

Palmetto Bancshares, Inc.
Private Trading System

Terms and Conditions

I hereby agree and acknowledge that I have read, understand, and agree to all of the following terms and conditions of the Palmetto Bancshares, Inc. (the "Company") Private Trading System:

(i) Neither the Company nor The Palmetto Bank (the "Bank") is registered as a national securities exchange, securities information processor, broker, dealer or investment adviser under federal or state securities laws.

(ii) The Private Trading System functions merely as a passive system to facilitate trades of the Company's common stock for its shareholders and the general public.

(iii) The information set forth on the Private Trading System does not consist of firm quotes, but rather is merely a list of the names, addresses and telephone numbers of interested buyers and sellers, the number of shares of common stock offered or desired to be purchased, and the price at which the proposed transaction would occur.

(iv) The Company does not assure that any particular transaction will occur as to any particular number of shares or at any particular price.

(v) Transactions between participants, including any negotiations, must be executed by the participants independent of the Company, the Bank, or any employees of the Company or the Bank.

(vi) Neither the Company nor the Bank will act as a participant's agent, broker, representative, advisor, or in any other fiduciary capacity.

(vii) Neither the Company nor the Bank will accept any checks or cash payments for transactions made on the Private Trading System. All checks should be payable to the seller of the common stock or an independent agent, such as an escrow agent.

(viii) No officer, director or employee of the Company or the Bank may be involved in any purchase or sale negotiations, provide a participant with advice relating to a potential transaction, or receive, hold or transfer funds incident of operating the Private Trading System.

(ix) Neither the Company, the Bank, nor their employees may receive any compensation in any form whatsoever related to maintaining or creating the Private Trading System.

(x) All applicable federal and state securities laws (including the anti-fraud and anti-manipulation provisions) apply to any offer made or transaction consummated using the Private Trading System.

(xi) Any participant that is a broker-dealer, an associated person of a broker-dealer, or who has a state securities license is responsible for identifying that fact to the other participants.

(xii) Participants are prohibited from submitting an offer to buy at one price and an offer to sell at a higher price ("two-sided quotes").

(xiii) Absent an available exemption, the registration requirements of the federal securities laws apply to all offers and sales through the private trading system.

(xiv) Neither the Company nor any affiliate may use the Private Trading System directly or indirectly, such as to buy or sell securities, except in compliance with the securities laws, including registration requirements.

(xv) The trades listed on the Private Trading System for the three-year period indicated are based solely on data that has been reported to the Company and may not include all trades during such period. The Company makes no representation regarding the accuracy of the data or the value of the shares.

Signature

Print Name

Date