

Summary of Global Settlement
In re Southeast Banking Corporation

The following is a broad overview of the Global Settlement that is embodied in the proposed Settlement Order, which the Bankruptcy Court will be requested to issue at a hearing to be held on **November 3, 2003 at 1:00 p.m.** The Bankruptcy Court has approved and authorized the Trustee to circulate this Summary to noteholders and other creditors; however, this Summary should be read in conjunction with the accompanying FAQ's and is qualified in its entirety by the provisions of the proposed Settlement Order (which will control in the event of any inconsistency). **Capitalized terms used but not otherwise defined herein have the respective meanings ascribed to them in the proposed Settlement Order.**

Overview

Postpetition interest on all allowed claims against the estate, including claims arising under the Senior Notes and Subordinated Notes ("Postpetition Interest"), will be calculated at the uniform rate of 5.57% per annum (the federal judgment rate in effect on the Petition Date), without compounding, from the Petition Date through May 31, 2002. This single uniform rate of interest will be used to determine each creditor's ratable share of future distributions on account of Postpetition Interest ("Distributions"), rather than using the specific rate of interest that might be provided under the various bond issues, other agreements or applicable state law.

A portion of all future Distributions that would otherwise be allocated to the holders of Subordinated Notes will be reallocated to the holders of Senior Notes under a specified reallocation formula (the "Reallocation Formula"). The purpose of the Reallocation Formula is to settle the contractual subordination issues between the Senior Noteholders and Subordinated Noteholders. The Reallocation Formula will have no effect on the calculation and payment of Postpetition Interest to holders of allowed general unsecured claims who are not holders of the Senior Notes or the Subordinated Notes.

The Reallocation Formula is based on the concept of the "Senior Note Shortfall," which is defined as the amount by which the Senior Noteholders' share of all Distributions, before applying any reallocation, falls short of \$12,907,043 (which amount represents the total compounded post-petition interest on the Senior Notes through May 31, 2002 at the rate of 5.57% per annum). The Reallocation Formula is designed to enable the holders of Senior Notes to recover up to 48% of any "Senior Note Shortfall" through a combination of (x) the reallocation of Distributions that would otherwise be made to the holders of Subordinated Notes, and (y) the enforcement of contractual subordination claims against the holder (the "FDIC") of two subordinated notes in the aggregate principal amount of \$22.1 million in favor of a failed savings and loan association (the "FDIC Notes").

Under the Reallocation Formula, an amount equal to the "Subordinated Notes Fraction" (between approximately 89% and 100%) of 48% of the Senior Note Shortfall will be reallocated to the Senior Notes from the ratable Distributions that would otherwise have been made on the Subordinated Notes. The "Subordinated Notes Fraction" is equal to the following fraction:

**Postpetition
Interest on
Subordinated
Notes**



**Sum of Postpetition
Interest on Subordinated
Notes + Postpetition
Interest on FDIC Claim**

The "FDIC Claim" used for purposes of this computation is the allowed claim based on the FDIC Notes. The "Subordinated Notes Fraction" would: (i) approximate 0.89 if the FDIC Claim were allowed in full; (ii) equal 1.00 if the FDIC Claim were disallowed in full; and (iii) range between approximately 0.89 and 1.00 if the FDIC Claim were allowed in part and disallowed in part. If the FDIC Claim were allowed in full or in part and the applicable amount thereof was not subordinated to the extent necessary to cover the difference between (x) an amount equal to 48% of the Senior Note Shortfall and (y) the Subordinated Notes Fraction of such 48% amount, such difference would be paid to the Senior Notes from the 48% Guaranty Reserve (as defined in the next paragraph).

Until the FDIC Claim is finally resolved, the Subordinated Notes Fraction will be calculated assuming that the FDIC Claim is allowed in full (i.e., at approximately .89). However, the difference between (x) the amount reallocated from the Subordinated Notes to the Senior Notes using the Reallocation Formula, and (y) an amount equal to 48% of the Senior Note Shortfall will be withheld from any Distributions to Subordinated Noteholders and maintained in a separate reserve (the "48% Guaranty Reserve") by the Chapter 7 Trustee until the FDIC Claim is finally resolved. Following the final resolution of the FDIC Claim, any portion of the amount so withheld that need not be reallocated to the Senior Indenture Trustee to meet the target of an amount equal to 48% of the Senior Note Shortfall will be distributed to the Subordinated Indenture Trustees.

Illustration of Potential Chapter 7 Distributions Under Global Settlement

The chart which is attached as Exhibit "A" to this Summary illustrates potential Distributions to Senior Noteholders, Subordinated Noteholders and other creditors, that would result from applying the formulas for (x) calculating post-petition interest on allowed claims; and (y) reallocating Distributions from Subordinated Noteholders to Senior Noteholders under the proposed Settlement Order; it assumes that (i) there are no "Chapter 11-Attributable Distributions" (as discussed below); and (ii) the total amounts available for distribution to all creditors and the aggregate amount of the claims for Postpetition Interest are as set forth in such chart.

Reallocation of Distributions if the Chapter 7 Bankruptcy Case is Converted to a Chapter 11 Case.

If the Debtor's Chapter 7 case is converted to a Chapter 11 case, each creditor will have a right to receive Distributions in the Chapter 11 case equal to the difference between (x) the amount of Postpetition Interest calculated on its allowed claim at the rate of 8% per annum through May 31, 2002, without compounding, and (y) the aggregate amount of the Distributions theretofore made to such creditor on account of Postpetition Interest during the Chapter 7 case. The likely cause of a conversion to Chapter 11 would be the ability to obtain incremental value for creditors. The excess of the value of any Distribution to creditors under a confirmed Chapter 11 Plan over the value of the remaining Distributions which they would have received in a Chapter 7 case, after taking into account various "Chapter 11 Costs," is defined as a "Chapter 11-Attributable Distribution."

Any Chapter 11-Attributable Distribution will, subject to certain reallocations, be allocated to creditors on a pro rata basis. In the case of a Chapter 11-Attributable Distribution, the amount that is reallocated from Subordinated Noteholders to Senior Noteholders will equal the difference between (x) 50% of the aggregate amount of the Chapter 11-Attributable Distribution that would have been distributed to the holders of Senior Notes and Subordinated Notes on a pro rata basis with other creditors and (y) the Senior Noteholders' ratable share of the Chapter 11-Attributable Distributions. Once Senior Noteholders receive \$16 million out of Chapter 11-Attributable Distributions, however, they will receive no further amounts out of Chapter 11-Attributable Distributions, and their ratable share of such Distributions will be reallocated to the holders of Subordinated Notes.

The proposed Order also establishes the methodology for determining the amount and value of the "Chapter 11-Attributable Distribution" under a "Qualified Plan" (including dispute-resolution procedures) and obligates Gabriel and the Ad Hoc Committee to support a "Qualified Plan" in the event of a conversion to Chapter 11, but does not require any other party to support a Qualified Plan or require the Court to confirm such a plan.¹

¹ Under a "Qualified Plan": (i) all property of the Chapter 7 Estate other than the Jacksonville Property, certain intangible assets and the cash reasonably necessary for the reorganized debtor ("Retained Cash") will be transferred to a Liquidating Trust (the Jacksonville Property may be so transferred); (ii) the Liquidating Trust will pay all costs of administration and will be reimbursed from the reorganized debtor in cash (if available) or other property for that portion of such administrative costs that constitute Chapter 11 Costs (as defined below); (iii) if the reorganized debtor retains the Jacksonville Property instead of transferring it to the Liquidating Trust, the net income therefrom and any net proceeds of a sale (or an equivalent secured note) will be transferred to the Liquidating Trust; (iv) any distribution from the Liquidating Trust will not be considered a Chapter 11-Attributable Distribution; and (v) all distributions to creditors by the reorganized debtor, less the amount of the Retained Cash and the "Chapter 11 Costs," will be treated as Chapter 11-Attributable Distributions. Chapter 11 Costs are defined as all additional professional fees and expenses, other costs and other claims incurred in or in anticipation of the Chapter 11 case which would not have been incurred in the Chapter 7 case but for the conversion or possible conversion to Chapter 11. That portion of any Distribution which is not a Chapter 11-Attributable Distribution will be subject to the Reallocation Formula described in the "Overview" section of this Summary.

Treatment of Distributions that are Reallocated under the Subordination Provisions of the FDIC Notes.

As previously indicated, the FDIC Claim is based on notes which may be contractually subordinated to the Senior Notes. The proposed Order provides that, to the extent that Distributions on the FDIC Claim must be reallocated to the Senior Notes under the applicable contractual subordination provisions, the reallocated amounts will be distributed: (x) first, to the Senior Notes to the extent of the difference between 48% of the Senior Note Shortfall and the Subordinated Notes Fraction of that 48% amount (i.e., approximately 5.6% of the Senior Note Shortfall if the FDIC Claim were fully allowed and the subordination provisions enforced), and (y) second, the balance of the amount reallocated from the FDIC Claims to the Senior Notes will be transferred from the Senior Indenture Trustee to the Subordinated Notes. In the event that the FDIC Claim is sustained, in whole or in part, following objection, the Ad Hoc Committee will control the enforcement, litigation and settlement of contractual subordination claims of Senior Noteholders under the FDIC Notes.

Allowance and Disallowance of Certain Fees and Expenses.

The appeal taken by the Senior Indenture Trustee and Gabriel Capital (the largest Senior Noteholder) from the bankruptcy court's order denying their request for reimbursement of attorneys' fees and expenses by the estate will be dismissed with prejudice, and Gabriel will waive any claim for attorneys' fees and costs incurred in the Chapter 7 case or any successor Chapter 11 case, except for a potential "substantial contribution" claim, not to exceed \$100,000, in the event of a conversion to Chapter 11 and the confirmation of a Chapter 11 plan. The three Indenture Trustees will be allowed attorneys' fees and expenses in the aggregate amount of approximately \$4.8 million incurred from the Petition Date through July 31, 2002, but will waive any claim against the Estate for any other fees and expenses (including in excess of \$1 million in the aggregate in indenture trustee fees), without prejudice to any right of an Indenture Trustee to recover such amounts from distributions to its noteholders. The Ad Hoc Committee will be reimbursed by the Estate for its attorneys' fees and expenses in the amount of \$852,520. Unless the Chapter 7 case is converted to a Chapter 11 case, the Ad Hoc Committee and the Indenture Trustees will not be allowed or paid any amounts from the Estate for attorneys' fees and expenses incurred subsequent to July 31, 2002; but if the case is converted to a chapter 11 case and a plan is confirmed, the Ad Hoc Committee and the Indenture Trustees will reserve the right to seek recovery from the Estate for post-July 31, 2002 fees and expenses, and any party in interest may object to any such claim.

Southeast Banking Corporation
Summary Table of Recoveries
Estimated Share of Post Petition Interest at Distribution Levels Ranging from \$10 - \$50 Million
(Amounts in Dollars)

Item Description	Total Claim Amount	Undistributed Principal Amount (See 10)	Estimated Post Petition Interest	Percent of Total PPI
Bondholder Claims				
Senior Debt				
11.25% Issue	80,031,774.63	0.00	8,008,078.69	6.03%
Subordinated Debt				
BNY 4 3/4% Issue	12,334,529.00	0.00	4,514,198.87	3.40%
BNY 10.50% Issue	104,670,884.92	0.00	38,244,740.39	28.78%
Subtotal - BNY	117,005,413.92	0.00	42,758,939.26	32.17%
USB FRN due 1996	45,609,909.73	0.00	16,693,138.14	12.56%
USB FRN due 1997	76,759,981.25	0.00	28,094,003.65	21.14%
USB 6 1/2% Issue	50,049,865.14	0.00	18,318,153.18	13.78%
Subtotal - USB	172,419,756.12	0.00	63,105,294.97	47.49%
Subtotal - Subordinated Bondholder Claims	289,425,170.04	0.00	105,864,234.23	79.66%
Total Bondholder Claims	349,456,944.87	0.00	113,672,310.93	85.68%
Non-Bondholder Claims				
Allowed Unsecured Timely Filed Priority and Non-priority Claims	9,035,323.73	0.00	4,432,255.10	3.34%
Remaining Disputed Timely Filed Claims	706,899.13	706,899.13	421,466.63	0.32%
Allowed Unsecured Late Filed Priority and Non-priority Claims	496,502.00	318,250.00	298,023.88	0.22%
Remaining Disputed Late Filed Claims	23,275,720.00	23,275,720.00	13,877,424.27	10.44%
Total Non-Bondholder Claims	33,514,444.86	24,300,869.13	19,027,169.88	14.32%
Grand Total Claims	382,971,389.73	24,300,869.13	132,699,480.81	100.00%
Notes:				
1.	Post petition interest is calculated using simple interest at an annual rate of 5.57% based on a 365 day year.			
2.	Estimated post petition interest for each bond issue is based on the amount actually distributed for each bond issue (after claw backs) and before reduction for Indenture Trustee fees and reserves.			
3.	The Second Interim Distribution was based on the amount necessary to pay the remaining Principal balance of the Senior Notes without claw back.			
4.	Principal reductions pertaining to the 1st, 2nd, and 6th Interim Distributions to bondholders are based on the check dates of lump sum payments to the respective Indenture Trustees.			
5.	Principal reductions pertaining to the 3rd, 4th, and 5th Interim Distributions to bondholders are based on the dates of the first batch of payments made to individual bondholders for each respective Interim Distribution.			
6.	Principal reductions pertaining to allowed unsecured timely and late filed priority and non-priority claims are based on the dates of payments made to each individual claimant.			
7.	Post petition interest has been calculated through May 31, 2002.			
8.	Post petition interest amounts for non-bondholder claims are estimates. A claim by claim review has not yet occurred for the purpose of determining which claimants waived their rights to the payment of post petition interest as a condition of their settlement.			
9.	A reconciliation is currently being completed of over 1100 claims listed on the claims register of this case to the court orders resolving each claim. The purpose of the analysis is to ensure that all claims have been properly accounted for. The numbers in this schedule are subject to adjustment based on the results of this reconciliation.			
10.	Undistributed principal amounts reflect current balances.			
11.	Assumes no Chapter 11-attributable distributions.			
12.	Assumes FDIC claims are allowed in full and subordinated; does not reflect additional reallocations under paragraph 7 of the Order.			

EXHIBIT "A" TO SUMMARY

Southeast Banking Corporation
Summary Table of Recoveries
Estimated Share of Post Petition Interest & Distribution Levels Ranging From \$10 - \$50 Million
(Amounts in Dollars)

Item Description	Scenario 1			Scenario 2			Scenario 3			Scenario 4			Scenario 5		
	Pro Rata PPI Distribution of \$10,000,000	Senior / Junior Reallocation	Post-Realoc. Distribution of \$10,000,000	Pro Rata PPI Distribution of \$20,000,000	Senior / Junior Reallocation	Post-Realoc. Distribution of \$20,000,000	Pro Rata PPI Distribution of \$30,000,000	Senior / Junior Reallocation	Post-Realoc. Distribution of \$30,000,000	Pro Rata PPI Distribution of \$40,000,000	Senior / Junior Reallocation	Post-Realoc. Distribution of \$40,000,000	Pro Rata PPI Distribution of \$50,000,000	Senior / Junior Reallocation	Post-Realoc. Distribution of \$50,000,000
Bondholder Claims															
Senior Debt															
11 25% Issue	602,566.44	5,806,321.55	6,508,887.99	1,205,132.88	5,817,089.88	6,822,222.54	1,807,699.32	5,327,657.77	7,135,357.09	2,410,265.78	5,038,625.88	7,448,891.63	3,012,832.20	4,749,393.99	7,762,226.18
Subordinated Debt															
BNT 4 3/4% Issue	339,870.17	(222,845.28)	117,004.88	679,340.33	(211,781.39)	467,558.94	1,018,010.50	(200,857.49)	818,153.00	1,358,880.88	(189,853.80)	1,168,727.08	1,888,350.83	(178,049.71)	1,518,301.12
BNT 10 50% Issue	2,877,719.32	(1,886,442.34)	991,276.98	5,755,438.65	(1,794,083.48)	3,961,355.17	8,633,157.97	(1,701,884.61)	6,931,273.36	11,810,877.29	(1,808,305.75)	9,901,571.55	14,388,586.81	(1,516,826.88)	12,871,869.74
Subtotal - BNT	3,217,389.48	(2,109,107.82)	1,108,281.66	6,434,778.98	(2,005,824.87)	4,428,954.11	9,652,168.47	(1,902,542.11)	7,749,626.36	12,889,557.86	(1,798,259.35)	11,070,298.61	16,086,947.44	(1,895,976.59)	14,390,970.86
USB FRN due 1998	1,258,072.48	(823,398.00)	432,874.48	2,512,144.87	(783,078.29)	1,729,066.88	3,768,217.46	(742,754.59)	3,025,462.88	5,024,288.95	(702,432.88)	4,321,857.07	6,280,382.44	(882,111.17)	5,818,251.26
USB FRN due 1997	2,113,826.77	(1,285,751.81)	728,176.87	4,227,857.55	(1,317,881.70)	2,909,965.85	8,341,786.32	(1,250,031.59)	6,991,754.73	8,455,715.10	(1,182,171.48)	7,273,543.61	10,569,843.87	(1,114,311.38)	9,455,332.49
USB 6 1/2% Issue	1,378,346.48	(803,552.74)	474,793.75	2,756,892.96	(858,305.88)	1,898,587.10	4,135,038.44	(815,058.99)	3,319,980.46	5,513,385.93	(770,812.11)	4,742,573.81	6,891,732.41	(728,565.24)	6,163,167.17
Subtotal - USB	4,748,347.74	(2,112,702.54)	1,635,845.20	8,496,693.49	(2,960,273.65)	5,536,421.63	14,245,043.23	(2,807,845.18)	11,437,198.06	16,993,390.87	(2,655,416.48)	16,337,874.49	23,741,136.71	(2,502,887.79)	21,238,750.92
Subtotal - Subordinated Bondholder Claims	7,965,737.23	(3,221,810.16)	2,743,827.07	15,931,474.46	(4,968,098.72)	10,963,375.75	23,897,211.69	(4,710,387.27)	19,186,824.42	31,862,948.03	(4,454,675.82)	27,408,273.10	39,828,888.16	(4,188,964.38)	35,629,721.78
Total Bondholder Claims	8,568,303.87	684,511.39	8,252,815.06	17,136,807.34	850,890.84	17,787,596.28	25,704,911.01	817,470.50	26,322,381.51	34,273,714.89	583,850.05	34,857,164.74	42,841,518.35	550,429.81	43,391,847.98
Non-Bondholder Claims															
Allowed Unsecured Timely Filed Priority and Non-priority Claims	333,504.32	0.00	333,504.32	667,008.64	0.00	667,008.64	1,000,512.96	0.00	1,000,512.96	1,334,017.28	0.00	1,334,017.28	1,667,521.60	0.00	1,667,521.60
Remaining Disputed Timely Filed Claims	31,713.19	0.00	31,713.19	63,426.38	0.00	63,426.38	95,139.57	0.00	95,139.57	126,852.75	0.00	126,852.75	158,565.84	0.00	158,565.84
Allowed Unsecured Late Filed Priority and Non-priority Claims	22,274.27	0.00	22,274.27	44,548.54	0.00	44,548.54	66,822.81	0.00	66,822.81	89,087.08	0.00	89,087.08	111,371.35	0.00	111,371.35
Remaining Disputed Late Filed Claims	1,044,204.55	(684,511.39)	359,693.17	2,088,409.10	(650,890.84)	1,437,518.16	3,133,813.63	(817,470.50)	2,315,143.18	4,176,818.20	(583,850.05)	3,592,968.15	5,221,022.76	(550,429.81)	4,670,593.15
Total Non-Bondholder Claims	1,431,696.33	(684,511.39)	747,184.94	2,882,382.66	(650,890.84)	2,231,491.72	4,295,088.89	(617,470.50)	3,677,618.49	5,726,785.32	(583,850.05)	5,142,835.26	7,158,481.65	(550,429.81)	6,608,052.04
Grand Total Claims	10,000,000.00	0.00	10,000,000.00	20,000,000.00	0.00	20,000,000.00	30,000,000.00	0.00	30,000,000.00	40,000,000.00	0.00	40,000,000.00	50,000,000.00	0.00	50,000,000.00