

BANK OF SOUTH CAROLINA CORP

Form DEF 14A

March 07, 2007

Schedule 14A
(Rule 14A-101)
Information Required In Proxy Statement
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934
(AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

BANK OF SOUTH CAROLINA CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

PAYMENT OF FILING FEE (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - 1) Title of each class of securities to which transaction applies:

 - 2) Aggregate number of securities to which transaction applies:

 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total Fee Paid:

Fee paid previously with preliminary materials:

Edgar Filing: BANK OF SOUTH CAROLINA CORP - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing

- 1) Amount Previously Paid:

 - 2) Form, Schedule or Registration Statement No.:

 - 3) Filing Party:

 - 4) Date Filed:
-

March 5, 2007

Dear Shareholder:

The Annual Meeting of Shareholders of Bank of South Carolina Corporation will be held at 2:00 am on Tuesday April 10, 2007, in the Board Room of the 256 Meeting Street office of the Bank of South Carolina in the City of Charleston, South Carolina. Enclosed you will find the formal Notice of Annual Meeting of Shareholders, Proxy Card, and Proxy Statement detailing the matters which will be acted upon. Again this year, we are incorporating the enclosed Annual Report on Form 10KSB as filed with the Securities and Exchange Commission as our Annual Report to Shareholders.

We urge you to sign and date the proxy card and return it as soon as possible in the enclosed postage-paid envelope. Should you decide to attend the meeting and vote in person, you may withdraw your proxy.

We appreciate your continued interest and investment in Bank of South Carolina Corporation.

Sincerely,

Hugh C. Lane, Jr.

President

**PROXY MATERIAL OF
BANK OF SOUTH CAROLINA CORPORATION
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 10, 2007**

To Our Shareholders:

The Annual Meeting of Shareholders of Bank of South Carolina Corporation (the Company) will be held at 256 Meeting Street, Charleston, South Carolina, on Tuesday, April 10, 2007, at 2:00 p.m. for the following purposes:

1. To elect seventeen (17) Directors to serve until the Company's 2008 Annual Meeting of Shareholders;
2. To ratify the appointment of Elliott Davis, LLC, as independent certified public accountants for 2007;
3. To approve an increase in authorized shares from 6,000,000 to 12,000,000;
4. To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on February 23, 2007, will be entitled to notice of and to vote at the Annual Meeting and any adjournments thereof.

You may revoke your Proxy at any time prior to its exercise by written notice to the Company prior to the meeting or by attending the meeting personally and voting. The Board of Directors of the Company solicits the accompanying form of Proxy.

PLEASE SIGN AND DATE THE ACCOMPANYING PROXY AND PROMPTLY RETURN IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

By Order of the Board of Directors

Richard W. Hutson

Secretary

March 5, 2007

BANK OF SOUTH CAROLINA CORPORATION
256 Meeting Street
Charleston, South Carolina 29401

PROXY STATEMENT

This Proxy Statement, which is first being mailed to Shareholders on or about March 5, 2007, is provided in conjunction with the solicitation of proxies by the Board of Directors of Bank of South Carolina Corporation (the Company) for use at the 2007 Annual Shareholders Meeting of the Company. The Notice of Meeting, Proxy Form and Annual Report are enclosed in this package.

The Proxy

The Board of Directors of the Company selected the persons named as proxies on the enclosed Proxy Form. No officer or employee of the Company or any subsidiary may be named as proxy.

The solicitation of proxies on behalf of the Board of Directors is conducted by Directors, officers and regular employees of the Company and its wholly owned subsidiary, The Bank of South Carolina (the Bank), at no additional compensation over regular salaries. The cost of printing and mailing of all proxy materials has been paid by the Company. Brokers and others involved in handling and forwarding the proxy materials to their customers having beneficial interests in the stock of the Company registered in the names of Nominees will be reimbursed for their reasonable expenses in doing so.

Voting Rights

The Common Stock of the Company is its only class of voting securities. On February 23, 2007, there were issued and outstanding 3,929,908 shares of Common Stock (no par value). Each share is entitled to one vote; provided, however, that Shareholders have cumulative voting rights for the election of Directors. The right to cumulate votes means that the Shareholders are entitled to multiply the number of votes they are entitled to cast by the number of Directors for whom they are entitled to vote and cast the product for a single candidate or distribute the product among two or more candidates.

CUMULATIVE VOTING SHALL APPLY FOR THE ELECTION OF DIRECTORS

The solicitation of proxies on behalf of the Board of Directors includes a solicitation for discretionary authority to cumulate votes.

The Board of Directors of the Company has fixed the close of business February 23, 2007, as the record date for the determination of Shareholders entitled to notice of and to vote at the Annual Meeting. Proxies properly executed by Shareholders of record on February 23, 2007, and received in time for the meeting, will be voted as specified on all business to be acted upon at the meeting and any adjournment thereof.

Right of Revocation

Any Shareholder executing a Proxy for the meeting on the Proxy Form provided may revoke the Proxy in a writing delivered to the President of the Company prior to the meeting or by attending the meeting and voting in person.

Principal Shareholders of the Company

To the extent known to the Board of Directors of the Company, as of February 23, 2007, the only Shareholders of the Company having beneficial ownership of more than 5% of the shares of Common Stock of the Company are as set forth below:

Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class
Hugh C. Lane, Jr. ⁽¹⁾ 30 Church Street Charleston, SC 29401	507,827 ⁽²⁾	12.92%
Charles G. Lane ⁽¹⁾ 10 Gillon Street Charleston, SC 29401	228,830 ⁽³⁾	5.82%
The Bank of South Carolina Employee Stock Ownership Plan and Trust (the ESOP) 256 Meeting Street Charleston, SC 29401	226,823 ⁽⁴⁾	5.77%

(1) To the extent known to the Board of Directors, the estate of Hugh C. Lane, Beverly G. Lane Trust, Beverly G. Jost, Kathleen L. Schenck, Charles G. Lane and Hugh C. Lane Jr., collectively, have beneficial ownership of 718,833 shares or 18.29% of the outstanding shares. As more fully described in the following footnotes, Hugh C. Lane, Jr. and Charles G. Lane

are the only ones of the above who have a beneficial ownership interest in more than 5% percent of the Company's Common Stock. Hugh C. Lane, Jr. disclaims any beneficial interest in those shares in which other members of his family have a beneficial interest other than those shares his wife owns directly and those for which he serves as trustee or she serves as custodian (as more fully described in the following footnote). Charles G. Lane disclaims any beneficial interest in those shares in which other members of his family have a beneficial interest other than those shares his wife owns directly and those for which he serves as trustee or she serves as custodian (as more fully

described in the following footnote).

- (2) To the extent known to the Board of Directors, Hugh C. Lane, Jr., an Executive Officer and Director of the Bank and the Company, directly owns and has sole voting and investment power with respect to 270,708 shares; as a trustee for two trust accounts holding an aggregate of 68,515 shares, he has sole voting and investment power with respect to such shares; as a co-trustee for three trust accounts holding 14,457 shares, he has joint voting and investment power with respect to such shares; as a trustee for the Mills Bee Lane Memorial Foundation, he has shared voting and investment power with

respect to 9,831 shares; as a personal representative for an estate holding 46,578 shares, he has sole voting and investment power with respect to such shares; he is indirectly beneficial owner of 12,764 shares owned by his wife and an aggregate of 48,235 shares held by his wife as custodian for their son, and 36,739 shares owned by the ESOP in which he has a vested interest. All of the shares beneficially owned by Hugh C. Lane, Jr. are currently owned. Hugh C. Lane, Jr. has had beneficial ownership of more than 5% of the Bank's Common Stock since October 23, 1986, and more than 10% since November 16, 1988.

- (3) To the extent known to the Board of Directors, Charles G.

Lane, a Director of the Bank and the Company, directly owns and has sole voting and investment power with respect to 105,203 shares; as a co-trustee for 4 trust accounts holding 17,596 shares, he has joint voting and investment power with respect to such shares; as a trustee for the Mills Bee Lane Memorial Foundation, he has shared voting and investment power with respect to 9,831 shares; he is indirectly beneficial owner of 4,023 shares owned by his wife, an aggregate of 47,522 shares held by his wife as custodian for two children, and 44,655 shares owned by an unemancipated daughter. All of the shares beneficially owned by Charles G. Lane are currently owned. Charles

G. Lane has had
beneficial
ownership of
more than 5% of
the Bank's
Common Stock
since July 16,
1999.

(4) The Trustees of the ESOP, T. Dean Harton, a Director of the Bank and the Company, Sheryl G. Sharry, an officer of the Bank and Hugh C. Lane, Jr., an Executive Officer and Director of the Bank and the Company, disclaim beneficial ownership of the 226,823 shares owned by the ESOP which have been allocated to members of the plan each of whom under the terms of the plan has the right to direct the Trustees as to the manner in which voting rights are to be exercised.

Beneficial Ownership of Common Stock of the Company

The table below sets forth the number of shares of Common Stock (the only class of outstanding equity securities of the Company) known by the Company to be beneficially owned by each Nominee for election as Director and by the Executive Officers and Directors of the Company as a group as of February 23, 2007. Except as otherwise indicated in the footnotes to the table, the persons named possess sole voting and investment power with respect to the shares shown opposite their names. As of February 23, 2007, no Executive Officer, Director or Nominee beneficially owned more than 10% of the outstanding shares of the Company other than Hugh C. Lane, Jr. As of February 23, 2007, the Executive Officers, Directors and Nominees beneficially owned 1,064,926 shares, representing approximately 27.10% of the outstanding shares.

As of February 23, 2007, the beneficial ownership of Common Stock of the Company by all current Directors and each Nominee for Director was as set forth in the following table:

Name & Address of	Amount & Nature of	Percent of
-------------------	-----------------------	---------------

Edgar Filing: BANK OF SOUTH CAROLINA CORP - Form DEF 14A

Beneficial Owner	Beneficial Ownership	Class
Linda J. Bradley-McKee, PHD, CPA 3401 Waterway Blvd. Isle of Palms, SC 29451	151	.004%
C. Ronald Coward 537 Planters Loop Mt. Pleasant, SC 29464	51,755 ⁽¹⁾	1.32%
Graham M. Eubank, Jr. 791 Navigators Run Mt. Pleasant, SC 29464	550	.01%
T. Dean Harton 4620 Lazy Creek Lane Wadmalaw Island, SC 29487	13,160 ⁽¹⁾	.33%
Fleetwood S. Hassell 30 New Street Charleston, SC 29401	54,188 ⁽¹⁾	1.38%
Glen B. Haynes, DVM 101 Drayton Drive Summerville, SC 29464	2,876	.07%
William L. Hiott, Jr. 1831 Capri Drive Charleston, SC 29407	140,218 ⁽¹⁾	3.57%
Katherine M. Huger 1 Bishop Gadsden Way, C-17 Charleston, SC 29412	8,051 ⁽¹⁾	.20%

Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class
Richard W. Hutson, Jr. 124 Tradd Street Charleston, SC 29401	1,525	.04%
Charles G. Lane 10 Gillon Street Charleston, SC 29401	228,830 ⁽¹⁾	5.82%
Hugh C. Lane, Jr. 30 Church Street Charleston, SC 29401	507,827 ⁽¹⁾	12.92%
Louise J. Maybank 8 Meeting Street Charleston, SC 29401	43,737 ⁽¹⁾	1.11%
Alan I. Nussbaum, MD 37 Rebellion Road Charleston, SC 29407	703	.02%
Edmund Rhett, Jr., MD 17 Country Club Drive Charleston, SC 29412	2,387 ⁽¹⁾	.06%
Malcolm M. Rhodes, MD 7 Guerard Road Charleston, SC 29407	1,787	.05%
Thomas C. Stevenson, III 173 Tradd Street Charleston, SC 29401	33,096	.84%
Steve D. Swanson 615 Pitt Street Mt. Pleasant, SC 29464	1,512	.04%

(1) To the extent known to the Board of Directors, each of the following Directors and Nominees for

election as
Directors (each
of whom
directly owns
and has sole
voting and
investment
power of all
shares
beneficially
owned by him
or her except as
set forth in this
footnote)

indirectly owns
the following
number of
shares: C.

Ronald Coward
an aggregate of
1,663 shares
owned by a
company of
which he is
chairman and
director; T.

Dean Harton an
aggregate of
3,224 shares
owned by his
wife and held by
his wife as
custodian for his
step-son;

Fleetwood S.
Hassell an
aggregate of
10,520 shares
owned by his
wife, held by
him as trustee
for the
revocable trust
of his father,
held by him as a
co-trustee with
Charles G. Lane
for the children
of Hugh C.

Lane, Jr. and
22,551 shares

owned by the
ESOP, in which
he has a vested
interest;

William L.

Hiott, Jr. an
aggregate of
14,903 shares
directly owned
by his wife and
by his two
children and
21,376 shares
owned by the
ESOP, in which
he has a vested
interest;

Katherine M.

Huger 731
shares owned by
her husband;

Charles G. Lane
an aggregate of
123,627 shares
owned by his
wife, held by
her as custodian
for two of their
children, held
by an
unemancipated
daughter, held
by him as a
co-trustee with
Hugh C. Lane,
Jr. under two
trusts for their
sisters children,
held by him as a
co-trustee with
Fleetwood S.
Hassell for the
children of
Hugh C. Lane,
Jr., held by him
as co-trustee
under the
Irrevocable
Trust of Hugh
C. Lane and
held by him as a

trustee of Mills
Bee Lane
Memorial
Foundation;
Hugh C. Lane,
Jr. an aggregate
of 200,380
shares owned by
his wife, held by
his wife as
custodian for
their son, held
by him as a
co-trustee with
Charles G. Lane
under two trusts
for their

sisters children,
held by him as a
trustee under the
Hugh C. Lane
Trust for the
benefit of three
of the
grandchildren of
Hugh C. Lane,
held by him as
trustee for the
Beverly Glover
Lane Trust, held
by him as a
personal
representative
for the Hugh C.
Lane Trust, held
by him as a
trustee of Mills
Bee Lane
Memorial
Foundation, and
36,739 shares
owned by the
ESOP in which
he has a vested
interest;
Louise J.
Maybank
14,336 shares
held by her as a
co-trustee for a
charitable trust;
Edmund Rhett,
Jr. MD 756
shares owned by
his wife; and
Thomas C.
Stevenson, III
28,003 shares
held by him as
co-trustee under
a Marital Trust,
and 4,362 shares
held by him as
co-trustee of a
QTip Trust. All
such indirectly

owned shares
are included in
the totals of the
number of
shares set forth
in the above
table and
beneficially
owned by the
Directors and
Nominees.

As a group, all Directors, the nominee, Glen B. Haynes, DVM and Executive Officers (including Hugh C. Lane, Jr., President and Chief Executive Officer; Fleetwood S. Hassell Executive Vice President; and William L. Hiott, Jr., Executive Vice President and Treasurer) are seventeen in number and beneficially own an aggregate of 1,064,926 shares, representing 27.10% of the issued and outstanding Common Stock of the Company. All of these shares beneficially owned by the Directors, Nominees and Executive Officers are currently owned.

Independence of Directors

With the exception of Hugh C. Lane, Jr., Fleetwood S. Hassell, and William L. Hiott, Jr., all Executive Officers of the Company, and Charles G. Lane, brother of Hugh C. Lane, Jr., all of the Directors proposed to be elected are independent and they constitute a majority of the Board of Directors.

Election of Directors

Sixteen Directors, constituting the current Board of Directors, will be elected at the Annual Meeting, each to hold office for one year and until a successor shall have been duly elected or appointed and shall have qualified. In addition the Nominating Committee of the Company Board of Directors recommended at its December 14, 2006 meeting to approve Glen B. Haynes, DVM, for nomination to the Board of Directors to replace John M. Tupper who died on July 31, 2006. This recommendation was approved by the Board of Directors and will be voted on at the annual meeting. In the absence of instructions to the contrary, shares of Common Stock represented by properly executed proxies will be voted for the seventeen Nominees listed on pages 5, 6 and 7, all of whom are recommended by the Nominating Committee and the Board of Directors of the Company and have consented to be named and to serve if elected.

The Company does not presently know of anything that would preclude any Nominee from serving; however, should any Nominee for any reason become unable or unwilling to serve as a Director, the number of Directors to be elected will be reduced accordingly.

The name of each Nominee designated by the Board of Directors of the Company for election as a Director of the Company and certain information provided by such Nominee to the Company are set forth in the table below. Eight of the current Nominees served as initial Directors of the Bank from October 22, 1986, when the Bank's charter was issued until the first Annual Meeting of Shareholders on April 14, 1987, and were elected to serve a one year term at such Annual Meeting. All of the above eight Directors of the Bank were elected to serve one-year terms at subsequent Annual Meetings. All of the above eight Directors of the Bank were elected Directors of the Company upon its organization in 1995. Alan I. Nussbaum, MD and Edmund Rhett, Jr., MD, were first elected as Directors of the Company during 1999. Linda J. Bradley-McKee and Steve D. Swanson were first elected as Directors of the Company during 2002. They were all re-elected as Directors of the Company to serve one year terms at subsequent Annual Meetings. Graham M. Eubank, Jr., Richard W. Hutson, Jr. and Malcolm M. Rhodes, MD were elected pursuant to the By-Laws of the Company on December 16, 2004, and were elected to serve at the subsequent annual meeting. Fleetwood S. Hassell was elected to serve a one year term on April 11, 2006, at the annual meeting. All of the above current Nominees except Glen B. Haynes, DVM served as Directors of the Company from April 11, 2006, the date of the last Annual Meeting of shareholders.

Edgar Filing: BANK OF SOUTH CAROLINA CORP - Form DEF 14A

Name	Age	Positions and Offices Held With Corporation	Family Relationship	Business Experience 1987-2005 and Other Directorships
Linda J. Bradley- McKee, PHD, CPA	56	Director	None	Director, MS in Accountancy Program College of Charleston (education) 1998 2007; Chairman, Dept. of Accountancy 1999-2004; Associate Professor 1999 2007; Assistant Professor 1993 1999
C. Ronald Coward	71	Director	None	Chairman, Coward Hund Construction Company, Inc. (construction) 2004-2007; President, 1976-2004
Graham M. Eubank, Jr.	39	Director	None	President, Palmetto Ford, Inc. (retail automobile) 2000-2007; Vice President 1996-2000
T. Dean Harton	61	Director	None	President, Hawthorne Corporation (management and investment) 2007 Vice-Chairman, Piedmont Hawthorne Holdings, Inc. (aviation) 2004-2006; President, Piedmont Hawthorne Holdings, Inc. 1999-2004; President, Hawthorne Corporation (aviation) 1986-1999
Fleetwood S. Hassell	47	Executive Vice President	Brother-in-law Charles G. Lane, Director	The Bank of South Carolina (banking) 1986-2007
Glen B. Haynes, DVM	52	None	None	Westbury Veterinary Clinic (Veterinary) 1984 2007
William L. Hiott, Jr.	62	Executive Vice President, Treasurer, Director	None	The Bank of South Carolina (banking) 1986-2007
Katherine M. Huger	65	Director	None	Emerita Professor of Economics, Charleston Southern University; Assistant Professor of Economics, Charleston Southern University (education) 1972-2004
Richard W. Hutson, Jr.	49		None	

Secretary
Director

Manager, William M. Means Company
Insurance, LLC (insurance) 1998-2007;
Sole Proprietor, William M. Means
Insurance Co. (insurance) 1992-1998

6

Name	Age	Positions and Offices Held With Corporation	Family Relationship	Business Experience 1987-2005 and Other Directorships
Charles G. Lane	52	Director	Brother of Hugh C. Lane, Jr.; Brother-in-law Fleetwood S. Hassell, Executive Vice President	Managing Member Holcombe, Fair & Lane, LLC (real estate) 1996-2007; Associate Holcombe & Fair Realtors 1987-1996
Hugh C. Lane, Jr.	59	President, Chief Exec. Officer, Director	Brother of Charles G. Lane	The Bank of South Carolina (banking) 1986-2007
Louise J. Maybank	67	Director	None	Active in community programs
Alan I. Nussbaum, MD	55	Director	None	Physician in private practice with Rheumatology Associates, PA
Edmund Rhett, Jr., MD	59	Director	None	Physician in private practice as Edmund Rhett, Jr., PA 2007; Physician in private obstetrical practice with Low Country Obstetrics & Gynecology, PA
Malcolm M. Rhodes, MD	48	Director	None	Physician in private practice with Parkwood Pediatric Group
Thomas C. Stevenson, III	56	Director	None	President, Fabtech, Inc. (metal fabrication) 1991-2007; Private Investor 1990-91; Chairman of the Board Stevenson Hagerty, Inc. (diversified holding company) 1984-1990
Steve D. Swanson	39	Director	None	President, Automated Trading Desk, Inc. (automated limit order stock trading) 1989-2007

Committees of the Board of Directors

Hugh C. Lane, Jr. presently serves as President of the Board of Directors. The Board has four committees: the Executive/Long-Range Planning Committee, resulting from the merger of the Executive Committee and the Long-Range Planning Committee in 2004, the Compensation Committee, the Nominating Committee, and the Audit and Compliance Committee. The Compensation Committee and the Nominating Committee were established at the regular monthly meeting of the Board of Directors on December 18, 2003.

The Executive/Long-Range Planning Committee consists of the President of the Company and seven designated Directors. The President of the Company chairs the Committee. At present, the fixed membership of the Committee consists of C. Ronald Coward, T. Dean Harton, Fleetwood S. Hassell, William L. Hiott, Jr., Charles G. Lane, Hugh C. Lane, Jr., Alan I. Nussbaum, MD, and Steve D. Swanson. During 2006, this Committee held three meetings. In addition to long-range and strategic planning, the principal function of the Committee is to exercise all authority of the Board of Directors in the management and affairs of the Company and the Bank. In addition, the Executive Committee acts on behalf of the entire Board of the Company between the regular Board Meetings.

The Audit and Compliance Committee reviews and examines detailed reports of the internal auditor for the Bank; meets periodically with the internal auditor; reviews reports of regulatory bodies having jurisdiction over the Company and the Bank; evaluates internal accounting controls; recommends and approves the engagement and continuation of engagement of independent auditors, the scope of their work and the fees for their services; and meets with and considers recommendations of the independent auditors for the Company and the Bank. The Audit and Compliance Committee consists of Linda J. Bradley-McKee, PHD, CPA, C. Ronald Coward, Graham M. Eubank, Jr., Katherine M. Huger, Alan I. Nussbaum, MD, and Malcolm M. Rhodes, MD, all independent Directors of the Company. The Audit and Compliance Committee met six times during 2006.

The Compensation Committee consists of T. Dean Harton, Thomas C. Stevenson, III and Steve D. Swanson, all independent Directors of the Company. The function of the Compensation Committee is to recommend the compensation of Executive Officers to the Directors of the Company. The Compensation Committee met once during 2006.

The Nominating Committee consists of C. Ronald Coward, Edmund Rhett, Jr., MD and Graham M. Eubank, Jr., all independent Directors of the Company. The function of the Nominating Committee is to recommend a slate of proposed Directors to the Board of Directors of the Company. The Nominating Committee has adopted a written Charter. The Charter was attached as Exhibit A to the 2005 Proxy Statement. The Nominating Committee met two times during 2006.

Report of the Audit and Compliance Committee of the Board of Directors

Membership and Role of the Audit and Compliance Committee

The Audit and Compliance Committee (the Audit Committee) presently consists of six members of the Board of Directors. During 2006, the Audit Committee held six meetings. The Audit Committee operates under a written charter adopted by the Board of Directors. The charter was attached as Exhibit A to the 2004 Proxy Statement. Members are considered to be independent of the Company under applicable rules and regulations, including Rule 4200(a) (15) of the National Association of Securities Dealers.

Review of the Company's Audited Financial Statements for the Fiscal Year Ended December 31, 2006

The Audit Committee has reviewed and discussed with management the audited financial statements of the Company for the fiscal year ended December 31, 2006. The Audit Committee has discussed with Elliott Davis, LLC, the Company's independent public accountants, the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Audit Committee has also received the written disclosures and the letter from Elliott Davis, LLC required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and the Audit Committee has discussed the independence of Elliott Davis, LLC with that firm. Based on the Audit Committee's review and discussions mentioned above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006 for filing with the Securities and Exchange Commission.

Submitted by:

Alan I. Nussbaum, MD, Chairman

Linda J. Bradley-McKee, PHD, CPA

C. Ronald Coward

Graham M. Eubank, Jr.

Katherine M. Huger

Malcolm M. Rhodes, MD

Nominations for Director

Nominations, other than those made by the Nominating Committee of the Company, shall be made in writing and shall be delivered or mailed to the President of the Company not less than 14 days nor more than 50 days prior to any meeting of Shareholders calling for election of Directors; provided however, that if less than 21 days notice of the meeting is given to Shareholders, such nomination shall be mailed or delivered to the President of the Company not later than the close of business on the 7th day following the day on which the Notice of Meeting was mailed.

Nominations not made according to these procedures will be disregarded.

Nominating Committee Policy for Shareholder Nominations

The Nominating Committee has a policy with regard to consideration of any Director candidates recommended by security holders and that policy is to consider any and all such recommendations. The Nominating Committee has adopted specific minimum qualifications which the Nominating Committee believes must be met by a Nominating Committee recommended Nominee for a position on the Company's Board of Directors, and those are that such Nominee must be generally recognized as successful in such Nominee's business or community efforts, have a generally recognized reputation for honesty and integrity, have demonstrated such Nominee's commitment to the community in which the Company and its subsidiary Bank operates and have demonstrated in meetings with the Nominating Committee such Nominee's commitment to the best interests of the Company, its subsidiary Bank, and their officers, directors, employees and shareholders. The Nominating Committee's process for identifying and evaluating Nominees for Director of the Company and its subsidiary Bank, including Nominees recommended by security holders, is to investigate whether or not such Nominee meets the specific minimum qualifications adopted as a policy by the Nominating Committee through contacts the members of the Nominating Committee have in their community. There are no differences in the manner in which the Nominating Committee evaluates Nominees for Director based on whether the Nominee is recommended by a security holder.

The Company does not utilize or pay a fee to any third party to evaluate Nominees for Director.

Directors Meetings

The Board of Directors of the Company held seven meetings (including all regularly scheduled and special meetings) during the year ended December 31, 2006. One Director, Malcolm M. Rhodes attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by all committees of the Board of Directors on which he served.

Compensation of Executive Officers and Directors

The following table sets forth all remuneration (including remuneration under any contract, authorization or arrangement, whether or not set forth in a formal document) paid during the year ended December 31, 2006, by the Bank to the three Executive Officers of the Company and the Bank, and one retired Executive Officer of the Company and Bank, whose cash remuneration from the Bank exceeded \$100,000.00 dollars for their services in all capacities. Such Executive Officers receive no compensation from the Company as Executive Officers or as Directors or in any other capacity.

SUMMARY COMPENSATION TABLE

Name and Position	Year	Salary (1)	Bonus (2)	Stock Awards	Option Awards	Nonqualified Incentive Compensation	Deferred Compensation	All Other Compensation (3)	Total
Principal Hugh C. Lane, Jr. President and Chief Executive Officer	2006	190,000.00	1,600.00					21,630.52	213,130.52
	2005	166,652.67	100.00					18,687.27	185,439.94
	2004	159,830.69						11,351.58	171,182.27
William L. Hiott, Jr. Executive Vice President and Treasurer	2006	167,000.00	1,600.00					19,033.98	187,533.98
	2005	158,523.47	100.00					17,589.31	176,212.78
	2004	152,851.45						10,855.90	163,707.35
Fleetwood S. Hassell Executive Vice President	2006	120,000.00	1,600.00					13,728.00	135,228.00
	2005	104,876.35	100.00					11,857.11	116,833.46
Nathaniel I. Ball, III Retired Executive Vice President and Secretary	2006							149,596.62(4)	146,649.09
	2005	159,999.84						17,567.20	177,567.04
	2004	152,851.45						10,855.90	163,707.35

- 1) The Compensation Committee consisting of T. Dean Harton, Thomas C. Stevenson, III and Steve D. Swanson compared salaries for similar positions at similar sized banks within South Carolina as well as the overall bank and individual performance. Once the salary levels were established by the Compensation Committee, the salaries were recommended to the Board of Directors for approval.
- 2) The bonus consists of a \$100 bonus presented to all employees at Christmas in 2005 and 2006 and a \$1,500 bonus presented to all employees employed before July 1, 2005.

- 3) On November 2, 1989, the Bank adopted an Employee Stock Ownership Plan and Trust Agreement (the Plan) to provide retirement benefits to eligible employees for long and faithful service. The other compensation represents the amount contributed to the Bank s ESOP.
- 4) Nathaniel I. Ball, III, retired on July 31, 2005. The amount reported in 2006 represents severance pay.

An employee of the Bank is eligible to become a participant in the ESOP upon reaching 21 years of age and upon completion of 1,000 hours of service in a plan year. No contributions by employees are permitted. The amount and time of contributions are at the sole discretion of the Board of Directors of the Bank. The contribution for all participants is based solely on each participant's respective regular or base salary and wages paid by the Bank including commissions, bonuses and overtime, if any.

A participant becomes vested in the ESOP upon completion of five years of service, as defined in the Plan. There is no vesting prior to the completion of five years of service.

The Plan became effective as of January 1, 1989.

The Board of Directors of the Bank approved the contribution of \$330,000.00 to the ESOP for the fiscal year ended December 31, 2006. The contribution was made during 2006. T. Dean Harton, Sheryl G. Sharry and Hugh C. Lane, Jr., currently serve as Plan Administrators and as Trustees for the Plan. The Plan currently owns 226,823 shares or 5.77% of the Company's Common Stock.

During the fiscal year ended December 31, 2006, the Company had no plans or arrangements pursuant to which any Executive Officer, Director or Principal Shareholder received contingent remuneration or personal benefits other than the contingent remuneration and life, disability, dental and health insurance benefits. Life, disability, dental and health insurance benefits are available for all employees of the Bank who work at least 30 hours a week.

OPTION AWARDS

Name	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards:		
			Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration
Hugh C. Lane, Jr.					
William L. Hiott, Jr.					
Fleetwood S. Hassell			5,000	\$ 16.62	May 17, 2016

On April 14, 1998, the Shareholders of the Company approved an Incentive Stock Option Plan for the benefit of eligible officers and employees of the Bank and reserved a total 180,000 shares. On April 16, 1998, the Bank granted options to purchase Common Stock in the aggregate amount of 146,000 shares to 52 employees of the Bank (including officers, such Directors as are also employees and other employees) pursuant to the Incentive Stock Option Plan. These grants included those to Hugh C. Lane, Jr., William L. Hiott, Jr., and Fleetwood S. Hassell, Executive Officers and Directors and Nathaniel I. Ball, III, retired Executive Officer and Director. As adjusted for a 10% stock dividend paid on May 15, 1998, 198,000 shares were being held in reserve.

As of July 10, 2000, all of the option holders, including the above Executive Officers, terminated their existing stock options. There was no obligation on the part of the Company or The Bank of South Carolina to issue additional or replacement options. No options were exercised in 1998, 1999 or 2000. On May 14, 2001, the Bank granted options to purchase Common Stock in the aggregate amount of 152,350 shares to 45 employees of the Bank (including officers, such Directors as are also employees and other employees) pursuant to the Incentive Stock Option Plan. These grants included those to Hugh C. Lane, Jr., William L. Hiott, Jr., and Fleetwood S. Hassell, Executive Officers and Directors and Nathaniel I. Ball, III., retired Executive Officer and Director. Except for those options granted to Hugh C. Lane, Jr. as described below, all of the options were granted at an exercise price of \$13.50 per share. No additional options were granted during 2001. Additional options for 9,500 shares were granted at an exercise price of \$14.925 per share to 4 employees of the Bank during 2002. Options for 13,500 shares with an exercise price of \$14.20 per share were granted to 13 employees in 2003. Options for 4,000 shares with an exercise price of \$14.00 were granted to one employee in 2004. No options were exercised during 2001, 2002, 2003 or 2004. Options for 32,500 shares with an exercise price of \$16.62 were granted to twenty-one employees in 2006.

As adjusted for a 10% stock dividend effective on July 15, 2003, a 10% stock distribution effective April 29, 2005 and a 25% stock dividend effective on April 28, 2006, there are currently 30,717 shares being held in reserve. There are currently outstanding options to purchase 15,879 shares at an option price of \$9.39 per share, 112,465 shares at an option price of \$8.92 per share, 31,750 shares at an option price of \$16.62 per share, resulting in total outstanding options to purchase 160,094 shares at the prices set forth above.

As adjusted for a 10% stock dividend effective on July 15, 2003, a 10% stock distribution effective April 29, 2005 and a 25% stock dividend effective April 28, 2006, options for 39,529 shares with an exercise price of \$8.92 per share, options for 4,537 shares with an exercise price of \$9.39 per share, options for 5,500 shares with an exercise price of \$9.26 per share, and options for 750 shares with an exercise price of \$16.62 per share have expired. There were no options granted during 2005 and 32,500 shares granted in 2006 with an exercise price of \$16.62.

On October 2, 2005, Nathaniel I. Ball, III retired Executive Officer and Director, in accordance with the Incentive Stock Option Plan, exercised his options to purchase 16,637 shares of common stock. The stock was purchased with the redemption of 10,300 shares of Bank of South Carolina Corporation common stock (personally held) with a price of \$18.00 a share and the payment of \$225 cash. On May 14, 2006 in accordance with the Incentive Stock Option Plan, options to purchase 67,220 shares of common stock became exercisable. Hugh C. Lane, Jr. exercised his option to purchase 24,956 shares at \$9.82 per share. Twenty-four employees, including William L. Hiott, Jr. Executive Vice President and Treasurer and Fleetwood S. Hassell, Executive Vice President, exercised their option to purchase 39,846 shares of common stock at \$8.92 per share. William L. Hiott purchased 4,159 shares and Fleetwood S. Hassell purchased 2,495 shares. On December 4, 2006 Janice Flynn, former Senior Vice President exercised her options to purchase 6,655 shares at \$8.92 per share and 3,025 shares at \$9.87 per share. Her shares became fully vested due to permanent disability. All stock options were fully vested and fully exercisable.

Hugh C. Lane, Jr., President and Chief Executive Officer, was granted the option to purchase 16,500 shares of Common Stock of the Company pursuant to the Incentive Stock Option Plan at a price of \$14.85 per share. The options were exercisable on May 14, 2006 and would have expired if not exercised on that date. William L. Hiott, Jr., Executive Vice President and Treasurer, was granted the option to purchase 13,750 shares of Common Stock of the Company and Fleetwood S. Hassell, Executive Vice President was granted the option to purchase 8,250 pursuant to the Incentive Stock Option Plan at a price of \$13.50 per share. All of these options became exercisable in five 20% increments beginning May 14, 2006, with an additional 20% to be exercisable on and for the year following each successive anniversary. The right to exercise each such 20% of each option is cumulative and will not expire until the 10th anniversary of the date of the grant.

As adjusted for a 10% stock dividend effective on July 15, 2003, a 10% stock distribution effective on April 29, 2005 and a 25% stock dividend effective April 28, 2006, William L. Hiott, Jr., Executive Vice President and Treasurer, has the option to purchase 16,637 shares at a price of \$8.92 per share and Fleetwood S. Hassell, Executive Vice President, has the option to purchase 9,982 shares at a price of \$8.92 per share and 5,000 shares at a price of \$16.62. The options to purchase 5,000 shares at a price of \$16.62 were granted to Fleetwood S. Hassell on May 17, 2006.

In the event of a prospective reorganization, consolidation or sale of substantially all of the assets or any other form of corporate reorganization in which the Company would not be the surviving entity or in the event of the acquisition, directly or indirectly, of the beneficial ownership of 24% of the Common Stock of the Company or the making, orally or in writing, of a tender offer for, or any request or invitation for tender of, or any advertisement making or inviting tenders of the Company stock by any person, all options in effect at that time would accelerate so that all options would become immediately exercisable and could be exercised within one year immediately following the date of acceleration but not thereafter.

In the case of termination of employment of an option holder other than involuntary termination without just cause, retirement, death or legal disability, the option holder may exercise the option only with respect to those shares of Common Stock as to which he or she has become vested. The option holder may exercise the option with respect to such shares no more than 30 days after the date of termination of employment (but in any event prior to the expiration date).

In the event that the option holder's employment is terminated without just cause, the option shall become fully vested and fully exercisable as of the date of his or her termination without regard to the five year initial vesting and exercisability or to the 20% annual increments thereafter. The option holder may exercise the option following an involuntary termination without just cause until the expiration date of the option.

In the event the option holder remains in the continuous employ of the Company or any subsidiary from the date of the grant until the option holder's retirement, the option shall become fully vested and fully exercisable as of the date of his or her retirement without regard to the five year initial vesting and exercisability or to the 20% annual increments thereafter. The option holder may exercise the option following his or her retirement until the expiration date.

In the event the option holder remains in the continuous employ of the Company or a subsidiary from the date of the grant until his or her death, the option shall become fully vested and fully exercisable as of the date of death without regard to the five year initial vesting and exercisability or the 20% annual increments thereafter. The person or persons entitled to exercise the option following the option holder's death may exercise the option until the expiration date.

In the event the option holder remains in the continuous employ of the Company or any subsidiary from the date of the grant until the date of his or her legal disability, the option shall become fully vested and fully exercisable as of the date of his or her termination of employment on account of his or her legal disability without regard to the five year initial vesting and exercisability or to the 20% annual increments thereafter. The option holder may exercise the option following such termination of employment until the expiration date.

The Stock Incentive Plan provides for adjustment in the number of shares of Common Stock authorized under the Plan or granted to an optionee to protect against dilution in the event of changes in the Company's capitalization, including stock splits and dividends.

Shown below is information with respect to unexercised options to purchase Common Stock of the Company held by the named Executive Officers at December 31, 2006.

	# of Shares Acquired On Exercise	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARS at Year-End (#)		Value of Unexercised In-the-Money Options/SARS at Year-End (#)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Hugh C. Lane, Jr.	24,956	245,068	0	0	0	\$ 0
Fleetwood S. Hassell	2,495	22,255	0	14,982	0	\$ 235,967
William L. Hiott, Jr.	4,159	37,098	0	16,637	0	\$ 262,033

Transactions and Relations with Directors, Executive Officers, and their Associates and Affiliates of Directors
DIRECTOR COMPENSATION

NAME	FEES EARNED OR PAID	
	IN CASH	TOTAL
Linda J. Bradley-McKee, PHD, CPA	\$ 5,100	\$ 5,100
C. Ronald Coward	\$ 7,300	\$ 7,300
Graham M. Eubank, Jr.	\$ 5,250	\$ 5,250
T. Dean Harton	\$ 4,900	\$ 4,900
Fleetwood S. Hassell		
Glen B. Haynes, DVM (1)	\$ 850	\$ 850
William L. Hiott, Jr.		
Katherine M. Huger	\$ 5,400	\$ 5,400
Richard W. Hutson, Jr.	\$ 6,000	\$ 6,000
Charles G. Lane, Jr.	\$ 6,450	\$ 6,450

Edgar Filing: BANK OF SOUTH CAROLINA CORP - Form DEF 14A

Hugh C. Lane, Jr.		
Louise J. Maybank	\$ 5,500	\$ 5,500
Alan I. Nussbaum, MD	\$ 6,850	\$ 6,850
Edmund Rhett, Jr. MD	\$ 5,800	\$ 5,800
Malcolm M. Rhodes, MD	\$ 4,300	\$ 4,300
Thomas C. Stevenson, III	\$ 6,700	\$ 6,700
Steve D. Swanson	\$ 4,600	\$ 4,600
John M. Tupper (2)	\$ 3,600	\$ 3,600

- 1) Glen B. Haynes, DVM served on the Advisory Board for the Summerville Branch of The Bank of South Carolina. The Nominating Committee nominated Glen B. Haynes, DVM to serve on the Board of Directors at its December 14, 2006 meeting. This recommendation was approved by The Board of Directors and will be voted on at the annual meeting
- 2) John M. Tupper served on The Board of Directors from the last annual meeting until his death on July 31, 2006. Non-officer Directors of the Company received \$150.00 for each meeting of the Board of Directors of the Company attended and non-officer Directors of the Bank received \$300.00 for each meeting of the Board of Directors of the Bank attended and \$150.00 for each Company or Bank Board Committee meeting attended.

The Company does not have any existing continuing contractual relationships with any Director, Nominee for election as Director or Executive Officer of the Company or the Bank, or any Shareholder owning, directly or indirectly, more than 5% of the shares of Common Stock of the Company, or any associate of the foregoing persons. Directors, Executive Officers, Nominees for election as Directors, and members of the immediate family of any of the foregoing have had in the past, have at present, and will have in the future, customer relationships with the Bank. Such transactions have been and will continue to be made in the ordinary course of business, made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and such transactions did not and will not involve more than the normal risk of collectability or present other unfavorable features.

Hugh C Lane, Jr, President and Chief Executive Officer and Director, failed to file two Form 4's in a timely manner. Richard W. Hutson, Jr., Director, T. Dean Harton, Director, Fleetwood S. Hassell Executive Vice President and Director and Thomas C. Stevenson, III, Director, each failed to file one Form 4 in a timely manner.

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

On November 17, 2005, the appointment of KPMG, LLP as independent auditor was terminated effective upon the completion of the audit of the Company's financial statements as of and for the year ending December 31, 2005 and the issuance of KPMG LLP's report thereon. The decision to change accountants to Elliott Davis, LLC was approved by the Audit Committee of the Board of Directors and ratified by the Shareholders at the 2006 Annual Shareholders Meeting. At the 2007 Annual Shareholders Meeting the following resolution will be subject to ratification by a simple majority vote of shares represented at the meeting:

RESOLVED, that the selection of Elliott Davis, LLC as the independent certified public accountants of Bank of South Carolina Corporation (the Company) and its sole subsidiary, The Bank of South Carolina (the Bank), for the fiscal year ending December 31, 2007, is hereby ratified.

If ratification is not achieved, the selection of an independent certified public accountant will be reconsidered and made by the Board of Directors. Even if selection is ratified, the Board of Directors reserves the right to, and in its discretion may, direct the appointment of any other independent certified public accounting firm at any time if the Board decides that such a change would be in the best interests of the Company and its Shareholders.

The services provided by KPMG LLP and Elliott Davis, LLC included the examination and reporting of the financial status of the Company and the Bank. These services have been furnished at customary rates and terms. There are no existing direct or indirect agreements or understandings that fix a limit on current or future fees for these audit services.

KPMG LLP assisted in the preparation of the Company's and Bank's tax returns for the fiscal years ending December 31, 1995 through 2005. Elliott Davis, LLC assisted in the preparation of the Company's and Bank's tax returns for the fiscal year ending December 31, 2006. These non-audit services were routine in nature and did not compose more than 25% of the total fees paid to KPMG LLP in 2005.

A representative of Elliott Davis, LLC is expected to attend the Annual Shareholders Meeting with the opportunity to make a statement, if desired, and is expected to be available to respond to appropriate questions.

Before the independent certified public accountants of the Company and the Bank are engaged to render non-audit services for the Company or the Bank, each engagement is approved by the Audit Committee. All of the audit and tax services provided by Elliott Davis, LLC for the fiscal year ending December 31, 2006 were preapproved by the Audit Committee.

Audit Fees

Elliott Davis, LLC's aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements and for the reviews of the financial statements included in the Company's Form 10-KSB and Quarterly Reports on Form 10-QSB for 2006, were \$9,500 in 2006. KPMG, LLP billed \$46,300 in 2006 and \$39,775 in 2005, for professional services rendered for the audit of the Company's annual financial statements and for the reviews of the financial statements included in the Company's Form 10-KSB and Quarterly Reports on Form 10-OSB for 2005.

Tax Fees

Elliott Davis, LLC's fees for tax compliance services were \$700 in 2006. KPMG, LLP's fees for tax compliance were \$8,870 in 2006 and \$11,875 in 2005.

The Audit Committee of the Board of Directors has determined that the provision of tax services is compatible with maintaining the accountant's independence.

OTHER MATTERS

Management requests that the shareholders approve an increase in the authorized shares of Common Stock from 6,000,000 shares to 12,000,000 shares. Management is requesting this increase for Corporation matters which includes but is not limited to stock dividends and stock splits. Management is not aware of any matters to come before the meeting that will require the vote of Shareholders other than those matters indicated in the Notice of Meeting and this Proxy Statement.

However, if any other matter calling for Shareholder action should properly come before the meeting or any adjournments thereof, those persons named as proxies in the enclosed Proxy Form will vote thereon according to their best judgment.

PENDING LITIGATION

There is no pending litigation involving the Company.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

The Board of Directors has adopted a process by which security holders may send communications to the Board of Directors of the Company. That process is for any security holder to send a written communication to Hugh C. Lane, Jr., President, Bank of South Carolina Corporation, 256 Meeting Street, Charleston, South Carolina 29401, or to fax such communication to Hugh C. Lane, Jr., President, at (843) 724-1513. A security holder is free to address any communication to any Director at the address of such Director set forth in this Proxy Statement. Any communication from a security holder received by the President shall be sent to all Members of the Executive Committee and, if any member of the Executive Committee so directs, will be sent to all members of the Board of Directors.

ANNUAL REPORT

The Annual Report for the fiscal year ended December 31, 2006, filed with the Securities and Exchange Commission on Form 10-KSB, is mailed herewith to all Shareholders.

SHAREHOLDER PROPOSALS FOR THE 2008 ANNUAL SHAREHOLDERS MEETING

Shareholder proposals, if any, for inclusion in the Proxy Statement relating to the 2008 Annual Shareholders meeting, must be addressed to and received in the office of the President no later than December 7, 2007.

By Order of the Board of Directors

Richard W. Hutson, Jr.

Secretary

February 22, 2007

PROXY CARD
BANK OF SOUTH CAROLINA CORPORATION
PROXY FOR ANNUAL MEETING OF SHAREHOLDERS APRIL 10, 2007
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

KNOW ALL PERSONS BY THESE PRESENTS THAT I, the undersigned Shareholder of Bank of South Carolina Corporation (the Company) do hereby appoint Edmund Rhett, Jr., Richard W. Hutson, Jr. and Louise J. Maybank, (no officer or employee of the Company or any subsidiary may be appointed), or any one of them, with full power to act alone, my true and lawful attorney(s) with full power of substitution, to vote on behalf of the undersigned all shares of common stock of the Company which the undersigned would be entitled to vote at the Annual Meeting of Shareholders of the Company to be held at The Bank of South Carolina, 256 Meeting Street, Charleston, South Carolina on Tuesday, April 10, 2007, at 2:00 p.m., or at any adjournments or postponements thereof, with all the powers the undersigned would possess if personally present upon the following matters:

The Board of Directors recommends a vote FOR proposals 1, 2 and 3.

1. ELECTION OF DIRECTORS

- o **FOR** all nominees listed below (except as marked to the contrary below).
- o **WITHHOLD AUTHORITY** to vote for all nominees listed below.

Linda J. Bradley-McKee, PHD, CPA, C. Ronald Coward, Graham M. Eubank, T. Dean Harton, Fleetwood S. Hassell, Glen B. Haynes, DVM, William L. Hiott, Jr., Katherine M. Huger, Richard W. Hutson, Jr., Charles G. Lane, Hugh C. Lane, Jr., Louise J. Maybank, Alan I. Nussbaum, MD, Edmund Rhett, Jr., MD, Malcolm M. Rhodes, MD., Thomas C. Stevenson, III and Steve D. Swanson.

(**INSTRUCTION:** To withhold authority to vote for any individual nominee, write the nominee's name in the space provided below.)

2. APPROVAL OF ELLIOTT DAVIS, LLC as the Company's independent auditors for the fiscal year ending December 31, 2007.

o **FOR** o **AGAINST** o **ABSTAIN**

3. APPROVAL OF INCREASE IN AUTHORIZED SHARES from 6,000,000 to 12,000,000.

- o **FOR**
- o **AGAINST**

4. The transaction of such other business as may properly come before the meeting.

Each properly executed proxy will be voted in accordance with specifications made hereon. If no specification is made, the shares represented by this Proxy will be voted FOR the nominees, FOR Elliott Davis, LLC and in the discretion of the Proxies, on any other business as may properly come before the meeting.

The undersigned hereby acknowledges receipt of the Company's 2006 Annual Report on Form 10-KSB as filed with the Securities and Exchange Commission and the accompanying Notice of Meeting and Proxy Statement and hereby revokes any proxy or proxies heretofore given.

Dated: _____

2007

Signature(s) of Shareholder(s)

Please date and sign exactly as name appears hereon. Executors, Administrators, Trustees, etc., must so indicate when signing. If shares are held jointly, both owners should sign.