

COLONIAL BANGROUP INC
Form PRE 14A
March 14, 2005
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

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

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 Pursuant to Rule 14a-11(c) or Rule 14a-12

The Colonial BancGroup, Inc.

(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:

Table of Contents

.. Fee paid previously with preliminary materials.

.. 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:

Table of Contents

TO OUR STOCKHOLDERS:

We cordially invite you to attend the annual meeting of the stockholders of The Colonial BancGroup, Inc. to be held at 10:00 a.m., central time, Wednesday, April 20, 2005, at the Colonial Financial Center, One Commerce Street, Montgomery, Alabama.

Enclosed is a Notice of the meeting, a Proxy Statement, a proxy card and the Annual Report to Stockholders for 2004. We hope that you will study the enclosed material carefully and attend the meeting in person.

Whether you plan to attend the meeting or not, please sign and date the enclosed proxy card and return it in the accompanying envelope as promptly as possible. Alternatively, you may submit your vote by telephone or via the Internet if your proxy card contains instructions for doing so. The proxy may be revoked by your vote in person at the meeting, by submission of a later dated proxy, or by you giving written notice of revocation to the Secretary of The Colonial BancGroup, Inc., at any time prior to the voting thereof.

Thank you for your support of Colonial BancGroup.

Sincerely,

Robert E. Lowder

Chairman of the Board and

Chief Executive Officer

March 22, 2005

Table of Contents

NOTICE
of the
ANNUAL MEETING OF STOCKHOLDERS
of
THE COLONIAL BANCGROUP, INC.

To Be Held April 20, 2005

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of The Colonial BancGroup, Inc. (BancGroup), a Delaware corporation, will be held at the Colonial Financial Center, One Commerce Street, Montgomery, Alabama, on Wednesday, April 20, 2005 at 10:00 a.m., central time, for the following purposes:

1. To elect the nominees named in the Proxy Statement as directors to serve terms of three years as set out therein.

2. To ratify and approve an amendment to BancGroup s Restated Certificate of Incorporation which would increase the number of authorized shares of BancGroup s common stock, par value \$2.50, from 200,000,000 to 400,000,000.

3. To ratify and approve an amendment to BancGroup s Restated Certificate of Incorporation which would authorize the issuance of 50,000,000 shares of preferred stock. The new class of preferred stock would be used as a financing vehicle and would not be issued for the principal purpose of acting as an antitakeover device.

4. To ratify and approve the Amended and Restated Management Incentive Plan.

5. To transact such other business as may properly come before the meeting or any adjournments thereof, but which is not now anticipated.

Details respecting these matters are set forth in the accompanying Proxy Statement. Only stockholders of record at the close of business on February 22, 2005 will be entitled to notice of, and to vote at, the meeting. A complete list of the stockholders of record entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to examination by any stockholder at BancGroup s principal office at One Commerce Street, Montgomery, Alabama, during ordinary business hours for any purpose germane to the meeting. Such list will be open for a period of at least ten days prior to the meeting.

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All stockholders of BancGroup are cordially invited to attend the meeting in person. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ACCOMPANYING ENVELOPE AS PROMPTLY AS POSSIBLE. ALTERNATIVELY, IF YOUR PROXY CARD CONTAINS INSTRUCTIONS AS TO VOTING VIA TELEPHONE OR INTERNET, YOU MAY FOLLOW THOSE INSTRUCTIONS. THE PROXY MAY BE REVOKED BY YOUR VOTE IN PERSON AT THE MEETING, BY YOUR EXECUTION AND SUBMISSION OF A LATER DATED PROXY BEFORE THE MEETING, OR IF YOU VOTE ELECTRONICALLY, THEN BEFORE 11:59 P.M. EASTERN TIME ON APRIL 19, 2005, OR BY YOU GIVING WRITTEN NOTICE OF REVOCATION TO THE SECRETARY OF BANCGROUP AT ANY TIME PRIOR TO THE VOTING THEREOF.

By Order of the Board of Directors

W. Flake Oakley

President

March 22, 2005

Table of Contents

TABLE OF CONTENTS

<u>Overview</u>	1
Stockholders Eligible to Vote	1
Five Year Cumulative Total Return	2
<u>Five-Year Cumulative Total Return Chart</u>	2
<u>Corporate Governance</u>	2
<u>Director Independence</u>	2
<u>Code of Ethics</u>	3
Corporate Governance Guidelines	3
<u>Stockholder Communications with Directors</u>	3
Voting Securities and Principal Stockholders	4
<u>Security Ownership of Management</u>	4
<u>Election of Directors</u>	6
<u>The Nominees</u>	6
Nomination Process	6
Vote Required	7
<u>Directors Nominated For a Term Expiring in 2008</u>	7
<u>Continuing Directors Whose Terms Expire in 2007 and 2006</u>	8
<u>Meetings of the Board of Directors and Committees</u>	10
<u>Directors Compensation</u>	12
<u>Audit Committee Report</u>	13
<u>Personnel and Compensation Committee Report</u>	14
<u>Compensation Principles</u>	14
Total Cash Compensation	14
Compensation of Chief Executive Officer	14
Cash Bonuses	14
<u>Stock Bonuses and Stock Options</u>	15
<u>Executive Compensation</u>	16
<u>Summary Compensation Table</u>	16
<u>Options</u>	17
<u>Defined Benefit Plan</u>	18
<u>Compensation Plans</u>	19
<u>Compensation Committee Interlocks and Insider Participation</u>	19
Certain Relationships and Related Transactions	19
<u>Loans</u>	20
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	20
<u>Approval of Amendment to the Restated Certificate of Incorporation to Increase Authorized Shares of Common Stock</u>	21
<u>Purpose</u>	21
Disadvantages of Issuance of Shares	21
Preemptive Rights	21
Text of Amendment	22
Vote Required	22

Table of Contents

Approval of Amendment to the Restated Certificate of Incorporation to Authorize New Class of Preferred Stock	23
Purpose	23
Disadvantages of Issuance of Preferred Stock	23
Preemptive Rights	23
Effect on Preference Stock	24
Textual Provisions of the Preferred Stock	24
Vote Required	25
<u>Approval of the Amended and Restated Management Incentive Plan</u>	26
Plan Summary	26
Vote Required	26
<u>Relationship with Independent Registered Public Accounting Firm</u>	27
<u>Selection</u>	27
<u>Principal Accountant Fees and Services</u>	27
Compatibility of Fees	27
<u>Bylaw Provision Regarding Conduct of Stockholders Meetings</u>	27
<u>Proposals of Stockholder</u>	28
<u>Other Matters</u>	28
<u>Appendix A: Audit Committee Charter</u>	A-1
<u>Appendix B: Amended Provisions of Restated Certificate of Incorporation if both Proposal 2 and Proposal 3 are approved</u>	B-1
<u>Appendix C: Amended Provisions of Restated Certificate of Incorporation if Proposal 2 is approved but Proposal 3 is not approved</u>	C-1
<u>Appendix D: Amended Provisions of Restated Certificate of Incorporation if Proposal 3 is approved but Proposal 2 is not approved</u>	D-1
Appendix E: Amended and Restated Management Incentive Plan	E-1

Table of Contents

THE COLONIAL BANGROUP, INC.

One Commerce Street

Post Office Box 1108

Montgomery, Alabama 36101

Telephone: 334-240-5000

PROXY STATEMENT

FOR 2005 ANNUAL MEETING OF STOCKHOLDERS

OVERVIEW

This Proxy Statement and the accompanying proxy card are furnished on or about March 22, 2005, by The Colonial BancGroup, Inc. (BancGroup) to the holders of record of common stock in connection with BancGroup s annual meeting of stockholders (the Annual Meeting), and any adjournments thereof, to be held on Wednesday, April 20, 2005, at 10:00 a.m., central time, at the Colonial Financial Center, One Commerce Street, Montgomery, Alabama. The matters to be considered and acted upon, including the election of directors, are described herein.

BancGroup s Nominating and Corporate Governance Committee and the Board of Directors of BancGroup (the Board) recommend (i) the election of each of the five director-nominees named in this Proxy Statement for a term of three years, (ii) the approval of an amendment to the Restated Certificate of Incorporation increasing the number of authorized common stock from 200,000,000 to 400,000,000, (iii) the approval of an amendment to the Restated Certificate of Incorporation authorizing the issuance of up to 50,000,000 shares of a new class of preferred stock, and (iv) the approval of the Amended and Restated Management Incentive Plan.

Your proxy is solicited on behalf of the Board and is revocable at any time prior to the voting of such proxy by giving written notice of revocation to the Secretary of BancGroup, by submitting a later-dated proxy, or by voting in person at the Annual Meeting. Mere attendance at the Annual Meeting without voting in person will not be sufficient to revoke a previously submitted proxy. All properly submitted proxies delivered pursuant to this solicitation will be voted at the Annual Meeting in accordance with instructions, if any. If no instructions are given, the proxies will be voted FOR election of the director-nominees named herein, FOR Proposals 2, 3 and 4, and in accordance with the instructions of management as to any other matters that may come before the Annual Meeting.

The cost of soliciting proxies will be borne by BancGroup. In addition to the use of the mail, proxies may be solicited by personal interview, telephone, facsimile, e-mail or other electronic means. Banks, brokers, nominees or fiduciaries should forward the soliciting material to the principals to obtain authorization for the execution of proxies, as required by law. BancGroup also will allow proxies to be delivered by telephone or via the Internet. BancGroup may, upon request, reimburse banks, brokers and other institutions, nominees and fiduciaries for their expenses in forwarding proxy material to the principals. BancGroup has retained the firm of Georgeson Shareholder Communications, Inc. to solicit proxies and will pay such firm a fee of \$6,500 plus out of pocket expenses.

STOCKHOLDERS ELIGIBLE TO VOTE

This Proxy Statement is furnished to the holders of Common Stock who were holders of record as of the close of business on February 22, 2005. Only those holders are eligible to vote at the Annual Meeting.

Votes will be tabulated and counted by one or more inspectors of election appointed by the Chairman of the Board. Proxies marked as abstentions and shares held in street names which have been designated by brokers on proxy cards as not voted will not be counted as votes cast. Such proxies will be counted for purposes of determining a quorum at the Annual Meeting. A quorum consists of a majority of the shares of Common Stock outstanding.

Table of Contents

FIVE YEAR CUMULATIVE TOTAL RETURN

The following graph and table compare the annual changes in BancGroup's cumulative total return for the last five years with the cumulative total return of:

The S&P 500 Index

The S&P Bank Index

The following graph and table show the value at year-end 2004 of \$100 invested at the closing price on December 31, 1999 in BancGroup's common stock, the S&P 500 and the S&P Bank Index (assuming dividends reinvested). The comparisons in this table are set forth in response to the Securities and Exchange Commission disclosure requirements, and therefore are not intended to forecast or be indicative of future performance of the common stock.

CORPORATE GOVERNANCE

Director Independence

The Board of Directors has determined that the majority of BancGroup's directors are independent. In determining director independence, the Board broadly considers relevant facts and circumstances, including the rules of the New York Stock Exchange. The Board considers each director's personal independence and the manner in which each director's affiliations, both corporate and personal, might impair his or her independence. An independent director must be free of any relationship with BancGroup or its management that may impair the director's ability to make independent judgments. Particular attention is paid to whether a director is independent from management and of any credit relationships that may exist between Colonial Bank and a director or a related interest. Generally, credit relationships with directors and their affiliates will not impair independence so

Table of Contents

long as the terms of the credit relationship are similar to terms extended to other comparable borrowers. A director who is an executive officer or principal stockholder of a company that makes payments to or receives payments from BancGroup for property or services in an amount which, in any fiscal year, is greater than 2% of the consolidated gross revenues of either BancGroup or such director's company will not be considered independent. Applying these standards, which are intended to comply with the NYSE corporate governance rules, and all other applicable laws, rules and regulations, the Board has determined that each of the following directors is independent: Lewis E. Beville, William Britton, Jerry J. Chesser, Augustus K. Clements, III, Robert S. Craft, Hubert L. Harris, Jr., Harold D. King, Milton E. McGregor, Joe D. Mussafer, William E. Powell, III, James W. Rane, Frances E. Roper, Simuel Sippial, and Edward V. Welch.

The Board of Directors conducts a self-assessment annually, which is lead by the Nominating and Corporate Governance Committee. In addition, the Nominating and Corporate Governance Committee, the Personnel and Compensation Committee and the Audit Committee each also undergo an annual assessment of their performance in accordance with each of their charters. The non-employee directors of the Board meet in executive session at each regularly scheduled meeting and such meetings are presided over by Mr. King, the Vice Chairman of the Board. Once per year, an executive session comprised solely of independent directors is held in place of the meeting of non-employee directors described above.

Code of Ethics

Colonial BancGroup has adopted a Code of Ethics for Principal Financial Officers that applies to BancGroup's chief executive officer, chief financial officer and chief accounting officer. This code of ethics was attached as Exhibit 14 to BancGroup's Annual Report on Form 10-K for the year ended December 31, 2003. Each year, the Board of Directors also reviews, amends, if necessary or desirable, and readopts a code of ethics that applies to all employees, officers and directors of BancGroup and its subsidiaries. This more general code of ethics is posted on BancGroup's website at www.colonialbank.com. In addition, copies of the codes of ethics and the committee charters referenced above are available in print to any stockholder who requests them by contacting Helena T. Duncan, Secretary, at 334-240-5000. The Board intends that non-employee directors make decisions on matters of corporate governance. As additional corporate governance standards are adopted, they will be disclosed on an ongoing basis on either BancGroup's website or in its public filings, as appropriate.

Corporate Governance Guidelines

In compliance with NYSE listing standards, Colonial BancGroup has adopted Corporate Governance Guidelines. These guidelines are posted on BancGroup's website at www.colonialbank.com.

STOCKHOLDER COMMUNICATIONS WITH DIRECTORS

The Company has a process to facilitate written communications by stockholders or other interested parties to the Board. Persons wishing to write to the Board of Directors of BancGroup or a specified director or committee of the Board should send correspondence to Lewis E. Beville, Audit Committee Chairman, P.O. Box 1108, Montgomery, Alabama 36101-1108.

All communications so received from stockholders or other interested parties will be forwarded to the members of the Board of Directors, or to a specific Board member or committee if so designated by such person. Anyone who wishes to communicate with a specific Board member or committee should send instructions asking that the material be forwarded to the director or to the appropriate committee chairman.

BancGroup encourages its directors to attend its annual meeting of stockholders. Last year, all but one director attended the annual meeting.

Table of Contents**VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS**

As of February 22, 2005, BancGroup had issued and outstanding 145,542,044 shares of Common Stock with approximately 8,897 stockholders of record. Each such share is entitled to one vote. In addition, as of that date, 3,857,098 shares of Common Stock were subject to issuance upon the exercise of options pursuant to BancGroup's stock option plans. There are currently 200,000,000 shares of Common Stock authorized. BancGroup is not aware of any material change in the ownership of Common Stock since February 22, 2005.

Security Ownership of Management

The following table indicates for each director, executive officer, and all executive officers and directors of BancGroup as a group the number of shares of outstanding Common Stock beneficially owned on February 22, 2005.

Name	Shares of BancGroup	
	Beneficially Owned	
	Common Stock	Percentage of Class Outstanding
DIRECTORS		
Lewis E. Beville	7,013(1)	*
William Britton	46,919(2)	*
Jerry J. Chesser	333,131	*
Augustus K. Clements, III	50,597	*
Robert S. Craft	46,959(3)	*
Patrick F. Dye	33,950	*
Hubert L. Harris, Jr.	5,248	*
Clinton O. Holdbrooks	450,000(4)	*
Harold D. King	217,342	*
Robert E. Lowder	6,623,780(5)	4.54%
John Ed Mathison	49,179(6)	*
Milton E. McGregor	100,000	*
John C.H. Miller, Jr.	66,206(7)	*
Joe D. Mussafer	49,786	*
William E. Powell, III	32,688	*
James W. Rane	19,914	*
Frances E. Roper	763,579	*
Simuel Sippial	31,836(8)	*
Edward V. Welch	59,419	*
EXECUTIVE OFFICERS WHO ARE NOT ALSO DIRECTORS		
W. Flake Oakley	222,889(9)	*
Sarah H. Moore	129,620(9)	*
Caryn D. Cope	106,606(9)	*
Helena T. Duncan	35,498(9)	*
Patti G. Hill	115,478(9)	*
Linda L. Green	103,975(9)	*
All Executive Officers, and Directors as a Group	9,701,612	6.63%

* Represents less than 1%.

- (1) Includes 433 shares owned by Mr. Beville's son.
- (2) Includes 7,232 shares owned by Mr. Britton's wife. Mr. Britton disclaims beneficial ownership of the shares.
- (3) Includes 2,808 shares held by the IRA of Mr. Craft's wife. Mr. Craft disclaims beneficial ownership of the shares.

Table of Contents

- (4) Includes 94,000 shares held by Mr. Holdbrooks as trustee.
- (5) Includes 500,000 shares of Common Stock subject to options under BancGroup's stock option plans. In addition, the total includes 25,960 shares owned by Mr. Lowder's wife. Mr. Lowder disclaims beneficial ownership of these shares.
- (6) Includes 2,000 shares owned by Dr. Mathison's wife. Dr. Mathison disclaims beneficial ownership of these shares.
- (7) Includes 349 shares owned by Mr. Miller's wife. Mr. Miller disclaims beneficial ownership of these shares.
- (8) Includes 500 shares owned by Mr. Sippial's son.
- (9) Includes options held by Mr. Oakley, Ms. Moore, Ms. Cope, Ms. Duncan, Ms. Hill and Ms. Green respecting 108,000, 80,500, 50,400, 4,400, 66,000 and 53,400 shares, respectively, pursuant to BancGroup's stock option plans, excluding options that are not exercisable within 60 days of February 22, 2005, due to vesting requirements. Mr. Oakley's amount includes 4,776 shares owned by his sons and 2,000 shares held in trust. Ms. Moore's amount includes 3,080 shares owned by her son.

Table of Contents

ELECTION OF DIRECTORS

The Nominees

The Board recommends that the stockholders elect the five persons named below to hold office for terms of three years, or until their successors are elected and qualified. BancGroup's Amended and Restated Certificate of Incorporation provides that the number of directors which shall constitute the entire Board shall be fixed from time to time by resolutions adopted by the Board, but shall not be less than three persons. If the stockholders elect directors as recommended by the Board, then the Board shall consist of 18 members. By resolution, the Board has currently fixed the maximum number of directors at 23.

BancGroup's Amended and Restated Certificate of Incorporation provides for the election of directors by classes to terms of three years, with one class of approximately one-third of the total number of directors to be elected each year. Five nominees are proposed for election to the class of directors whose terms expire in 2008. At the Annual Meeting, proxies cannot be voted for more than five directors or for a person who has not been properly nominated.

Nomination Process

The nominees listed below were selected by BancGroup's Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is comprised solely of independent directors and is responsible for identifying individuals qualified to become Board members and recommending to the Board director nominees. The Nominating and Corporate Governance Committee will periodically review the size and composition of the Board and determine whether it is necessary to add or replace directors.

Nominees for director are selected on the basis of outstanding achievement in their careers; broad business experience; independence; financial expertise; integrity; ability to make independent, analytical inquiries; understanding of the business environment; and willingness and ability to devote adequate time to Board duties. The Board believes that each director should have, and nominees are expected to have the capacity to obtain, a basic understanding of (i) the principal operational and financial objectives and plans and strategies of BancGroup, (ii) the results of operations and financial condition of BancGroup and of any significant subsidiaries or business segments, and (iii) the relative standing of BancGroup and its business segments in relation to its competitors. The Nominating and Corporate Governance Committee also considers it essential that the Audit Committee have at least one member who qualifies as an audit committee financial expert.

The Nominating and Corporate Governance Committee considers a variety of sources when evaluating individuals as potential Board members. BancGroup does not typically retain a search firm to assist in the selection of directors. Historically, most of BancGroup's director nominees have served on one of Colonial Bank's regional boards or the board of a company acquired by BancGroup, and have had a leadership position with an entity that is located in a community served by Colonial Bank. The Nominating and Corporate Governance Committee and the Board consider Colonial Bank regional board members to be an excellent source for nominees because service on a regional Colonial Bank board gives an individual an opportunity to better understand Colonial Bank and BancGroup, and the individual's prior service enables the Nominating and Corporate Governance Committee to evaluate the level of contribution that individual can make to BancGroup and its constituents. The Nominating and Corporate Governance Committee and Board also take into consideration the diversity of the Board when selecting nominees. The Nominating and Corporate Governance Committee will review this process from time to time and may alter the process in its discretion.

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If, prior to the voting at the Annual Meeting, any person proposed for election as a director is unavailable to serve or for good cause cannot serve, the shares represented by all valid proxies may be voted for the election of such substitute as the Nominating and Corporate Governance Committee and the members of the Board may recommend. The management of BancGroup knows of no reason why any nominated person would be unavailable to serve as a director.

Table of Contents**Vote Required**

Assuming a quorum is present at the Annual Meeting, a plurality of the votes cast will be sufficient to elect the directors. Voting for directors is Proposal 1 on the proxy card.

The bylaws of BancGroup contain certain limitations on stockholder nominations of candidates for election as directors. See Bylaw Provisions Regarding Conduct of Stockholders Meetings for a description of such limitations.

The following table provides certain biographical information about each nominee to be proposed on behalf of the Board and continuing directors whose terms will expire in 2006 and 2007. Unless otherwise indicated, each person has been engaged in the principal occupation shown for the last five years.

DIRECTORS NOMINATED FOR A TERM EXPIRING IN 2008:

Name, Age and Year Became Director	Position and Office	Present and Principal Occupation for Last Five Years
	Held with BancGroup And Colonial Bank	
Augustus K. Clements, III 62, 1997	Director, BancGroup; Member, Executive Committee; Director, Colonial Bank	Managing Partner, Clements Financial Group, LLC, since 2001; Managing Partner, The Clements Agency, prior to 2001, Montgomery, AL
Patrick F. Dye 65, 1981	Director, BancGroup; Member, Asset/Liability Committee	Special Advisor, Auburn University; Part Owner, Craftmasters Printing, since 2001; Assistant to the President, Auburn University Foundation, since 2002; Former Host of Pat Dye Outdoors (Radio Show); Owner, Crooked Oaks Hunting Preserve; Owner, Wildlife Information, LLC, Auburn, AL
Milton E. McGregor 65, 1993	Director, BancGroup; Member, Personnel and Compensation Committee	Chief Executive Officer and President, Macon County Greyhound Park d/b/a Victoryland; Chief Executive Officer and President, Jefferson County Racing Association (greyhound racing facility); Part Owner, Southern Springs Nursing Home; Part Owner, Union Street Partners, Montgomery, AL
William E. Powell, III 60, 1987	Director, BancGroup; Member, Audit Committee; Chairman, Colonial Bank Fiduciary Committee	Executive Vice President, Alabama Cattlemen's Association (trade association representing the beef cattle industry), Montgomery, AL
Simuel Sippial 62, 1997	Director, BancGroup; Chairman, Personnel and Compensation Committee; Member, Audit Committee; Member, Nominating and Corporate Governance Committee; Director, Colonial Bank; Chairman, Colonial Bank Fiduciary Audit	President, Sippial Enterprises, Inc. (real estate investment company), Montgomery, AL

Committee; Member, Colonial Bank CRA
Committee

Table of Contents**CONTINUING DIRECTORS WHOSE TERMS EXPIRE IN 2007:**

Name, Age and Year	Position and Office	Present and Principal
Became Director	Held with BancGroup And Colonial Bank	Occupation for Last Five Years
Robert S. Craft 53, 1992	Director, BancGroup; Chairman, Nominating and Corporate Governance Committee; Member, Executive Committee	President, Craft Development Corp. (golf course ownership and development company); Managing Officer, Pinehurst Development (real estate development company); Managing Member, Craft Turf Farms LLC, (turf grass production and sales company); President, Wingo Trucking Inc. (trucking company); Managing Member, Woodlands Management Co. LLC, (golf course management company); Managing Member, Bright s Creek Development Co. LLC, (golf course ownership company); Managing Member, TRI-TEL, LLC, (hotel ownership company); President, Cotton Creek Condominium Development Corp. (condominium development company); President, Craft Realty, Inc.; Member, Craft Properties, Ltd. (a family limited partnership); Managing Member, Turf Properties, LLC, and Turf Properties #2, LLC,, (turf grass production and sales company), Foley, AL
Hubert L. Harris, Jr. 61, 2004	Director, BancGroup; Member, Audit Committee	Chief Investment Officer of INVESCO North America since August, 2003; Chief Executive Officer of AMVESCAP Retirement from January, 1998, to August, 2003, Atlanta, GA
Clinton O. Holdbrooks 66, 1986	Director, BancGroup; Member, Asset/Liability Committee	Chairman of the Board, East Central Area of the Alabama Region since July, 2002; Chairman of the Board, Central Alabama Region June 2000 to July 2002, Birmingham, AL
Harold D. King 72, 1986	Vice Chairman, BancGroup; Member, Executive Committee; Chairman, Asset/Liability Committee; Member, Nominating and Corporate Governance Committee; Director, Colonial Bank; Member, Colonial Bank CRA Committee; Member Colonial Bank Fiduciary Audit Committee	Vice Chairman, BancGroup; Part Owner, South Main Street, Inc., Pell City, AL

Table of Contents

Name, Age and Year Became Director	Position and Office	
	Held with BancGroup And Colonial Bank	Present and Principal Occupation for Last Five Years
Robert E. Lowder* 62, 1981	Chairman of the Board and Chief Executive Officer, BancGroup; Chairman, Executive Committee, BancGroup; Chairman of the Board and Chief Executive Officer, Colonial Bank	Chief Executive Officer and Chairman of the Board, (and President from 2000 to 2003) Colonial BancGroup; Chief Executive Officer and Chairman of the Board, (and President from 2000 to 2003) Colonial Bank
John C.H. Miller, Jr. 61, 1981	Director, BancGroup; Member, Executive Committee	Chairman, Miller, Hamilton Snider & Odom, L.L.C. (law firm); Vice President, The Pilot Group (consulting firm), until 2001, Mobile, AL
James W. Rane 58, 1997	Director, BancGroup; Member, Asset/Liability Committee	President, Great Southern Wood Preserving, Inc., Great Southern Wood of Florida, Inc., Great Southern Wood of North Alabama, Inc. and Great Southern Wood Statesboro, Inc.; Manager, Texas, Great Southern Wood, LLC, (lumber companies), Abbeville, AL

Table of Contents**CONTINUING DIRECTORS WHOSE TERMS EXPIRE IN 2006:**

Name, Age and Year Became Director	Position and Office	
	Held with BancGroup And Colonial Bank	Present and Principal Occupation for Last Five Years
Lewis E. Beville 52, 1997	Director, BancGroup; Chairman, Audit Committee; Member, Nominating and Corporate Governance Committee	Vice President of T&B Ltd. d/b/a Thames, Batre, Mattei, Beville and Ison (insurance agency), Mobile, AL
Jerry J. Chesser 68, 1984	Director, BancGroup	President, Shelby Contracting Company, Inc. (general contractor); Part Owner, Imperial Gardens Apartments, Huntsville, AL
John Ed Mathison 66, 1987	Director, BancGroup	Senior Minister, Frazer Memorial United Methodist Church, Montgomery, AL
Joe D. Mussafer 65, 1981	Director, BancGroup; Member, Asset/Liability Committee; Member, Personnel and Compensation Committee	President, Montgomery Beverage Company, Inc. (wholesale beverage distributorship), Montgomery, AL
Frances E. Roper 85, 1984	Director, BancGroup	Owner, Roper s Flowers (retail florist); Owner, Frances Roper Corporation (leasing company), Huntsville, AL
Edward V. Welch 72, 1981	Director, BancGroup; Member, Asset/Liability Committee	Chairman of the Board, Welch, Hornsby & Welch, Inc. (investment advisory firm) and Trinity Investments, Inc., (investment holding company); Part Owner, The Timberlands, LLC; Part Owner, The Waters at Waugh, LLC, Montgomery, AL

* Indicates that the director is also an executive officer.

Meetings of the Board of Directors and Committees

BancGroup s Amended and Restated Certificate of Incorporation provides that there shall be an Audit Committee of the Board composed of not less than three directors appointed by the Board at least annually, none of whom shall be active officers of BancGroup. Pursuant to its charter, the Audit Committee shall meet at least four times each year, review BancGroup s quarterly and annual financial reports, and report the results of its examinations in writing to the Board at its next regular meeting. The Audit Committee may make recommendations to t