

**NOTICE OF (I) FINAL ORDER IMPOSING  
RESTRICTIONS ON CERTAIN TRANSFERS OF INTERESTS IN  
THE COLONIAL BANCGROUP, INC. AND (II) DEADLINE TO FILE A PROOF OF CLAIM**

On August 25, 2009, The Colonial BancGroup, Inc. (the "Debtor") filed a chapter 11 bankruptcy case (the "Case") in the United States Bankruptcy Court for the Middle District of Alabama, Northern Division (the "Court"), conducted under Case No. 09-32303.

I. On November 23, 2009, the Court entered a final order [Doc No. 311] (the "Final Order"), which imposed procedures and restrictions ("Restrictions") on trading in the Debtor's common stock (including any Option (as defined below) to acquire common stock, the "Colonial Common Stock") and in the Debtor's preferred stock (the "Colonial Preferred Stock"; and together with the Colonial Common Stock, the "Colonial Stock"), in order to preserve the Debtor's net operating loss carryforwards ("NOLs") and certain other tax attributes (together with the NOLs, the "Tax Attributes") for purposes of the Internal Revenue Code of 1986, as amended (the "Tax Code").

**These Restrictions are effective as of August 26, 2009, 11:13 a.m. central time (the "Effective Date") and are described in detail in the Final Order which may be found and reviewed at [www.phrd.com/forms.aspx](http://www.phrd.com/forms.aspx).**

These Restrictions apply to any person or Entity (as such term is defined for purposes of section 382 of the Tax Code and the U.S. Department of Treasury regulations ("Treasury Regulations"), including persons acting pursuant to formal or informal understandings among themselves to make a coordinated acquisition) (A) who beneficially owns (as defined below), on or after the Effective Date at least (i) 9,630,245 shares of Colonial Common Stock (representing approximately **4.75%** of all issued and outstanding shares of Colonial Common Stock), (ii) 14,250 shares of Colonial Preferred Stock (representing approximately **4.75%** of all issued and outstanding shares of Colonial Preferred Stock), or (iii) **4.75%** of any combination of the shares of Colonial Stock (in each case, a "Substantial Equityholder") and (B) who as a result of a transfer on or after the Effective Date would become a Substantial Equityholder. Whether a person or Entity "beneficially owns" shares of Colonial Stock (or any variation thereof of Colonial Stock, including Options to acquire Colonial Stock) shall be determined in accordance with applicable rules under section 382 of the Tax Code, the Treasury Regulations and rulings issued by the Internal Revenue Service, and, to the extent provided in those rules, from time to time shall include, without limitation, direct and indirect ownership (*e.g.*, a holding company would be considered to beneficially own all stock owned or acquired by its subsidiaries), ownership by a holder's family members and any group of persons acting pursuant to formal or informal understandings to make a coordinated acquisition of stock, and in certain cases, the ownership of an Option to acquire Colonial Stock. An "Option" to acquire Colonial Stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire such stock, or similar interest regardless of whether it is contingent or otherwise not currently exercisable.

**Any acquisition, disposition or other transfer in violation of the Restrictions shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and may lead to contempt, compensatory damages, punitive damages or sanctions being imposed by the Court.** A brief outline of the actions required under the Restrictions is provided below. However, all persons and Entities considering an acquisition, disposition or other transfer of Colonial Stock on or after the Effective Date are directed to the Final Order at [www.phrd.com/forms.aspx](http://www.phrd.com/forms.aspx) to determine the precise scope and details of the Restrictions:

(1) Notice of Substantial Colonial Stock Ownership. Any Substantial Equityholder shall "File and Serve" (as defined below) a Notice of Substantial Stock Ownership, **using the form that can be obtained at**

[www.phrd.com/forms.aspx](http://www.phrd.com/forms.aspx), on or before the date that is the later of (a) 10 days after the entry of the Final Order and (b) 10 days after that person or Entity qualifies as a Substantial Equityholder.

(2) Acquisition of Colonial Stock or Options. At least 15 business days prior to the proposed date of any transfer of Colonial Stock (including any Option) that would result in an increase in the amount of Colonial Stock beneficially owned by any person or Entity that currently is or subsequently becomes a Substantial Equityholder or that would result in a person or Entity becoming a Substantial Equityholder (a "Proposed Equity Acquisition Transaction"), such person, Entity or Substantial Equityholder (a "Proposed Equity Transferee") shall File and Serve a Notice of Intent to Purchase, Acquire, or Otherwise Accumulate or Transfer Colonial Stock ("Equity Acquisition Notice"), **using the form that can be obtained at [www.phrd.com/forms.aspx](http://www.phrd.com/forms.aspx).**

(3) Disposition of Colonial Stock or Options. At least 15 business days prior to the proposed date of any transfer or other disposition of Colonial Stock that would result in a decrease in the amount of Colonial Stock beneficially owned by a Substantial Equityholder or that would result in a person or Entity ceasing to be a Substantial Equityholder, such person, Entity or Substantial Equityholder (a "Proposed Equity Transferor") shall File and Serve a Notice of Intent to Sell, Trade, or Otherwise Transfer Colonial Stock (an "Equity Disposition Notice," and together with an Equity Acquisition Notice, an "Equity Trading Notice"), **using the form that can be obtained at [www.phrd.com/forms.aspx](http://www.phrd.com/forms.aspx).**

(4) Objection Procedures. The Debtor and the Official Committee of Unsecured Creditors (the "Committee") shall have 10 business days after the filing of an Equity Trading Notice (the "Equity Objection Deadline") to file with the Court and serve on a Proposed Equity Transferee or a Proposed Equity Transferor, as the case may be, an objection to any proposed transfer of Colonial Stock (including Options) described in such Equity Trading Notice on the grounds that such transfer may adversely affect the Debtor's ability to utilize the Tax Attributes (an "Equity Objection") as a result of an ownership change under section 382 or section 383 of the Tax Code. If either the Debtor or the Committee files an Equity Objection by the Equity Objection Deadline, then the Proposed Equity Transaction shall not be effective unless approved by a final and nonappealable order of the Court. If neither the Debtor nor the Committee files an Equity Objection by the Equity Objection Deadline, or if the Debtor and the Committee provide written authorization to the Proposed Equity Transferee or the Proposed Equity Transferor, as the case may be, approving the Proposed Equity Transaction, prior to the Equity Objection Deadline, then such Proposed Equity Transaction may proceed solely as specifically described in the Equity Trading Notice. Any further Proposed Equity Transaction must be the subject of additional notices as set forth herein with an additional 15 business day waiting period.

**II.** On August 26, 2009, the Court entered a Notice of Commencement of Chapter 11 Case [Doc. No. 5], which, among other things, set **November 30, 2009**, as the deadline for non-governmental entities to file proofs of claim in the Case. Proofs of claim by non-governmental entities must be **received** by the bankruptcy clerk's office by that deadline.