

The members of the Premier Community Bankshares board of directors knew about these additional interests and considered them when they approved the reorganization agreement and the merger.

**Stock Options (page 65)**

Under the reorganization agreement, each stock option to buy Premier Community Bankshares common stock granted under

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Premier Community Bankshares' stock option plan that is outstanding and not yet exercised immediately prior to the merger will become an option to buy United Bankshares' common stock. The number of shares of United Bankshares' common stock subject to each new stock option, as well as the exercise price of that stock option, will be adjusted to reflect the exchange ratio in the merger. In addition, any requirement that an option be exercised within a specific time period after termination of employment with Premier Community Bankshares or cessation of service as a non-employee director will be waived or deleted from each option.

**Material Differences in the Rights of United Bankshares Shareholders and Premier Community Bankshares Shareholders (page 96)**

The rights of United Bankshares' shareholders are governed by West Virginia law and by United Bankshares' articles of incorporation and bylaws. The rights of Premier Community Bankshares' shareholders are governed by Virginia law and by Premier Community Bankshares' articles of incorporation and bylaws. Upon completion of the merger, the rights of the United Bankshares' shareholders, including former shareholders of Premier Community Bankshares, will be governed by West Virginia law and the articles of incorporation and bylaws of United Bankshares.

**Recent Developments (page 21)**

On March 30, 2007, United Bankshares received a letter from the Division of Corporation Finance of the Securities and Exchange Commission requesting additional information relating to United Bankshares' Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is incorporated by reference into this proxy statement/prospectus. The SEC asked United Bankshares to address in detail its accounting policy for derivative financial instruments. The SEC also requested that United Bankshares confirm its management's intent to hold to recovery or maturity individual securities with an unrealized loss that were characterized as temporarily impaired.

On April 12, 2007, United Bankshares filed a response to the SEC letter addressing these issues. With respect to its accounting policy for derivative financial instruments, United Bankshares provided a detailed discussion of its application of FASB Statement No. 133 (SFAS No. 133), Accounting for Derivative Instruments and Hedging Activities, as amended. United Bankshares also confirmed that its management intended to hold to recovery or maturity individual securities with an unrealized loss that were characterized as other than temporarily impaired.

On April 20, 2007, the SEC requested further detailed information concerning the application of SFAS No. 133. United Bankshares filed its response to this second request on May 7, 2007. On May 22, 2007, United Bankshares received a letter from the SEC indicating that it had completed its review of United Bankshares' Form 10-K and related filings and had no further comments at that time.

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**RISK FACTORS**

You should carefully read and consider the following risk factors concerning United Bankshares, Premier Community Bankshares and the merger before you decide whether to vote to approve the merger and/or the other matters to be considered and voted upon at the shareholder meeting.

**Risks Associated with the Merger**

*Fluctuations in the trading price of United Bankshares common stock will change the value of the shares of United Bankshares common stock you receive in the merger.*

The exchange ratio is set at 0.93 shares of United Bankshares common stock for each share of Premier Community Bankshares common stock. As a result, the market value of the United Bankshares common stock that you receive in the merger will increase or decrease depending on the direction of the price movement of the United Bankshares common stock. Also, after the merger, the market value of United Bankshares common stock may decrease and be lower than the market value of United common stock that was used in calculating the exchange ratio in the merger.

*The integration of the operations of United Bankshares and Premier Community Bankshares may be more difficult than anticipated.*

The success of the merger will depend on a number of factors, including (but not limited to) United Bankshares ability to:

timely and successfully integrate the operations of United Bankshares and Premier Community Bankshares;

maintain existing relationships with depositors in Premier Community Bankshares to minimize withdrawals of deposits subsequent to the merger;

maintain and enhance existing relationships with borrowers to limit unanticipated losses from loans of Premier Community Bankshares;

control the incremental non-interest expense from United Bankshares to maintain overall operating efficiencies;

retain and attract qualified personnel at United Bankshares and Premier Community Bankshares; and

compete effectively in the communities served by United Bankshares and Premier Community Bankshares and in nearby communities.

United Bankshares may not be able to manage effectively its growth resulting from the merger.

*The merger with Premier Community Bankshares may distract management of United Bankshares from its other responsibilities.*

The acquisition of Premier Community Bankshares could cause the management of United Bankshares to focus its time and energies on matters related to the acquisition that otherwise would be

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directed to the business and operations of United Bankshares. Any such distraction on the part of management, if significant, could affect its ability to service existing business and develop new business and adversely effect the business and earnings of United Bankshares.

***Premier Community Bankshares shareholders will have less influence as shareholders of United Bankshares than as shareholders of Premier Community Bankshares.***

Premier Community Bankshares shareholders currently have the right to vote in the election of the board of directors of Premier Community Bankshares and on other matters affecting Premier Community Bankshares. Based upon the amount of cash selected to be received by shareholders in the merger, the shareholders of Premier Community Bankshares as a group will own between 5.7% (if 50% of the merger consideration is in the form of United Bankshares common stock) and 7.2% (if 65% of the merger consideration is in the form of United Bankshares common stock) of the combined organization. When the merger occurs, each shareholder that receives shares of United Bankshares common stock will become a shareholder of United Bankshares with a percentage ownership of the combined organization much smaller than such shareholder's percentage ownership of Premier Community Bankshares. Because of this, Premier Community Bankshares shareholders will have less influence on the management and policies of United Bankshares than they now have on the management and policies of Premier Community Bankshares.

***Shareholders are not guaranteed to receive the amount of cash that they request on their election form.***

The reorganization agreement provides that the total number of shares of Premier Community Bankshares common stock converted into United Bankshares common stock cannot be less than 50%, or exceed 65%, of the outstanding shares of Premier Community Bankshares common stock prior to the merger. It is possible, therefore, that if you elect cash or stock for all or a portion of your shares of Premier Community Bankshares common stock, you could receive a different proportion of stock and cash than you elected. If stock elections representing less than 50% of the outstanding shares of Premier Community Bankshares common stock prior to the merger are made, re-allocations will be made, first to elections that did not specify either cash or stock and then to cash elections so that the total number of shares of Premier Community Bankshares common stock converted into United Bankshares common stock is no less than 50%. In addition, if stock elections representing more than 65% of the outstanding shares of Premier Community Bankshares common stock prior to the merger are made, re-allocations will be made to stock elections so that no more than 65% of the total number of shares of Premier Community Bankshares common stock are converted into United Bankshares common stock. See Proposal Two Approval of the Merger Allocation and Proration Procedures on page 64 and Cash and Common Stock Election; Surrender of Certificates on page 62.

***Directors and officers of Premier Community Bankshares have interests in the merger that differ from the interests of non-director or non-management shareholders.***

Some of the directors and officers of Premier Community Bankshares have interests in the merger that differ from, or are in addition to, their interests as shareholders of Premier Community Bankshares generally. These interests exist because of, among other things, employment or severance agreements that the officers entered into with Premier Community Bankshares, rights that Premier Community Bankshares officers and directors have under Premier Community Bankshares benefit plans (including the treatment of their stock options following the merger) and rights to indemnification and directors and officers insurance following the merger. In addition, one of the members of the Premier Community Bankshares board of directors will join the board of United Bankshares, and three of its members will join the board of directors of United Bank (Virginia). Although the members of each of United Bankshares

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and Premier Community Bankshares board of directors knew about these additional interests and considered them when they approved the reorganization agreement and the merger, you should understand that some of the directors and officers of Premier Community Bankshares will receive benefits or other payments in connection with the merger that you will not receive. See Proposal Two Approval of the Merger Interests of Certain Persons in the Merger on page 77.

**Risks Associated with United Bankshares**

***Changes in interest rates may adversely affect United Bankshares business.***

United Bankshares earnings, like most financial institutions, are significantly dependent on its net interest income. Net interest income is the difference between the interest income United Bankshares 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 Bankshares interest rate risk model and policy, could have an effect on net interest income.

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

United Bankshares success is dependent upon the continued service and skills of its executive officers and senior management. If United Bankshares loses the services of these key personnel, it could have a negative impact on United Bankshares 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 Bankshares Chief Executive Officer, would be particularly difficult to replace. United Bankshares and Mr. Adams are parties to an Employment Agreement providing for his continued employment by United Bankshares through March 31, 2012.

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

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

***Dividend payments by United Bankshares subsidiaries to United Bankshares and by United Bankshares to its shareholders can be restricted.***

The declaration and payment of future cash dividends will depend on, among other things, United Bankshares earnings, the general economic and regulatory climate, United Bankshares liquidity and

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capital requirements, and other factors deemed relevant by United Bankshares' board of directors. Federal Reserve Board policy limits the payment of cash dividends by bank holding companies, without regulatory approval, and requires that a holding company serve as a source of strength to its banking subsidiaries.

United Bankshares' 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, 2007, an aggregate of approximately \$9.85 million and \$5.14 million was available for dividend payments from United Bank (West Virginia) and United Bank (Virginia), respectively, to United Bankshares without regulatory approval.

***Downturn in the local economies may adversely affect its business.***

United Bankshares' 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 Bankshares. United Bankshares 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 Bankshares.

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

United Bankshares believes that its allowance for credit losses is maintained at a level adequate to absorb probable losses in its loan portfolio given the current information known to management.

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

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;

sources and cost of funds;

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 Bankshares' actual loan losses could increase significantly. As a result, such losses could exceed United Bankshares' current allowance estimates. United Bankshares can provide no assurance that its allowance is sufficient to cover actual loan losses should such losses differ substantially from our current estimates.



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In addition, federal and state regulators, as an integral part of their respective supervisory functions, periodically review United Bankshares' allowance for credit losses. United Bankshares' 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 Bankshares' pre-tax earnings.

**FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus contains data and information that constitute forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding, among other things, the anticipated closing date of the merger, the expected pro forma effect of the merger, and plans and objectives of United Bankshares' management for future operations of the combined organization following consummation of the merger. You can identify these forward-looking statements because they may include terms such as believes, anticipates, intends, expects, or similar expressions and may include discussions of future strategy. Each of United Bankshares and Premier Community Bankshares caution you not to rely unduly on any forward-looking statements in this proxy statement/prospectus. These forward-looking statements are based on current expectations that involve a number of risks and uncertainties. Actual results may differ materially from the results expressed in these forward-looking statements.

Factors that might cause such a difference include the following:

the ability of Premier Community Bankshares to obtain the required shareholder approval or the companies to obtain the required regulatory approvals for the merger;

the ability of the companies to consummate the merger;

the ability to successfully integrate Premier Community Bankshares into United Bankshares following the merger;

a material adverse change in the financial condition, results of operations or prospects of either United Bankshares or Premier Community Bankshares;

the ability to fully realize any cost savings and revenues or the ability to realize them on a timely basis;

the risk of borrower, depositor and other customer attrition after the transaction is completed;

a change in general business and economic conditions;

changes in the interest rate environment, deposit flows, loan demand, real estate values, and competition;

changes in accounting principles, policies or guidelines;

changes in legislation and regulation;

other economic, competitive, governmental, regulatory, geopolitical, and technological factors affecting the companies' operations, pricing, and services; and

other risk factors described on pages 16 to 20 of this proxy statement/prospectus.

United Bankshares and Premier Community Bankshares undertake no obligation to update or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

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**RECENT DEVELOPMENTS**

On March 30, 2007, United Bankshares received a letter from the Division of Corporation Finance of the Securities and Exchange Commission requesting additional information relating to United Bankshares' Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is incorporated by reference into this proxy statement/prospectus. The SEC asked United Bankshares to address in detail its accounting policy for derivative financial instruments. The SEC also requested that United Bankshares confirm its management's intent to hold to recovery or maturity individual securities with an unrealized loss that were characterized as temporarily impaired.

On April 12, 2007, United Bankshares filed a response to the SEC letter addressing these issues. With respect to its accounting policy for derivative financial instruments, United Bankshares provided a detailed discussion of its application of FASB Statement No. 133 (SFAS No. 133), Accounting for Derivative Instruments and Hedging Activities, as amended. United Bankshares also confirmed that its management intended to hold to recovery or maturity individual securities with an unrealized loss that were characterized as temporarily impaired.

On April 20, 2007, the SEC requested further detailed information concerning the application of SFAS No. 133. United Bankshares filed its response to this second request on May 7, 2007. On May 22, 2007, United Bankshares received a letter from the SEC indicating that it had completed its review of United Bankshares' Form 10-K and related filings and had no further comments at that time.

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**Table of Contents****PRICE RANGE OF COMMON STOCK AND DIVIDENDS**

United Bankshares common stock is traded on the Nasdaq Global Select Market under the symbol UBSI and had previously traded on the Nasdaq National Market until July 3, 2006. The closing sale price reported for United Bankshares common stock on January 26, 2007, the last trading date preceding the public announcement of the reorganization agreement, was \$36.27. Premier Community Bankshares common stock is traded on the Nasdaq Capital Market (formerly known as the Nasdaq SmallCap Market) under the symbol PREM. The closing sale price reported for Premier Community Bankshares common stock on January 26, 2007, the last trading date preceding the public announcement of the reorganization agreement, was \$20.20.

The following table sets forth for the periods indicated the high and low prices per share of United Bankshares common stock and Premier Community Bankshares common stock as reported on their respective market, along with the quarterly cash dividends per share declared. The per share prices do not include adjustments for markups, markdowns or commissions.

	United Bankshares			Premier Community Bankshares		
	Sales Price		Cash Dividend	Sales Price		Cash Dividend
	High	Low	Declared	High	Low	Declared
2005						
First Quarter	\$38.62	\$32.00	\$0.26	\$21.66	\$19.00	\$
Second Quarter	36.45	29.82	0.26	23.75	18.94	
Third Quarter	38.47	33.91	0.26	21.15	19.75	
Fourth Quarter	38.55	32.34	0.27	24.00	19.01	0.25
2006						
First Quarter	\$38.50	\$34.46	\$0.27	\$23.00	\$20.70	\$
Second Quarter	38.41	34.46	0.27	22.00	21.00	
Third Quarter	38.28	34.21	0.27	22.00	18.58	
Fourth Quarter	39.71	36.51	0.28	21.50	19.40	0.26
2007						
First Quarter	\$39.50	\$33.60	\$0.28	\$34.34	\$19.55	
Second Quarter (through May 29, 2007)	\$35.37	\$33.12	0.28	\$33.31	\$31.85	

The shareholders of United Bankshares are entitled to receive dividends when and as declared by its board of directors. Dividends have been paid quarterly. Dividends were \$1.09 per share in 2006, \$1.05 per share in 2005 and \$1.02 per share in 2004. The payment of dividends is subject to the restrictions set forth in the West Virginia Business Corporation Act and the limitations imposed by the Federal Reserve Board.

Payment of dividends by United Bankshares is dependent upon receipt of dividends from its banking subsidiaries. Payment of dividends by United Bankshares state member banking subsidiaries is regulated by the Federal Reserve System and generally, the prior approval of the Federal Reserve Board is required if the total dividends declared by a state member bank in any calendar year exceeds its net profits, as defined, for that year combined with its retained net profits for the preceding two years. Additionally, prior approval of the Federal Reserve is required when a state member bank has deficit retained earnings but has sufficient current year's net income, as defined, plus the retained net profits of the two preceding years. The Federal Reserve may prohibit dividends if it deems the payment to be an

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unsafe or unsound banking practice. The Federal Reserve has issued guidelines for dividend payments by state member banks emphasizing that proper dividend size depends on the bank's earnings and capital.

The following table sets forth historical per share market values for United Bankshares common stock and Premier Community Bankshares common stock (i) on January 26, 2007, the last trading day prior to public announcement of the reorganization agreement, and (ii) on May 29, 2007 the most recent practicable date before the printing and mailing of this proxy statement/prospectus. The table also shows the equivalent pro forma market value of Premier Community Bankshares common stock on January 26, 2007 and May 29, 2007, assuming an election and/or receipt of stock consideration.

The equivalent pro forma market value of Premier Community Bankshares common stock is obtained by multiplying the historical market price of United Bankshares common stock by the applicable exchange ratio. For purposes of determining the equivalent pro forma market value and the applicable exchange ratio, we have assumed that the average closing price of a share of United Bankshares common stock is equal to the historical market price on January 26, 2007 and May 29, 2007. Accordingly, the pro forma market value (i) on January 26, 2007 is determined by multiplying \$36.27 by the exchange ratio of 0.93, and (ii) on May 29, 2007 is determined by multiplying \$33.77 by the exchange ratio of 0.93.

The historical market prices represent the last sale prices on or before the dates indicated. The average closing price of United Bankshares common stock used to determine the exchange ratio and the market price may be higher or lower than the closing prices of United Bankshares common stock on the dates shown in the table and, therefore, the market value of the United Bankshares common stock that you receive may be higher or lower than the equivalent pro forma market value shown in the table.

**Historical Market Price**

	<b>United Bankshares</b>	<b>Premier Community Bankshares</b>	<b>Premier Community Bankshares Equivalent Pro Forma Market Value</b>
January 26, 2007	\$36.27	\$20.20	\$ 33.73
May 29, 2007	\$33.77	\$32.27	\$ 31.41

Once the merger is completed, there will be no further public market for Premier Community Bankshares common stock.

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**COMPARATIVE UNAUDITED PER SHARE DATA**

We have summarized below historical per share information for United Bankshares and Premier Community Bankshares and additional information as if the companies had been combined for the periods shown, which we refer to as pro forma information. The pro forma information is based upon the total number of shares of Premier Community Bankshares common stock outstanding as of March 31, 2007 (5,737,797 shares) and December 31, 2006 (5,699,842 shares), respectively, and United Bankshares average closing price of \$36.27, the closing price of United Bankshares common stock on the last trading day preceding the public announcement of the reorganization agreement, with an exchange ratio of 0.93 shares of United Bankshares common stock for each share of Premier Community Bankshares common stock.

Two pro forma scenarios are shown below:

An assumption that 50% of the shares of Premier Community Bankshares common stock deemed outstanding immediately prior to the merger will be converted into shares of United Bankshares common stock in the merger and 50% of the shares of Premier Community Bankshares common stock deemed outstanding immediately prior to the merger will be converted into cash of \$34.00 per share in the merger.

An assumption that 65% of the shares of Premier Community Bankshares common stock deemed outstanding immediately prior to the merger will be converted into shares of United Bankshares common stock in the merger and 35% of the shares of Premier Community Bankshares common stock deemed outstanding immediately prior to the merger will be converted into cash of \$34.00 per share in the merger.

The actual number of shares to be converted into cash in the merger will not be known until the election forms are returned prior to the merger as described in this proxy statement/prospectus. In no event, however, will less than 50% or more than 65% of the total number of shares of Premier Community Bankshares common stock be converted into United Bankshares common stock.

The Premier Community Bankshares pro forma equivalent per share amounts are calculated by multiplying the United Bankshares pro forma combined book value per share and net income per share by the exchange ratio of 0.93 so that the per share amounts equate to the respective values for one share of Premier Community Bankshares common stock.

We expect that both United Bankshares and Premier Community Bankshares will incur merger and integration charges as a result of the merger. We also anticipate that the merger will provide the combined company with financial benefits that may include reduced operating expenses. The information set forth below, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, may not reflect all of these anticipated financial expenses and does not reflect any of these anticipated financial benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during the periods presented.

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The information in the following table is based on, and you should read it together with, the historical financial information and the notes thereto for United Bankshares and Premier Community Bankshares incorporated by reference into, or contained in, this proxy statement/prospectus.

	<b>At or for the Three Months Ended March 31, 2007</b>	<b>At or for the Year Ended December 31, 2006</b>
<i>United Bankshares</i>		
Basic earnings per common share:		
Historical	\$ 0.60	\$ 2.15
Pro forma at 50% stock consideration <sup>(1)</sup>	\$ 0.59	\$ 2.11
Pro forma at 65% stock consideration <sup>(1)</sup>	\$ 0.58	\$ 2.10
Diluted earnings per common share:		
Historical	\$ 0.59	\$ 2.13
Pro forma at 50% stock consideration <sup>(1)</sup>	\$ 0.58	\$ 2.08
Pro forma at 65% stock consideration <sup>(1)</sup>	\$ 0.58	\$ 2.08
Dividends declared on common stock:		
Historical	\$ 0.28	\$ 1.09
Pro forma at 50% stock consideration <sup>(2)</sup>	\$ 0.28	\$ 1.09
Pro forma at 65% stock consideration <sup>(2)</sup>	\$ 0.28	\$ 1.09
Book value per common share:		
Historical	\$ 15.65	\$ 15.44
Pro forma at 50% stock consideration <sup>(3)</sup>	\$ 16.94	\$ 16.94
Pro forma at 65% stock consideration <sup>(3)</sup>	\$ 17.32	\$ 17.13
<i>Premier Community Bankshares</i>		
Basic earnings per common share:		
Historical	\$ 0.30	\$ 1.47
Equivalent pro forma at 50% stock consideration <sup>(1)</sup>	\$ 0.55	\$ 1.96
Equivalent pro forma at 65% stock consideration <sup>(1)</sup>	\$ 0.54	\$ 1.95
Diluted earnings per common share:		
Historical	\$ 0.29	\$ 1.45
Equivalent pro forma at 50% stock consideration <sup>(1)</sup>	\$ 0.54	\$ 1.94
Equivalent pro forma at 65% stock consideration <sup>(1)</sup>	\$ 0.54	\$ 1.93
Dividends declared on common stock:		
Historical	\$ 0.00	\$ 0.26
Equivalent pro forma at 50% stock consideration <sup>(4)</sup>	\$ 0.26	\$ 1.01
Equivalent pro forma at 65% stock consideration <sup>(4)</sup>	\$ 0.26	\$ 1.01
Book value per common share:		
Historical	\$ 12.87	\$ 12.58
Equivalent pro forma at 50% stock consideration <sup>(4)</sup>	\$ 15.76	\$ 15.75
Equivalent pro forma at 65% stock consideration <sup>(4)</sup>	\$ 16.11	\$ 15.93

(1) Pro forma earnings per common share are based on pro forma combined

net income and  
pro forma  
combined shares  
outstanding.

- (2) Pro forma dividends per share represent United's historical dividends per share.
- (3) Calculated based on pro forma combined equity and pro forma combined common shares outstanding at end of period.
- (4) Calculated as pro forma combined multiplied by 0.93 exchange ratio.

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**SUMMARY SELECTED FINANCIAL DATA**

The following table sets forth certain summary historical consolidated financial information for United Bankshares and Premier Community Bankshares. The balance sheet data and income statement data of each of United Bankshares and Premier Community Bankshares as of and for the five years in the period ended December 31, 2006 are taken from the audited consolidated financial statements of United Bankshares and Premier Community Bankshares, respectively. The balance sheet data and income statement data of each of United Bankshares and Premier Community Bankshares for the three months ended March 31, 2007, and March 31, 2006, are taken from the unaudited consolidated financial statements of United Bankshares and Premier Community Bankshares, respectively. You should not rely on the three-month information as being indicative of the results that may be expected for the entire year or for any future interim period.

The following information should be read in conjunction with the audited and unaudited consolidated financial statements of each of United Bankshares and Premier Community Bankshares, and the related notes, incorporated by reference into this proxy statement/prospectus.

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**UNITED BANKSHARES, INC.**  
**Summary Consolidated Financial Data**

	At or For the Three Months			At or For the Years Ended December 31,			
	Ended March 31 2007 (unaudited)	2006 (unaudited)	2006	2005	2004	2003	2002
All amounts in thousands, except per share data)							
<b>Primary of Operations:</b>							
Interest income	\$ 100,622	\$ 95,581	\$ 400,683	\$ 345,278	\$ 293,350	\$ 272,520	\$ 322,000
Interest expense	47,960	40,560	181,090	124,451	88,914	95,504	129,000
Net interest income	52,662	55,021	219,593	220,827	204,436	177,016	193,000
Provision for loan losses	350	250	1,437	5,618	4,520	7,475	8,000
Other income	14,916	13,662	49,033	52,625	54,231	52,084	37,000
Other expense	31,495	32,188	137,173	121,160	137,061	129,538	109,000
Income taxes	11,326	11,635	40,767	46,265	33,771	28,010	35,000
Income from continuing operations	24,407	24,610	89,249	100,409	83,315	64,077	78,000
Income from discontinued operations before taxes					20,780	20,433	14,000
Income taxes from discontinued operations					6,333	5,745	4,000
Income from discontinued operations					14,447	14,688	10,000
Income	24,407	24,610	89,249	100,409	97,762	78,765	88,000
Dividends	11,452	11,331	45,219	44,575	44,228	42,028	40,000
<b>Common share:</b>							
Income from continuing operations:	0.60	0.59	2.15	2.36	1.92	1.52	1.87
	0.59	0.58	2.13	2.33	1.89	1.50	1.85
Income from discontinued operations:					0.33	0.35	0.25
					0.33	0.35	0.25
Income:	0.60	0.59	2.15	2.36	2.25	1.87	1.87
	0.59	0.58	2.13	2.33	2.22	1.85	1.85
Dividends	0.28	0.27	1.09	1.05	1.02	1.00	1.00
Book value per share	15.65	15.26	15.44	15.12	14.68	14.08	13.50
<b>Key Ratios:</b>							
Return on average shareholders' equity	15.44%	15.51%	13.90%	15.66%	15.56%	13.86%	13.86%
Return on average assets	1.51%	1.49%	1.34%	1.55%	1.55%	1.36%	1.36%
Dividend payout ratio	46.92%	46.04%	50.67%	44.39%	45.24%	53.39%	53.39%
<b>Balance Sheet Data:</b>							
Total assets	6,561,330	6,680,414	\$6,641,224	\$6,465,764	\$6,295,076	\$5,809,131	\$5,590,000
Assets held for sale	2,231	1,773	2,041	3,324	3,981	1,687	5,000
Loans	4,716,297	4,693,329	4,806,747	4,649,829	4,418,276	3,955,234	3,500,000
Loans of discontinued operations						334,340	660,000
Total assets	6,571,761	6,706,832	6,717,598	6,728,492	6,435,971	6,387,730	5,790,000
Deposits	4,741,572	4,703,268	4,828,192	4,617,452	4,297,563	4,138,487	3,810,000

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Term borrowings	523,832	495,611	499,200	547,731	533,755	459,663	172,000
Liabilities of discontinued operations						300,754	638,754
Liabilities	5,933,012	6,068,225	6,083,506	6,093,287	5,804,464	5,772,539	5,250,000
Shareholders' equity	638,749	638,607	634,092	635,205	631,507	615,191	540,000

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**PREMIER COMMUNITY BANKSHARES, INC.**  
**Summary Consolidated Financial Data**

	At or For the Three Months Ended March 31,		At or For the Years Ended December 31,					
	2007	2006	2006	2005	2004	2003	2002	
	(unaudited) (unaudited)							
	(Dollars in thousands, except share data)							
<b>Income Statement Data</b>								
Interest income	\$ 15,838	\$ 11,417	\$ 55,551	\$ 40,146	\$ 31,452	\$ 26,512	\$ 23,114	
Interest expense	7,534	4,356	23,659	13,290	8,971	8,293	8,468	
Net interest income	8,304	7,061	31,892	26,856	22,481	18,219	14,646	
Provision for loan losses	79	103	661	842	1,020	919	1,100	
Net interest income after provision for loan losses	8,225	6,958	31,231	26,014	21,461	17,300	13,546	
Noninterest income	1,441	1,127	5,371	4,600	4,439	3,654	2,440	
Noninterest expense	7,081	5,526	24,918	20,118	16,573	13,213	9,527	
Income (loss) before income tax	2,585	2,559	11,684	10,496	9,327	7,741	6,459	
Income tax	862	854	3,839	3,355	2,984	2,485	2,095	
Net income	1,723	1,705	\$ 7,845	\$ 7,141	\$ 6,343	\$ 5,256	\$ 4,364	
Cash dividends	1,482	1,239	\$ 1,482	\$ 1,239	\$ 1,033	\$ 879	\$ 683	
<b>Per Share Data</b>								
Net income basic	0.30	0.34	\$ 1.47	\$ 1.45	\$ 1.30	\$ 1.14	\$ 0.96	
Net income diluted	0.29	0.33	1.45	1.41	1.26	1.11	0.94	
Cash dividends declared			0.26	0.25	0.21	0.18	0.15	
Book value per share	12.87	10.48	12.58	10.15	9.00	7.96	6.55	

**Balance Sheet  
Data**

Average Assets	921,130	702,606	\$ 787,531	\$ 628,815	\$ 527,272	\$ 431,943	\$ 343,460
Assets	915,796	698,529	900,711	674,396	576,150	463,202	393,755
Loans, net (1)	749,060	598,967	747,444	573,405	486,865	382,459	312,554
Securities	38,505	31,329	40,094	30,379	27,314	24,051	25,296
Deposits	742,273	588,004	728,274	562,880	483,933	397,345	345,062
Long-term borrowings	39,177	21,651	39,267	21,651	13,403	13,403	7,000
Total liabilities	841,950	646,474	828,998	624,107	531,888	424,425	363,931
Shareholders equity	73,846	52,055	71,713	50,289	44,262	38,877	29,824
Shares outstanding	5,737,797	4,966,648	5,699,842	4,955,648	4,919,548	4,881,084	4,555,484

**Performance  
Ratios**

Return on average assets (2)	0.76	0.98	0.96%	1.13%	1.20%	1.22%	1.27%
Return on average shareholders equity (2)	9.61	13.51	11.94	14.97	15.20	15.86	15.63
Dividend payout ratio	86.01	72.67	18.90	17.40	16.30	16.70	15.70

(1) Excludes loans held for sale.

(2) On an annualized basis.

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**THE ANNUAL MEETING**

**General**

This section contains information about the Premier Community Bankshares annual shareholder meeting that has been called to vote upon the matters described below.

We expect to mail this proxy statement/prospectus to you, as a Premier Community Bankshares shareholder, on or about June 8, 2007. Together with this proxy statement/prospectus, we also are sending to you a notice of the annual meeting and a form of proxy that the Premier Community Bankshares board is soliciting for use at the annual meeting. The annual meeting will be held on Tuesday, July 10, 2007, at 10:00 a.m., local time.

**Matters to Be Considered**

At the annual meeting, you will be asked:

to elect four directors to serve for terms of three years each expiring at the 2010 annual meeting of shareholders (or until the effective date of the merger if the merger of Premier Community Bankshares and United Bankshares is completed) (See Proposal One);

to approve the reorganization agreement and the transactions contemplated thereby (See Proposal Two);  
and

to consider and vote upon a proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meeting to approve the matters to be considered by the shareholders at the meeting (See Proposal Three).

**Proxies**

The accompanying form of proxy is for use at the annual meeting if you are unable or do not desire to attend in person. You may attend the annual meeting even if you have previously delivered a proxy to us. You can revoke your proxy at any time before the vote is taken at the annual meeting by submitting to the Premier Community Bankshares corporate secretary written notice of revocation or a properly executed proxy of a later date, or by attending the annual meeting and electing to vote in person. Written notices of revocation and other communications about revoking your proxy should be addressed to:

Premier Community Bankshares  
4095 Valley Pike  
Winchester, Virginia 22602  
Attention: Barbara Morris  
Telephone: (540) 869-6600

All shares represented by valid proxies that we receive through this solicitation, and not revoked before they are exercised, will be voted in the manner specified in such proxies. If you make no specification on your returned proxy card, your proxy will be voted **FOR** the matters to be considered at the annual meeting as described above.

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### **Form of Election**

You will receive the election form in a separate mailing. You should make an election as indicated on the form, sign the form, and return the form in the separate envelope provided so that it is received prior to 5:00 p.m. Eastern time on July 5, 2007, which we refer to as the election deadline.

You will be able to make one of the following elections on the election form:

to elect to receive shares of United Bankshares common stock with respect to some or all of your shares of Premier Community Bankshares common stock;

to elect to receive cash with respect to some or all of your shares of Premier Community Bankshares common stock; or

to indicate that you make no election, and thus have no preference, with respect to your shares of Premier Community Bankshares common stock.

If you do not submit an election form prior to the election deadline, you will be deemed to have indicated that you are making no election, and thus have no preference, with respect to your shares of Premier Community Bankshares common stock. All elections must be made on the election form furnished to you in a separate mailing, or on a facsimile of the election form. See Proposal Two Approval of the Merger and Related Matters Cash and Common Stock Election; Surrender of Stock Certificates beginning on page 62 for the procedure to be followed to make a cash election.

### **Solicitation of Proxies**

Premier Community Bankshares will bear the entire cost of soliciting proxies from you, except that United Bankshares has agreed to pay the cost of the preparation and filing of this proxy statement/prospectus and other fees relating to the merger paid to the Securities and Exchange Commission. In addition to solicitation of proxies by mail, we will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of the stock and secure their voting instructions, if necessary. Premier Community Bankshares will reimburse those record holders for their reasonable expenses in taking those actions. If necessary, we also may use several of our regular employees, who will not be specially compensated, to solicit proxies from our shareholders, either personally or by telephone, the Internet, telegram, fax, letter or special delivery letter. Finally, Premier Community Bankshares has retained a professional proxy solicitation firm, Mellon Investor Services, to assist in soliciting proxies. We will pay a fee in the amount of \$7,500 to Mellon Investor Services for its services, and we will also reimburse them for all costs and expenses, which we expect to be approximately \$2,000, in connection with this solicitation.

### **Record Date and Voting Rights**

In accordance with Virginia law, Premier Community Bankshares articles of incorporation and bylaws and the Nasdaq Capital Market rules, we have fixed May 4, 2007 as the record date for determining the shareholders entitled to notice of and to vote at the annual meeting. Accordingly, you are only entitled to notice of, and to vote at, the annual meeting if you were a record holder of Premier Community Bankshares common stock at the close of business on the record date. At that time, 5,741,710 shares of Premier Community Bankshares common stock were outstanding, held by 1,674 holders of record. To have a quorum that permits us to conduct business at the annual meeting, we require the presence, whether in person or through the prior submission of a proxy, of the holders of

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Premier Community Bankshares common stock representing a majority of the shares outstanding and entitled to vote on the record date. You are entitled to one vote for each outstanding share of Premier Community Bankshares common stock you held as of the close of business on the record date.

Holders of shares of Premier Community Bankshares common stock present in person at the annual meeting but not voting, and shares of Premier Community Bankshares common stock for which we have received proxies indicating that their holders have abstained, will be counted as present at the annual meeting for purposes of determining whether we have a quorum for transacting business. Shares held in street name that have been designated by brokers on proxy cards as not voted will not be counted as votes cast for or against any proposal. These broker non-votes, however, will be counted for purposes of determining whether a quorum exists.

### **Vote Required**

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of common stock cast in the election of directors.

The approval of the reorganization agreement and the transactions contemplated thereby requires the affirmative vote of the holders of more than two-thirds of Premier Community Bankshares outstanding shares.

Approval of the adjournment of the meeting requires the affirmative vote of a majority of the shares represented at the meeting, whether or not a quorum is present.

**Because approval of the reorganization agreement and the transactions contemplated thereby require the affirmative vote of the holders of more than two-thirds of the outstanding shares of Premier Community Bankshares common stock entitled to vote at the annual meeting, abstentions and broker non-votes will have the same effect as votes *against* these matters. Accordingly, the Premier Community Bankshares board of directors urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope.**

As of the record date, directors and executive officers, and their affiliates, of Premier Community Bankshares beneficially owned 557,805 shares of Premier Community Bankshares common stock, entitling them to exercise approximately 9.71% of the voting power of the Premier Community Bankshares common stock entitled to vote at the annual meeting. **Each director and executive officer of Premier Community Bankshares has indicated that he will vote each share of Premier Community Bankshares common stock that he owns *FOR* the election of all nominees and *FOR* approval and adoption of the reorganization agreement and the transactions contemplated thereby.**

### **Recommendation of the Premier Community Bankshares Board of Directors**

The Premier Community Bankshares board of directors has approved the reorganization agreement and the transactions contemplated thereby, including the merger. The Premier Community Bankshares board believes that the reorganization agreement and the transactions contemplated thereby, including the merger, are fair to, and are in the best interests of, Premier Community Bankshares and its shareholders and unanimously recommends that shareholders vote ***FOR*** the election of all nominees and ***FOR*** approval of the reorganization agreement and the transactions contemplated thereby.

**Table of Contents****STOCK OWNERSHIP****Security Ownership of Management**

The following table sets forth, as of June 1, 2007 certain information with respect to the beneficial ownership of shares of our common stock by each of the members of the board of directors, by each of the executive officers named in the Summary Compensation Table below and by all current directors and executive officers as a group. Beneficial ownership includes shares, if any, held in the name of the spouse, minor children or other relatives of a director living in such person's home, as well as shares, if any, held in the name of another person under an arrangement whereby the director or executive officer can vest title in himself at once or at some future time.

The address for each of the following individuals is Premier Community Bankshares, Inc., 4095 Valley Pike, Winchester, Virginia 22602.

<b>Name</b>	<b>Number of Shares <sup>(1)</sup></b>	<b>Percent of Class (%)</b>
Walter H. Aikens	30,064	0.52
Frederick A. Board	1,839	0.03
Thomas M. Boyd, Jr.	12,442	0.22
Mensel D. Dean	5,000	0.09
Clifton L. Good	78,343	1.36
Stephen T. Heitz	20,936	0.36
D. Frank Hill, III	5,000	0.09
Joseph W. Hollis	74,201	1.29
Meryl G. Kiser	4,250	0.07
Wayne B. Ruck	151,786	2.64
John K. Stephens	97,538	1.69
Donald L. Unger	45,333	0.79
John A. Willingham	5,105	0.09
Paul R. Yoder, Jr.	94,550	1.65
James C. Youngblood	25,910	0.45
All current directors and executive officers as a group (13 persons)	646,208	11.08

(1) Amounts disclosed include shares of our common stock that certain directors have the right to acquire upon the exercise of stock options exercisable within 60 days, as follows:  
 Mr. Boyd, 3,003;  
 Mr. Dean, 4,000;  
 Mr. Good, 6,000;  
 Mr. Heitz, 8,000;  
 Mr. Hill, 4,000;



Mr. Hollis, 4,000;  
Mr. Ruck, 8,000;  
Mr. Stephens,  
15,000;  
Mr. Unger,  
15,000;  
Mr. Willingham,  
5,000; and  
Mr. Youngblood,  
16,500. None of  
the amounts in  
this column have  
been pledged as  
security.

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**Table of Contents****Security Ownership of Certain Beneficial Owners**

The following table sets forth information as of June 1, 2007, regarding the number of shares of our common stock beneficially owned by all persons known to us who own five percent or more of the outstanding shares of our common stock.

<b>Name and Address</b>	<b>Common Stock Beneficially Owned</b>	<b>Percentage of Class</b>
Banc Fund V L.P. <sup>(1)</sup> Banc Fund VI L.P. Banc Fund VII L.P. 208 S. LaSalle Street Chicago, Illinois 60604	542,831	9.5%

- (1) In a Schedule 13G/A filed with the Securities and Exchange Commission on February 13, 2007 (the Schedule 13G/A ), Banc Fund V L.P. reported beneficial ownership of, including sole voting and dispositive power with respect to, 231,027 shares of Common Stock, Banc Fund VI L.P. reported similar beneficial ownership of 178,663 shares of Common Stock and Banc Fund VII L.P. reported similar beneficial ownership of 130,141 shares of Common Stock, as of December 31, 2006. Banc Fund V L.P., Banc Fund VI L.P. and Banc

Fund VII L.P. are  
under common  
control, according  
to the  
Schedule 13G/A.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and any persons who own more than 10% of the outstanding shares of our common stock, to file with the Securities and Exchange Commission reports of ownership and changes in ownership of our common stock. Officers and directors are required by SEC regulations to furnish us with copies of all Section 16(a) reports that they file. Based solely on review of the copies of such reports furnished to us or written representation that no other reports were required, we believe that, during fiscal year 2006, all filing requirements applicable to its officers and directors were complied with, except that Mensel D. Dean inadvertently filed late a report on Form 3 covering the initial statement of beneficial ownership of securities.

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**PROPOSAL ONE:  
ELECTION OF DIRECTORS**

**General**

The board of directors consists of 12 members, four of whom are nominated for election as directors at the annual meeting to serve for terms of three years each expiring on the date of the annual meeting of shareholders in 2010. Seven other directors are serving terms that end in either 2008 or 2009, as indicated below. Mensel D. Dean is standing for election for the first time. Our 12<sup>th</sup> director, Thomas M. Boyd, Jr., was appointed to the Board in July 2006 when we completed the acquisition of Albemarle First Bank and is not standing for re-election.

We will shorten the end of the terms of our nominees to the effective date of the merger if the merger of Premier Community Bankshares and United Bankshares is completed.

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of common stock cast in the election of directors. If the proxy is executed in such manner as not to withhold authority for the election of any or all of the nominees for directors, then the persons named in the proxy will vote the shares represented by the proxy for the election of the five nominees named below. If the proxy indicates that the shareholder wishes to withhold a vote from one or more nominees for director, such instructions will be followed by the persons named in the proxy.

Each nominee has consented to being named in this proxy statement/prospectus and has agreed to serve if elected. The board of directors has no reason to believe that any of the nominees will be unable or unwilling to serve. If, at the time of the annual meeting, any nominee is unable or unwilling to serve as a director, votes will be cast, pursuant to the enclosed proxy, for such substitute nominee as may be nominated by the board of directors. No family relationships exist among any of the directors or between any of our directors and executive officers.

The following biographical information discloses each director's age and business experience in the past five years and the year that each individual was first elected to the board of directors or its predecessor.

**Nominees**

*Nominees for Election for Terms That Expire in 2010*

*Walter H. Aikens, 57*, has served as a director of us and of Marathon Bank since 1998. He is President of H & W Construction Co., Inc. and President of Aikens Corporation, both in Winchester, Virginia, and develops real estate for rental property.

*D. Frank Hill, III, 54*, has served as a director of us since March 2006 and as a director of Premier Bank since 2003. Mr. Hill is an attorney in private practice in Shepherdstown, West Virginia.

*Paul R. Yoder, Jr., 65*, has served as a director of us since 2000 and as a director of Rockingham Heritage Bank since 1989. He is a physician and surgeon and is a partner in the professional firm of Rockingham Eye Physicians, P.C.

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*Mensel D. Dean*, 61, has served as a director of us since July 2006 and as a director of Rockingham Heritage Bank since 2004. He is a certified public accountant and a partner in the firm of PBGH, LLP in Harrisonburg, Virginia.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE NOMINEES SET FORTH ABOVE.**

**Incumbent Directors**

*Incumbent Directors Whose Terms Expire in 2008*

*Clifton L. Good*, 70, has served as a director of us since 1989 and as a director of Marathon Bank since 1987. He is President of Clifton L. Good Realty, Incorporated and the General Manager and Partner of Good and Good, LLC, a real estate development company, both in Front Royal, Virginia.

*Joseph W. Hollis*, 53, has served as a director of us since 1989 and as a director of Marathon Bank since 1987. He has been Chairman and Chief Executive Officer of B. J. Sager (beer distributor) in Winchester, Virginia, since January 1, 2006 and was previously its President. He has been our Secretary since 2000.

*Wayne B. Ruck*, 67, has served as a director of us since 2000 and as a director of Rockingham Heritage Bank since 1996. He is co-founder and co-owner of The Warehouse Company, a public logistics company in Harrisonburg, Virginia, and Shen-Valley LLC, a real estate development company in Harrisonburg, Virginia, and has an ownership position in four other packaging-related companies.

*James C. Youngblood*, 41, has served as a director of us since January 2006. He has served as President of Marathon Bank since 2005 and Chief Executive Officer of Marathon Bank since January 1, 2006. Mr. Youngblood was Executive Vice President of Marathon Bank from 2003 to 2004 and Senior Vice President/Loan Officer of Marathon Bank from 1996 to 2003.

*Incumbent Directors Whose Terms Expire in 2009*

*Stephen T. Heitz*, 54, has served as a director of us since 2000 and as a director of Rockingham Heritage Bank since 1989. He is an attorney and partner in the firm of Litten & Sipe, LLP in Harrisonburg, Virginia. He has been our Treasurer/Assistant Secretary since 2000.

*John K. Stephens*, 64, has been our Chairman since 2000 and President and Chief Executive Officer of Rockingham Heritage Bank since 1994. He was elected Chairman of the Board of Rockingham Heritage Bank in 1998. From 1990 to 1998, Mr. Stephens served as Vice Chairman of the Board of Rockingham Heritage Bank.

*Donald L. Unger*, 65, has been our President and Chief Executive Officer since 1992. He was also President of Marathon Bank from 1992 to 2004 and Chief Executive Officer of Marathon Bank from 1992 to 2005. He has served as a director of both us and Marathon Bank since 1993. Mr. Unger was elected Chairman of Marathon Bank in May 2000.

**Executive Officers**

John K. Stephens serves as our Chairman of the Board, Donald L. Unger serves as our President and Chief Executive Officer, and James C. Youngblood serves as President and Chief Executive Officer

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of Marathon Bank. Additional information with respect to these individuals is set forth above. Our other executive officer is John A. Willingham.

Mr. Willingham, 29, has been our Senior Vice President and Chief Financial Officer since September 2006. He had served as Vice President and Controller from May 2006 to September 2006. Mr. Willingham was a Manager with the public accounting firm of Yount, Hyde & Barbour, P.C. in Winchester, Virginia, from July 2002 to April 2006. He was employed with the public accounting firm of Pricewaterhouse Coopers LLP in McLean, Virginia, from December 1999 to July 2002, most recently in the position of Senior Associate. Mr. Willingham is a certified public accountant.

**CORPORATE GOVERNANCE AND  
THE BOARD OF DIRECTORS**

**General**

Our business and affairs are managed under the direction of the board of directors in accordance with the Virginia Stock Corporation Act and our Articles of Incorporation and Bylaws. Members of the Board are kept informed of our business through discussions with the Chairman, the President and Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees.

**Independence of the Directors**

The board of directors has determined that the following seven individuals of its 12 members are independent as defined by the listing standards of the Nasdaq Stock Market: Mensel D. Dean, Clifton L. Good, Stephen T. Heitz, D. Frank Hill, III, Joseph W. Hollis, Wayne B. Ruck, and Paul R. Yoder, Jr. In reaching this conclusion, the Board considered that we and our subsidiary banks conduct business with companies of which certain members of the Board or members of their immediate families are or were directors or officers.

The Board considered the following relationships between us and certain of our directors to determine whether such director was independent under Nasdaq's listing standards:

Walter H. Aikens is the president of a construction company that has worked on a number of construction projects for Marathon Bank and Premier Bank and is an owner of a company that leases office space to Premier Bank;

Mr. Ruck is one of the owners of a company that leases a branch to Rockingham Heritage Bank;

Mr. Heitz is a partner in a law firm that renders legal services to Rockingham Heritage Bank; and

Mr. Hill is a partner in a law firm that renders legal services to Premier Bank.

Additional information on the relationships with Messrs. Aikens and Ruck is included in Executive Compensation and Related Transactions Certain Relationships and Related Party Transactions on page 57 below.

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**Code of Ethics**

The board of directors has approved a Code of Ethics for Senior Financial Officers for our Chief Executive Officer and principal financial officers. The Code of Ethics is designed to promote honest and ethical conduct, proper disclosure of financial information in our periodic reports, and compliance with applicable laws, rules, and regulations by our senior officers who have financial responsibilities. The Code of Ethics is available on our web page at [www.pcbi.com](http://www.pcbi.com). Each of our subsidiary banks has a Code of Ethics and Standards of Conduct for officers and employees.

**Board and Committee Meeting Attendance**

There were 14 meetings of the board of directors in 2006. Each incumbent director attended greater than 75% of the aggregate number of meetings of the board of directors and meetings of committees of which the director was a member in 2006.

**Committees of the Board**

The Board has an Audit Committee, a Compensation/Options Committee and a Nominating and Corporate Governance Committee.

*Audit Committee*

The Audit Committee assists the board of directors in fulfilling the Board's oversight responsibility to the shareholders relating to the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications, independence and performance of our independent auditor and the performance of the internal audit function. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for us. The board of directors has adopted a written charter for the Audit Committee, and it is available on our web page at [www.pcbi.com](http://www.pcbi.com).

The members of the Audit Committee are Joseph W. Hollis, Chairman, Mensel D. Dean, Clifton L. Good and Wayne B. Ruck, all of whom the Board in its business judgment has determined are independent as defined by Nasdaq's listing standards. The board of directors also has determined that all of the members of the Audit Committee have sufficient knowledge in financial and auditing matters to serve on the Audit Committee and that Mr. Hollis qualifies as an audit committee financial expert as defined by SEC regulations.

The Audit Committee met seven times in 2006. For additional information regarding the Audit Committee, see Audit Committee Report on page 59 of this proxy statement/prospectus.

*Compensation/Options Committee*

The Compensation/Options Committee reviews senior management's performance and compensation and reviews and sets guidelines for compensation of all employees. All decisions by the Compensation/Options Committee relating to the compensation of our executive officers are reported to the full board of directors. The board of directors has not adopted a written charter for the Compensation/Options Committee.

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The members of the Compensation/Options Committee are Paul R. Yoder, Jr., Chairman, Stephen T. Heitz, D. Frank Hill, III all of whom the Board in its business judgment has determined are independent as defined by Nasdaq's listing standards. The Compensation/Options Committee met six times in 2006. For additional information regarding the Compensation/Options Committee, see Executive Compensation and Related Transactions on page 41 of this proxy statement/prospectus.

*Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee reviews the qualification and independence of the members of the board of directors and its various committees on a periodic basis as well as the composition of the Board as a whole, evaluates the performance of incumbent Directors in determining consideration for re-election, recommends Board nominees for election as directors and provides guidance on Board and corporate governance issues. The board of directors has adopted a written charter for the Nominating and Corporate Governance Committee, and it is available on our web page at [www.pcbi.com](http://www.pcbi.com).

The members of the Nominating and Corporate Governance Committee are Clifton L. Good, Chairman, Stephen T. Heitz and Wayne B. Ruck, all of whom the Board in its business judgment has determined are independent as defined by Nasdaq's listing standards. The Nominating and Corporate Governance Committee met one time in 2006.

The Nominating and Corporate Governance Committee considers, at a minimum, the following factors in recommending to the Board potential new directors, or the continued service of existing directors:

the ability of the prospective nominee to represent the interests of our shareholders;

the prospective nominee's standards of integrity, commitment and independence of thought and judgment;

the prospective nominee's ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties, including the prospective nominee's service on other public company boards; and

the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the board of directors.

The Nominating and Corporate Governance Committee will consider shareholder recommendations for candidates to serve on the board of directors. Shareholders entitled to vote for the election of directors may submit candidates for consideration by the committee if we receive timely written notice, in proper form, for each such recommended director nominee. If the notice is not timely and in proper form, the nominee will not be considered by us. If the merger is not completed, Premier Community Bankshares expects to convene a 2008 annual meeting of shareholders. To be timely for the 2008 annual meeting, the notice must be received within the time frame set forth in Shareholder Proposals on page 106 of this proxy statement/prospectus. To be in proper form, the notice must include each nominee's written consent to be named as a nominee and to serve, if elected, and information about the shareholder making the nomination and the person nominated for election. These requirements are more fully described in Section 1.5 of our Bylaws, a copy of which will be provided, without charge, to any shareholder upon written request to our Secretary, whose address is Premier Community Bankshares, Inc., 4095 Valley Pike, Winchester, Virginia 22602.



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Under the process used for selecting new candidates for the board of directors, the President and Chief Executive Officer, the Nominating and Corporate Governance Committee or other Board members identify the need to add a new Board member with specific qualifications or to fill a vacancy on the Board. The Chairman of the Nominating and Corporate Governance Committee will initiate a search, working with staff support and seeking input from Board members and senior management, hiring a search firm, if necessary, and considering any candidates recommended by shareholders. An initial slate of candidates that will satisfy criteria and otherwise qualify for membership on the Board may be presented to the Nominating and Corporate Governance Committee. A determination is made as to whether Nominating and Corporate Governance Committee members or Board members have relationships with preferred candidates and can initiate contacts. The President and Chief Executive Officer and at least one member of the Nominating and Corporate Governance Committee interviews prospective candidates. The Nominating and Corporate Governance Committee meets to conduct further interviews of prospective candidates, if necessary or appropriate, and to consider and recommend final candidates for approval by the full board of directors.

The Nominating and Corporate Governance Committee recommended Mensel D. Dean, who is standing for election for the first time at the annual meeting.

**Executive Sessions**

Executive sessions where non-employee directors meet on an informal basis are scheduled either before or after each regularly scheduled Board meeting. At least once a year, the Board schedules an executive session including only independent directors. The chairman for executive sessions rotates based on the subjects to be discussed at those sessions.

**Annual Meeting Attendance**

We encourage members of the board of directors to attend the annual meeting of shareholders. All members of the Board attended the 2006 annual meeting.

**Communications with Directors**

Any director may be contacted by writing to him c/o Premier Community Bankshares, Inc., 4095 Valley Pike, Winchester, Virginia 22602. Communications to the non-management directors as a group may be sent to the same address, c/o the Secretary of Premier Community Bankshares. We promptly forward, without screening, all such correspondence to the indicated directors.

**Director Compensation**

Each of our directors is paid an annual retainer fee of \$8,500 and directors fees for meetings attended as follows:

Board of Directors Meetings	\$800
Committee Meetings	\$300

Joseph W. Hollis, as Chairman of the Audit Committee, receives an additional \$300 per Audit Committee meeting (for a total of \$600 per meeting).

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The following table shows the compensation earned by each of the directors during 2006:

Name	Fees Earned or Paid in Cash (\$)	Total (\$)
Walter H. Aikens	36,600	36,600
Thomas M. Boyd, Jr.	9,850	9,850
Mensel D. Dean	21,192	21,192
Clifton L. Good	39,975	39,975
Stephen T. Heitz	36,342	36,342
D. Frank Hill, III	38,209	38,209
Joseph W. Hollis	39,800	39,800
Meryl G. Kiser	25,192	25,192
Wayne B. Ruck	30,916	30,916
John K. Stephens	18,867	18,867
Donald L. Unger	32,200	32,200
Paul R. Yoder, Jr.	30,216	30,216
James C. Youngblood	31,800	31,800

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**EXECUTIVE COMPENSATION AND  
RELATED TRANSACTIONS**

**Compensation Discussion and Analysis**

*Introduction*

This discussion and analysis describes briefly the philosophy, the strategy and the major details of our approach to compensating key executives. The approach has been developed over several years with guidance and oversight of the Compensation/Options Committee of the board of directors and with input from management, as well as from compensation and benefits consultants.

The Compensation/Options Committee of our board of directors reviews and establishes the salary and other compensation of our executive officers, including the named executive officers, and provides oversight of our compensation programs. The Committee consists entirely of non-employee, independent members of our board of directors. The Committee has not adopted a written charter.

We expect our key executive team, which includes our senior management and the presidents of our subsidiary banks, to drive performance and produce superior returns for shareholders. Following this discussion, under Executive Compensation, you will find tables containing detailed information concerning compensation earned or paid for 2006 to our named executive officers. These individuals include:

Donald L. Unger President and Chief Executive Officer, Premier Community Bankshares

John K. Stephens Chairman, Premier Community Bankshares, and President and Chief Executive Officer, Rockingham Heritage Bank

John A Willingham Senior Vice President and Chief Financial Officer

James C. Youngblood President and Chief Executive Officer, Marathon Bank

Frederick A. Board Senior Vice President and Chief Financial Officer until September 2006

Meryl G. Kiser President and Chief Executive Officer, Premier Bank until January 2007

The discussion below is intended to help you understand the information provided in those tables and provide context for our overall compensation program.

*Objective/Rewards*

The primary objective of our approach is to provide competitive levels of compensation to attract, retain and reward highly skilled executive officers. In turn, we expect them to manage our business in a manner that promotes our growth and profitability for the benefit of our shareholders. We believe that proper motivation of a talented management team will assure that our overall corporate objectives are met or exceeded.

The Committee considers certain factors in determining the compensation of our executive officers, including our financial and operating performance, a review of the responsibilities and

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performance of each executive officer and historical compensation levels. The Committee, however, does not place specific weight on any one factor in setting compensation.

Our organizational structure and operating style differs from peers in the community banking industry. Our subsidiary banks operate independently and are autonomous with regards to operations and decision making. Each subsidiary bank maintains a separate group of executives including a president, a chief financial officer and other management level positions. The holding company staff mainly provides operational oversight and manages non-operational areas such as capital markets, investor relations and compliance with Securities and Exchange Commission rules and regulations. As such, our salary structure follows more of a horizontal structure than a normal vertical hierarchy. The salary levels for holding company employees is impacted by this structure and may be below the median compared to peers.

*Discussion of Our Philosophy*

Our success depends upon the ability of our key executives to meet corporate objectives consistently. Consequently, we rely upon the following principles in structuring compensation arrangements for our key executives:

**Benchmarking** To assure that our base compensation is competitive, we have in the past referred to data from the Virginia Bankers Association Salary Survey. As part of our review, we compare an overall compensation package including salary, bonus, stock-based compensation and other related benefits. Based on our structure as a multi-bank holding company, our organization is somewhat unusual in that each of our banks is autonomous in decision making and with local control. As such, our salary structure is different than that of other community banks as we have more than one person at certain levels of responsibility that may only require one person at other companies. As a result, we may not pay those persons salaries at the same level as comparable positions at other companies in our industry.

**Allocation of Elements of Compensation** While paying a competitive base salary is necessary and desirable, we believe that additional compensation, typically in the form of an annual bonus, provides a key executive with benefits as a reward for performance. Stock-based compensation is provided on a periodic basis and is not based upon performance. Certain executive officers also have supplemental employee retirement plans and other related insurance benefits. Fringe benefits for key executives are modest and include country club dues, car allowance and other related benefits.

**Pay for Performance** We rely on the annual bonus to reward results for the year. Although we have not adopted specific metrics on which to base bonuses, we consider the contributions of key executives individually as to how successfully they have managed to budget their responsibilities in light of the overall success of the company. All bonuses are discretionary.

We currently have no executive stock ownership guidelines. In addition, we do not have a policy for adjustment or recovery of payments and awards made to our executive officers in the event that our financial statements were to be restated in the future in a manner that would have impacted the size or payment of the award at the time of payment.

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*Elements of Compensation*

We use the elements of compensation and benefits described below to recruit, retain and reward our key executives. In setting compensation, we have not assigned any particular percentage weight to any particular element of our compensation program. We do believe that total compensation should increase with an executive officer's position and responsibilities.

**Salary.** We believe that a competitive salary is essential. Furthermore, flexibility to adapt to the particular skills of an individual or our specific needs is required. The Compensation/Options Committee awards salary increases for all executive officers except the Chief Financial Officer. Donald L. Unger, our President and Chief Executive Officer, proposes and sets the salary for the Chief Financial Officer. The Committee is made aware of this amount.

Each of Messrs. Unger and Youngblood have been compensated historically pursuant to an employment agreement, which is described under "Annual Compensation of Executive Officers" below. As a result, each officer is eligible for base salary increases as the Compensation Committee may determine. In making salary determinations, the Committee evaluates the performance of the executive officers based on factors such as our financial performance and the personal observations of the executive officers' performance by the members of the Compensation Committee. In 2006, no particular weight was given to any particular factor.

In 2006, the Committee approved employment agreements for Messrs. Stephens and Kiser. The Committee believes that securing the continued service of key executives is essential to the successful future of the organization. Employment agreements assist us by providing security to key executives.

Mr. Willingham joined the company in 2006. His salary was set following negotiations with Mr. Unger.

**Annual Bonus.** We offer key executives an opportunity to receive an annual bonus. The maximum amount of bonus for each executive is set before the beginning of the year. No specific performance goals or criteria are set in advance.

Generally in December of each year, the Committee reviews our performance, and the performance of our subsidiary banks, compared with our budget and with the performance of peer institutions in determining whether to approve the payment of any bonus. All bonuses are at the discretion of the Committee. The Committee generally does not give any weight to any particular aspect of an individual's performance.

Mr. Unger sets the bonus for the Chief Financial Officer using generally the same criteria as the Committee for the other executive officers.

**Stock-Based Compensation.** We believe that our key executives should be invested in us and share the longer term risks and rewards of our other shareholders. In the past, under the 2002 Long Term Incentive Plan, we used the grant of stock options to help accomplish this objective. Stock option grants require stock price appreciation in order for executive officers to realize any benefit, thus directly aligning executive and shareholder interests. In fixing the grants of options to executive officers, the Committee takes into account the respective scope of responsibility and contributions of each executive officer. The grant of options during any particular year is in the sole discretion of the Committee.

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During 2006, we granted options to one named executive officer, Mr. Willingham, following his joining the company, and to two loan officers. The Committee did not award stock-based compensation to any other executive officer.

We are aware that the release of various information, including information related to our financial results, may have an impact on the market price of our common stock, and therefore the value of any stock-based award, depending on whether the information is favorable or unfavorable. We have not planned in the past, nor do we plan in the future, to time the release of material non-public information for the purpose of affecting the value of executive compensation. We do not have a practice of setting the exercise price of stock-based awards based on the stock price on any date other than the grant date, nor do we use a formula or any other method to select a price based on a period before, after or surrounding the grant date. Stock awards are granted at the closing price of our common stock on the date of grant.

**Non-Qualified Deferred Compensation Plans.** We believe that non-qualified deferred compensation plays an important role in retaining key executives, as well as helping them provide for retirement. For that reason, we provide a benefit for selected executives, including Messrs. Unger, Stephens, and Youngblood. Mr. Board began receiving the benefits under his supplemental executive retirement plan in 2007 following his retirement. The benefit at retirement generally is 25% of the individual executive's last year's compensation and is payable over a fifteen year period. Under vesting schedules in the plans, Messrs. Unger, Stephens and Board will vest fully upon attaining age 65 as an employee. Mr. Youngblood vests at the rate of 10% per year, with full vesting in 2014. In the event of death or disability, vesting is accelerated.

These plans were adopted to provide assistance to our employees with meeting their personal post-retirement income requirements

**Other Benefits.** Our executive officers are eligible to participate in all of our employee benefit plans, such as medical, dental, vision, group life and disability insurance and our 401(k) plan, in each case on the same basis as our other employees.

In addition, each of Messrs. Unger, Stephens and Youngblood receive other annual compensation for the use and maintenance of company owned automobiles and for country club dues. Each of these benefits is included in their negotiated employment agreements with us. The country club membership facilitates the executive officer's role as a company representative in the communities we serve. We provide company owned automobiles to certain of our executive officers due to the amount of travel required as representatives of the company. Mr. Kiser also received these benefits prior to the termination of his employment.

*Conclusion*

The gratifying growth of our business, challenges in our market place, and recent regulatory changes have necessitated reviewing our current executive compensation plans and practices. During 2007, we anticipate that the Committee, with assistance from independent consultants, will continue its in depth analysis of our executive compensation philosophy and recommend modifications to assure that our practices align with our business plan.

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**Compensation Committee Report**

The Compensation Committee of the board of directors reviews and establishes the salary and other compensation of the Company's executive officers, including the named executive officers. The Committee consists entirely of independent directors who are not officers or employees of the Company.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management of the Company. Based on that review and discussion, the Committee has recommended to the board of directors that it be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 and this Proxy Statement.

*Compensation Committee*  
Paul R. Yoder, Jr., Chairman  
Stephen T. Heitz  
D. Frank Hill, III

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**Table of Contents****Summary Compensation of Executive Officers**

In the tables and discussion below, we summarize the compensation earned during 2006 by (1) our chief executive officer, (2) our chief financial officer and (3) each of our three other most highly compensated executive officers who earned more than \$100,000 in total compensation for services rendered in all capacities during 2006, collectively referred to as the named executive officers.

No stock awards or non-equity incentive plan compensation were made during 2006.

**Summary Compensation Table**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option Awards (\$)</b>	<b>Change in Pension Value and Nonqualified Deferred Compensation Earnings (1) (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Donald L. Unger President and Chief Executive Officer	2006	176,350	35,000		21,653	63,661 (2)	296,664
John A. Willingham (3) Senior Vice President and Chief Financial Officer	2006	63,327	4,200	27,400		2,783 (4)	97,710
John K. Stephens Chairman and President and Chief Executive Officer of Rockingham Heritage Bank	2006	187,250	35,000		181,644	51,115 (5)	455,009
James C. Youngblood President and Chief Executive Officer of Marathon Bank	2006	125,255	20,000		51,112	51,901 (6)	248,268
Meryl G. Kiser (7) Former President and Chief Executive Officer of Premier Bank	2006	150,000	5,000			48,822 (8)	203,822
Frederick A. Board (9) Former Chief Financial Officer	2006	78,162	7,000		99,449	7,908 (10)	192,519

(1)



Amounts  
represent  
changes in the  
value of the  
benefits payable  
under each  
officer's  
supplemental  
executive  
retirement plan  
during 2006.

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- (2) Amount represents \$22,886 in company contributions to our 401(k) Plan on behalf of Mr. Unger, \$32,200 in directors fees from Premier Community Bankshares and Marathon Bank, \$3,620 attributable to life insurance premiums paid by us pursuant to our split-dollar life insurance plan, \$2,000 for life insurance premiums, \$1,815 for use of a company car, \$1,140 in country club dues and \$240 in health benefits paid on his behalf that were in excess of our normal contribution for employees generally.
- (3) Mr. Willingham's employment with us commenced in May 2006. He became Senior Vice President and Chief Financial Officer in September 2006.
- (4)

Amount  
represents \$2,783  
in company  
contributions to  
our 401(k) Plan  
on behalf of Mr.  
Willingham.

- (5) Amount  
represents  
\$24,080 in  
contributions to  
our 401(k) plan  
on behalf of  
Mr. Stephens,  
\$18,867 in  
director's fees  
from Premier  
Community  
Bankshares, \$152  
attributable to  
life insurance  
premiums paid  
by us pursuant to  
our split-dollar  
life insurance  
plan, \$308 for  
use of a company  
car, \$308 in  
country club dues  
and \$3,900 in  
health benefits  
paid on his  
behalf that were  
in excess of our  
normal  
contribution for  
employees  
generally.

- (6) Amount  
represents  
\$14,617 in  
company  
contributions to  
our 401(k) Plan  
on behalf of Mr.  
Youngblood,  
\$31,800 in  
directors' fees  
from Premier

Community Bankshares and Marathon Bank, \$307 attributable to life insurance premiums paid by us pursuant to our split-dollar life insurance plan, \$2,937 for use of a company car, \$1,140 in country club dues and \$1,100 in health benefits paid on his behalf that were in excess of our normal contribution for employees generally.

- (7) Mr. Kiser resigned in January 2007.
- (8) Amount represents \$15,843 in company contributions to our 401(k) Plan on behalf of Mr. Kiser, \$25,192 in directors fees from Premier Community Bankshares and Premier Bank, \$3,120 for use of a company car, \$3,874 in country club dues and \$793 in health benefits paid on his behalf that were in excess of our normal contribution for

employees  
generally.

(9) Mr. Board retired  
in  
December 2006.

(10) Amount  
represents \$7,094  
in company  
contributions to  
our 401(k) Plan  
on behalf of  
Mr. Board and  
\$814 attributable  
to life insurance  
premiums paid  
by us pursuant to  
our split-dollar  
life insurance  
plan.

***Supplemental Discussion of Compensation***

We have entered into employment agreements with certain of our named executive officers, as described below. We had not entered into employment agreements with Messrs. Willingham or Board. All compensation that we pay to our named executive officers is determined as described above in our Compensation Discussion and Analysis section.

*Agreement with Unger.* Marathon Bank and Donald L. Unger entered into an employment agreement on April 1, 1998. The agreement provides for his service as President and Chief Executive Officer of Premier Community Bankshares. The initial term of the agreement ended on March 31, 1999, but the agreement may be renewed and extended for successive terms of 12 months each by the parties to it. If it is not expressly renewed or terminated before the end of its then current term, the agreement will automatically renew for successive one-year periods. The agreement has automatically renewed.

The agreement provides for an initial base salary of \$108,000 per year, and Mr. Unger now receives a salary of \$225,000. He is also eligible to receive bonuses in the form of cash or stock options as the Board of Directors may authorize. He is eligible to participate in any pension, group insurance, hospitalization, deferred compensation or other benefit, bonus or incentive plans that we have.

The agreement provides for the termination of his employment by us without cause and resignation by him for good reason (as those terms are defined in the agreement). Termination under either of these circumstances will entitle Mr. Unger to the payment of salary for the remainder of the then current term of the agreement and to the continued benefit to him for the same period of all employee benefit plans and programs or arrangement in which he was entitled to participate prior to his termination.

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Mr. Unger will not be entitled to any compensation or other benefits under the agreement if his employment is terminated for cause. In the event of his death, we will pay his estate his current compensation for a period of one month from the date of death.

If his employment terminates for any reason other than cause following a change of control (as defined in the agreement, which definition includes the merger), Mr. Unger will receive the greater of (i) the benefits that he would have received for the termination of his employment by us without cause or resignation by him for good reason and (ii) the product of his annual salary times the multiple of the book value per share of the common stock received by our shareholders in connection with the change of control, up to a maximum multiple of 3.0 (subject to reduction to the extent that such payment constitutes an excess parachute payment under the Internal Revenue Code of 1986, as amended). In addition, all of his outstanding stock options, if any, will become immediately exercisable upon a change of control as provided in the plans that govern such stock options. Additional information on these amounts is provided in *Payments upon Termination or Change in Control* below.

The agreement contains restrictive covenants relating to the protection of confidential information, non-disclosure, non-competition and non-solicitation. Each of the covenant not to compete and the non-solicitation covenant continues generally for a period of two years following the last day of his employment.

*Agreements with Youngblood.* Marathon Bank and James C. Youngblood entered into an employment agreement on November 23, 2004. The agreement provides for his service as President of Marathon Bank. The initial term of the agreement ended on June 30, 2005, but the agreement may be renewed and extended for successive terms of 12 months each by the parties to it. If it is not expressly renewed or terminated before the end of its then current term, the agreement will automatically renew for successive one-year periods. The agreement has automatically renewed.

The agreement provides for an initial base salary of \$105,000 per year, and Mr. Youngblood now receives a salary of \$150,000. He is also eligible to receive cash bonuses as the board of directors may authorize. He is eligible to participate in any pension, group insurance, hospitalization, deferred compensation or other benefit, bonus or incentive plans that we have.

The agreement provides for the termination of his employment by us without cause and resignation by him for good reason (as those terms are defined in the agreement). Termination under either of these circumstances will entitle Mr. Youngblood to the payment of salary for the longer of one year or the remainder of the then current term of the agreement and to the continued benefit to him for the same period of all employee benefit plans and programs or arrangement in which he was entitled to participate prior to his termination. Mr. Youngblood will not be entitled to any compensation or other benefits under the agreement if his employment is terminated for cause. In the event of his death, we will pay his estate his current compensation for a period of one month from the date of death.

If his employment terminates for any reason other than cause following a change of control (as defined in the agreement, which definition includes the merger), Mr. Youngblood will receive the greater of (i) the benefits that he would have received for the termination of his employment by us without cause or resignation by him for good reason and (ii) the product of his annual salary times the multiple of the book value per share of the common stock received by our shareholders in connection with the change of control, up to a maximum multiple of 3.0 (subject to reduction to the extent that such payment constitutes an excess parachute payment under the Internal Revenue Code of 1986, as amended). In addition, all of his outstanding stock options, if any, will become immediately exercisable upon a change of control as

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provided in the plans that govern such stock options. Additional information on these amounts is provided in Payments upon Termination or Change in Control below.

The agreement contains restrictive covenants relating to the protection of confidential information, non-disclosure, non-competition and non-solicitation. Each of the covenant not to compete and the non-solicitation covenant continues generally for a period of 18 months following the last day of his employment.

On May 21, 2007, Marathon Bank and Mr. Youngblood entered into a separation agreement dated as of that date. The separation agreement provides for Mr. Youngblood to be treated as a full-time employee of Marathon Bank through the closing date of the pending merger of Marathon Bank with United Bankshares Virginia banking subsidiary, United Bank (which is expected to occur upon the completion of the merger of United Bankshares and Premier Community Bankshares), and his employment termination date to be the day following the closing date of the merger of Marathon Bank and United Bank. Under the terms of the separation agreement, Mr. Youngblood will not perform any work for Marathon Bank beginning on May 21, 2007, and he will not be terminated for failing to work through his employment termination date. If the merger of Marathon Bank and United Bank is completed, the termination of his employment will have deemed to have occurred after a change of control of Premier Community Bankshares and Marathon Bank for purposes of his employment agreement, the supplemental executive retirement plan arrangement that he has with Marathon Bank, his participation in Marathon Bank's bank owned life insurance plan and his stock option awards.

Mr. Youngblood will continue to receive his current compensation and benefits under his employment agreement until his employment termination date. The severance benefits that he will receive under his separation agreement are the following:

A lump sum amount of \$25,000, as consideration for restrictive covenants set forth in his separation agreement, to be paid following the merger of Marathon Bank and United Bank; and

As provided in his employment agreement, a lump sum amount equal to the greater of (i) the benefits that he would have received for the termination of his employment by us without cause or resignation by him for good reason and (ii) the product of his annual salary times the multiple of the book value per share of the common stock received by our shareholders in connection with the change of control, up to a maximum multiple of 3.0 (subject to reduction to the extent that such payment constitutes an excess parachute payment under the Internal Revenue Code of 1986, as amended), to be paid following the merger of Marathon Bank and United Bank.

The separation agreement contains restrictive covenants relating to the protection of confidential information, non-disclosure, non-competition and non-solicitation. Each of the covenant not to compete and the non-solicitation covenant continues generally for a period of four months following his employment termination date.

If the merger of Marathon Bank and United Bank does not occur by December 31, 2007, Marathon Bank will reinstate him as President of Marathon Bank under the terms of his employment agreement.

*Agreement with Stephens.* On December 20, 2006, we entered into an employment agreement, effective as of December 12, 2006, with John K. Stephens. The agreement provides for his service as Chairman, President and Chief Executive Officer of Rockingham Heritage Bank. The term of his agreement will continue until December 31, 2007, unless it is terminated earlier in accordance with its provisions. Mr. Stephens and the Company may agree to renew and extend the term of his agreement for successive terms of 12 months each. If it is not expressly renewed or terminated, the agreement will automatically renew for successive one-year periods.

The agreement provides for an initial base salary of \$225,000 per year. He is also eligible to receive cash bonuses or, alternatively, grants of stock options based on such bonus value, as determined by the board of directors. He is eligible to participate in any pension, group insurance, hospitalization, deferred compensation or other benefit, bonus or incentive plans that we have.

The agreement provides for the termination of his employment by us without cause and termination by him for good reason (as those terms are defined in the agreement). Termination under either of these circumstances will entitle Mr. Stephens to the payment of salary for the remainder of the then current term of the agreement and to the continued benefit to him for the same period of all employee benefit plans and programs or arrangement in which he was entitled

to participate prior to his termination. Mr. Stephens will not be entitled to any compensation or other benefits under the agreement if his employment is terminated for cause. In the event of his death, we will pay his estate his current compensation through the end of the month in which his death occurs.

If he is terminated without cause or resigns for good reason within one year following a change of control (as defined in the agreement, which definition includes the merger), Mr. Stephens will receive the greater of (i) the amount that he would have received under the remaining term of his agreement and (ii) the product of his annual salary times the multiple of the book value per share of the common stock received by our shareholders in connection with the change of control, up to a maximum multiple of 3.0 (subject to reduction to the extent that such payment constitutes an excess parachute payment under the Internal Revenue Code of 1986, as amended). In addition, all of his outstanding stock options, if any, will become immediately exercisable upon a change of control as provided in the plans that govern such stock options. Additional information on these amounts is provided in *Payments upon Termination or Change in Control* below.

The agreement contains restrictive covenants relating to the protection of confidential information, non-disclosure, non-competition and non-solicitation. Each of the covenant not to compete and the non-solicitation covenant continues generally for a period of 24 months following the last day of his employment.

*Agreement with Kiser.* On December 19, 2006, we entered into an employment agreement, effective as of December 12, 2006 with Meryl G. Kiser. The agreement for Mr. Kiser provided for his service as Chairman, President and Chief Executive Officer of Premier Bank and for an initial base salary of \$160,000 per year. The terms of his agreement were otherwise identical to the terms of the agreement



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that we have with Mr. Stephens. Mr. Kiser resigned, and we terminated his agreement, on January 3, 2007.

In connection with his resignation, Premier Community Bankshares and Mr. Kiser entered into a Confidential Resignation, Release and Settlement Agreement dated January 3, 2007. The agreement provides Mr. Kiser with a severance payment of \$160,000 to be paid in 12 equal monthly installments. The agreement also provides him with use of a company car for 90 days and reimbursement for COBRA payments for the 2007 year. The agreement contains releases and waivers of claims by Mr. Kiser against us and his indemnification of us for claims arising from breaches of the agreement or his earlier employment agreement. The agreement terminated that earlier agreement, but the restrictive covenants of the earlier agreement relating to the protection of confidential information, non-disclosure, non-competition and non-solicitation remain in effect. Each of the covenant not to compete and the non-solicitation covenant continues generally for a period of 24 months following the last day of his employment.

The following table contains information concerning grants of stock options to each of the named executive officers during the fiscal year ended December 31, 2006. We did not make any other stock awards or any incentive plan awards to our named executive officers in 2006.

**Grants of Plan-Based Awards**

Name	Grant Date (1)	All Other Options Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards
Donald L. Unger			
John A. Willingham	June 10, 2006	5,000	21.05
John K. Stephens			
James C. Youngblood			
Meryl G. Kiser			
Frederick A. Board			

(1) The stock option becomes exercisable with respect to 1,000 shares of common stock on each of June 10, 2006 and the four anniversaries of that date. The stock option expires on June 10, 2016.

**Table of Contents****Stock Options and Stock Awards**

In the table below, we list information on the holdings of unexercised stock options. At December 31, 2006, there were no outstanding equity incentive plan awards or unvested stock awards.

**Outstanding Equity Awards at Fiscal Year-End**

Name	Option Awards (1)			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Donald L. Unger	15,000		7.30	10/8/2011
John A. Willingham	1,000	4,000 (2)	21.05	6/9/2016
John K. Stephens	15,000		7.30	10/8/2011
James C. Youngblood	6,500 10,000		10.53 20.25	6/10/2012 10/10/2015
Meryl G. Kiser				
Frederick A. Board				

(1) All options were granted under our 2002 Long-Term Incentive Plan. The exercise price of each option equals the market price of our stock on the date of grant.

(2) The stock option becomes exercisable with respect to 1,000 shares of common stock on each of June 10, 2006 and the four

anniversaries of  
that date. The  
stock option  
expires on  
June 10, 2016.

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**Table of Contents****Option Exercises in Fiscal Year 2006**

In the table below, we list information on the exercise of stock options during the year ended December 31, 2006 for each of the named executive officers. There were no stock awards that vested during 2006.

**Option Exercises and Stock Vested**

	<b>Name</b>	<b>Option Awards</b>	
		<b>Number of Shares Acquired on Exercise (#)</b>	<b>Value Realized on Exercise (\$)(1)</b>
	Donald L. Unger	12,500	200,000
	John A. Willingham		
	John K. Stephens		
	James C. Youngblood	6,500	98,375
	Meryl G. Kiser	2,003	13,040
	Frederick A. Board	1,164	12,792

(1) The value realized was calculated by determining the difference between (i) the fair market value of common stock underlying the options at the date of exercise and (ii) the exercise price of the options.

**Equity Compensation Plan Information**

The following table summarizes information concerning our equity compensation plans at December 31, 2006:

	<b>Number of Shares Remaining Available for Future Issuance</b>
<b>Number of Shares to</b>	<b>Under Equity</b>

<b>Plan Category</b>	<b>be Issued upon Exercise of Outstanding Options and Warrants</b>	<b>Weighted Average Exercise Price of Outstanding Options and Warrants</b>	<b>Compensation Plans (Excluding Shares Reflected in First Column)</b>
Equity compensation plans approved by shareholders <sup>(1)</sup>			
1996 Long Term Incentive Plan	22,900	\$ 5.25	0
2002 Long Term Incentive Plan	321,192	13.62	22,565
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
<b>Total</b>	<b>344,192</b>	<b>\$ 13.62</b>	<b>22,565</b>

(1) We have two stock option plans, the 1996 Long Term Incentive Plan and the 2002 Long Term Incentive Plan, both of which were approved by shareholders. We no longer issue any grants or awards under the 1996 Long Term Incentive Plan. The 2002 Long Term Incentive Plan, which replaced the 1996 Long Term Incentive Plan, authorizes the issuance of up to 650,125 shares of common stock. This amount includes any unissued shares under outstanding grants or awards under the 1996 Long Term Incentive Plan (as disclosed in the table), and

any shares that  
had been  
previously  
issued under  
that plan but  
were forfeited,  
expired,  
canceled or  
settled without  
the issuance of  
shares of  
common stock  
under that plan.

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**Table of Contents****Pension Benefits**

We have agreed to provide pension benefits, in the form of supplemental retirement benefits, to certain of our named executive officers.

The following table sets forth information as of December 31, 2006 with respect to the pension plans in which the named executive officers participate:

**Pension Benefits**

<b>Name</b>	<b>Plan Name</b>	<b>Number of Years Credited Service (#)<sup>(1)</sup></b>	<b>Present Value of Accumulated Benefit (\$)<sup>(2)</sup></b>	<b>Payments During the Last Fiscal Year (\$)</b>
Donald L. Unger	Supplemental Executive Retirement Plan	3.0	610,730	
John A. Willingham	none			
John K. Stephens	Supplemental Executive Retirement Plan	1.0	313,817	
James C. Youngblood	Supplemental Executive Retirement Plan	3.0	92,123	
Meryl G. Kiser	none			
Frederick A. Board	Supplemental Executive Retirement Plan	3.0	234,645	

(1) As of December 31, 2006, the plan benefits for each of the named executive officers have vested as follows: Mr. Unger, 100%; Mr. Stephens, 97%; Mr. Youngblood, 20%; and Mr. Board, 100%. Mr. Stephens, who is 64, will vest 100% at age 65, and Mr. Youngblood will vest 100% with ten years of service.

(2) The calculation of present value of accumulated benefit assumes a discount rate of 5.85% for Messrs. Unger, Youngblood and Board and 5.60% for Mr. Stephens. Estimated annual benefits payable under each plan upon retirement at normal retirement age for the named executive officers are as follows: Mr. Unger, \$58,826; Mr. Stephens, \$68,161; and Mr. Youngblood, 115,758. Mr. Board, who retired in December 2006, currently receives \$20,250 in annual benefits under his plan.

**Supplemental Discussion of Pension Benefits**

We have entered into supplemental executive retirement plan arrangements with each of Messrs. Unger, Stephens and Youngblood. Each arrangement consists of a deferred compensation plan and split dollar life insurance plan. Benefits are to be paid upon each individual's retirement on or after he reaches the age of 65.

We adopted the arrangement for Messrs. Unger and Youngblood, who are employees of Marathon Bank, in 2004. Under this arrangement, the benefit is equal to 25% of the individual employee's final compensation at time of retirement. Benefits are to be paid in monthly installments commencing at retirement for a period of 180 months. The arrangement provides that, if employment is terminated for reasons other than death, disability or cause prior to the age of 65, the benefit is reduced based upon a vesting schedule. If death occurs prior to termination of service, no retirement benefits are paid but a life insurance benefit of up to three times compensation is paid to the employee's beneficiary. Benefits are forfeited if he enters into competition with us at any time after termination of employment for any reason or if his employment is terminated for cause, except if there is a change of control such as the merger. The deferred compensation charged to expense for 2006, based on the present value of the retirement benefits, was

\$21,653 for Mr. Unger and \$51,112 for Mr. Youngblood. The plans are unfunded; however, life insurance has been acquired on the life of employees in amounts sufficient to offset the expense of the obligations.

We adopted the arrangement for Mr. Stephens, who is an employee of Rockingham Heritage Bank, in 2005. Under this arrangement, the benefit is equal to 25% of the sum of the individual employee's final base compensation at time of retirement plus the average of bonuses paid during the final

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five years of service. Benefits are to be paid in annual installments commencing at retirement for a period of 15 years. The arrangement provides that, if employment is terminated for reasons other than death, disability or cause prior to the age of 65, the benefit is reduced based upon a vesting schedule. If death occurs prior to termination of service, only the accrued benefit and a life insurance benefit of \$50,000 is paid to the employees' beneficiary. Benefits are forfeited if he enters into competition with us at any time after termination of employment for any reason or if his employment is terminated for cause, except if there is a change of control such as the merger. The deferred compensation charged to expense for 2006, based on the present value of the retirement benefits, was \$181,644 for Mr. Stephens. The plans are unfunded; however, life insurance has been acquired on the life of employees in amounts sufficient to offset the expense of the obligations.

We had a similar arrangement for Mr. Board prior to his retirement in 2006.

All benefits under the supplemental executive retirement plan arrangements vest 100% upon a change in control such as the merger.

**Payments Upon Termination or Change in Control**

The following table shows potential payments and other benefits to our named executive officers under existing employment agreements, plans or arrangements for various events involving a change of control, including the merger, or termination of employment of each of our named executive officers, assuming a December 31, 2006 termination date.

Meryl G. Kiser and Frederick A. Board are no longer employees of Premier Community Bankshares and thus not presented in this table.

Benefit	Termination without Cause or for Good Reason	Retirement	Death	Termination for Any Reason Other Than Cause Following a Change in Control	Termination Without Cause or for Good Reason Following a Change in Control
<b>Donald L. Unger</b>					
Employment Agreement (1)	\$ 56,250		\$18,750	\$675,000	
Stock Options (unvested and accelerated) (2)					
Supplemental Executive Retirement Plan (3)				\$ 56,520	
<b>John A. Willingham</b>					
Management Continuity Agreement (4)					\$104,200
Stock Options (unvested and accelerated) (5)	\$ 45,360	\$45,360	\$45,360	\$ 45,360	
<b>John L. Stephens</b>					
Employment Agreement (6)	\$225,000				\$675,000

Stock Options (unvested and  
accelerated) (2)

Supplemental Executive  
Retirement Plan (3)

\$266,288

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	<b>Termination for Any Reason Other Than Cause Following a Change in</b>	<b>Termination Without Cause or for Good Reason Following a Change in</b>
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