



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

August 10, 2009

L. Leon Patterson  
Chairman and Chief Executive Officer  
Palmetto Bancshares, Inc.  
306 East North Street  
Greenville, SC 29601

**Re: Palmetto Bancshares, Inc.  
Amendment No. 1 to Preliminary Proxy Statement on Schedule 14A  
Filed August 7, 2009  
File No. 000-26016**

Dear Mr. Patterson:

We have completed our limited review of your Preliminary Proxy Statement on Schedule 14A and have no further comments at this time.

Sincerely,

Kathryn McHale  
Staff Attorney