

COLONIAL BANCGROUP INC

Form S-3D

May 02, 2008

Table of Contents

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 2, 2008

REGISTRATION NO. 333-

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM S-3

REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

# THE COLONIAL BANCGROUP, INC.

(Exact name of Registrant as specified in its charter)

**DELAWARE**  
(State of Incorporation)

**6711**  
(Primary Standard Industrial Classification  
Code Number)

**63-0661573**  
(I.R.S. Employer  
Identification No.)

100 COLONIAL BANK BLVD,

Edgar Filing: COLONIAL BANGROUP INC - Form S-3D

**SUITE 300 MONTGOMERY,**

**ALABAMA 36117**

**(334) 676-5000**

**(Address, including zip code, and telephone number, including area code  
of registrant's principal executive offices)**

**DAVID B BYRNE, JR.**

**GENERAL COUNSEL**

**100 COLONIAL BANK BLVD**

**SUITE 300**

**MONTGOMERY, ALABAMA 36117**

**(Name and address of agent for service)**

***COPIES TO:***

**HUGH C. NICKSON, III, ESQ.**

**MILLER, HAMILTON, SNIDER & ODOM, L.L.C.**

**100 COLONIAL BANK BLVD, SUITE B101**

**MONTGOMERY, ALABAMA 36117**

**TELEPHONE: 334-834-5550**

**FACSIMILE: 334-265-4533**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

**Table of Contents**

If this Form is filed to register additional securities for an offering pursuant to Rule 462 (b) under the Securities Act, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462 (c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act . (Check one):

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  Smaller reporting company

**CALCULATION OF REGISTRATION FEE**

Title of Securities to be Registered	Amount to be Registered	Prop.	Prop. Max.	Amount of Fee
		Max. Offering Price Per Unit(1)	Aggregate Offering Price(1)	
Common Stock, par value \$2.50 per share	10,000,000	\$ 8.36	\$ 83,600,000	\$ 3,285.48

(1) Pursuant to Rule 457 under the Securities Act of 1933, as amended, the proposed maximum offering price per share and the proposed maximum aggregate offering price are estimated solely for purposes of calculating the registration fee and are based upon the average of the high and low prices of the Common Stock of the registrant on the New York Stock Exchange on May 1, 2008.

**EXPLANATORY NOTE**

This Registration Statement on Form S-3 registers 10,000,000 shares and makes other amendments to The Colonial BancGroup, Inc. Dividend Reinvestment and Common Stock Purchase Plan (the Plan ). The original Form S-3 for the Plan was filed August 24, 1995. Amendment no. 1 was filed May 10, 1999. Amendment no. 2 was filed on June 18, 2001.

**Table of Contents**

**PROSPECTUS**

**AMENDED AND RESTATED  
DIVIDEND REINVESTMENT AND  
COMMON STOCK PURCHASE PLAN  
COMMON STOCK  
(PAR VALUE \$2.50 PER SHARE)**

The Colonial BancGroup, Inc. ( BancGroup ) is offering through its Amended and Restated Dividend Reinvestment and Common Stock Purchase Plan (the Plan ) to all holders of record of its Common Stock the opportunity to reinvest automatically their cash dividends in shares of Common Stock and to make optional cash purchases of Common Stock from \$50 to \$120,000 per year. The terms and provisions of the Plan in question and answer format are set forth in this Prospectus.

The prices to be paid for shares of Common Stock purchased through dividend reinvestments and with optional cash payments will be 100% of the market price average, determined as provided in the Plan. (See Amended and Restated Dividend Reinvestment and Common Stock Purchase Plan Purchases, Price and Optional Cash Payments. )

This Prospectus relates to 10,000,000 shares of BancGroup Common Stock of the par value of \$2.50 per share of BancGroup registered for purchase under the Plan. Shares issued under the Plan will be either newly issued shares, treasury shares, or shares purchased for Plan participants in the open market.

Each share of BancGroup Common Stock is entitled to one (1) vote per share on all matters.

The Plan does not represent a change in the dividend policy of BancGroup, which will continue to depend on earnings, financial requirements, and other factors. Shareholders who do not wish to participate in the Plan will continue to receive cash dividends so declared, by check in the usual manner.

The principal office, mailing address and phone number of BancGroup are 100 Colonial Bank Blvd, Montgomery, Alabama 36117 (telephone (334) 676-5000).

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE  
SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON  
THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL  
OFFENSE.**

**THE SHARES OF COMMON STOCK OFFERED HEREBY ARE NOT SAVINGS ACCOUNTS,  
DEPOSITS OR OTHER OBLIGATIONS OF A BANK OR SAVINGS ASSOCIATION AND ARE**

**NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY**

**OTHER GOVERNMENTAL AGENCY. INVESTMENT IN THE COMMON STOCK**

**INVOLVES INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.**

**IN ADDITION, DIVIDENDS MAY GO UP OR DOWN OR CEASE.**

This Prospectus is dated May 2, 2008.

**Table of Contents**

**THIS PROSPECTUS DOES NOT CONSTITUTE ANY OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES COVERED BY THIS PROSPECTUS IN ANY JURISDICTION OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE BUSINESS OF THE COLONIAL BANGROUP, INC. SINCE THE DATE HEREOF.**

**TABLE OF CONTENTS**

<u>AVAILABLE INFORMATION</u>	1
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	1
<u>PURPOSE</u>	2
<u>ADVANTAGES</u>	2
<u>PARTICIPATION</u>	2
<u>AGENT</u>	4
<u>COSTS</u>	4
<u>PURCHASES</u>	4
<u>PRICE</u>	5
<u>OPTIONAL CASH PAYMENTS</u>	5
<u>REPORTS TO PARTICIPANTS</u>	6
<u>DIVIDENDS</u>	6
<u>CERTIFICATES</u>	6
<u>TERMINATION OF PARTICIPATION</u>	7
<u>OTHER INFORMATION</u>	7
<u>USE OF PROCEEDS</u>	10
<u>INDEMNIFICATION</u>	10
<u>EXPERTS</u>	10
<u>LEGAL OPINION</u>	10

---

**Table of Contents**

**AVAILABLE INFORMATION**

BancGroup files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the Commission). You may read and copy any document that BancGroup files at the Commission's public reference room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. BancGroup's SEC filings are also available to the public at the Commission's web site <http://www.sec.gov>. The address of the Commission's web site is provided for the information of prospective investors and not as an active link. You can also inspect reports, proxy statements and other information about BancGroup at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York. BancGroup has filed with the Commission a Registration Statement under the Securities Act of 1933, as amended, with respect to the securities of BancGroup being offered hereby. This Prospectus does not contain certain information contained in the Registration Statement and exhibits thereto.

**DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus incorporates documents by reference, which are not presented herein or delivered herewith. The documents are available upon request from the person specified below.

The following documents filed by BancGroup with the Commission are hereby incorporated by reference into this Prospectus:

- (1) BancGroup's most recent Annual Report on Form 10-K;
- (2) BancGroup's reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by BancGroup's most recent annual report on Form 10-K; and
- (3) BancGroup's Form 8-A dated November 22, 1994, effective February 22, 1995, containing a description of BancGroup's common stock.

All documents subsequently filed by BancGroup since December 31, 2007, pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act, prior to the termination of this offering, shall be deemed to be incorporated by reference in this Prospectus. Any statement contained herein or in a document, all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

BancGroup will provide, without charge to each person, including any beneficial owner to whom this Prospectus is delivered, on the written or oral request of any such person, a copy of any or all of the documents which have been incorporated herein by reference but not delivered herewith (other than the exhibits to such documents). Such request, in writing or by telephone, should be directed to the Corporate Secretary, The Colonial BancGroup, Inc., 100 Colonial Bank Blvd., Montgomery, Alabama 36117 (telephone (334) 676-5000).

**Table of Contents**

**AMENDED AND RESTATED DIVIDEND REINVESTMENT AND COMMON STOCK**

**PURCHASE PLAN**

**PURPOSE**

**1. What is the purpose of the Plan?**

The purpose of the Plan is to provide owners of record of BancGroup Common Stock with a simple, convenient and affordable way to invest cash dividends and other amounts in shares of Common Stock at market prices without payment of any brokerage commissions, service charges, or other expense.

To the extent such shares are purchased from BancGroup, BancGroup will receive additional funds to finance the continuing operations of BancGroup and its subsidiaries.

**ADVANTAGES AND DISADVANTAGES**

**2. What are some of the advantages and disadvantages of the Plan?**

The advantages of the Plan include that Participants in the Plan may:

- (a) Reinvest all or part of their dividends on shares of Common Stock automatically at a price equal to the average market price as more fully explained under Question 12;
- (b) Invest additional cash, up to \$120,000 per year, in Common Stock as more fully explained under Questions 10, 11, 12, 13, and 14;
- (c) Avoid charges for brokerage commissions or fees when buying Common Stock under the Plan;
- (d) Invest the full amount of all dividends and optional cash payments since the Plan allows fractions of a share to be held under the Plan;
- (e) Avoid cumbersome safekeeping requirements through the free custodial service under the Plan; and
- (f) Avoid inconvenience and expense of recordkeeping through the free reporting provisions of the Plan.

The disadvantages of the Plan include the following:

- (a) No interest will be paid on optional cash payments pending investment or return.
- (b) If you send in a payment for an optional cash purchase, the price of the common stock may go up or down before a purchase is made.

## Edgar Filing: COLONIAL BANGROUP INC - Form S-3D

- (c) If you sell any shares of common stock held in your Plan account through the Agent you will not be able to direct the time or price at which the Agent arranges for your sale, and the price of the common stock may go down before the sale is made.
- (d) If you direct the Agent to sell shares of common stock held in your account, you will be charged brokerage commissions and transfer taxes and other direct costs, if any, incurred in connection with such sales.
- (e) Prior to being invested on a particular investment date, optional cash payments may not be returned to participants unless a written request is received by the Agent before the applicable investment date.

### **PARTICIPATION**

#### **3. Who is eligible to participate?**

All record owners of Common Stock are eligible to participate in the Plan. Beneficial owners whose shares are registered in names other than their own (for example, in the name of a broker or bank nominee) must become owners of record by having the number of shares in which they wish to participate transferred into their names or make arrangements with the nominees or other holders of record to participate in the Plan on



## **Table of Contents**

behalf of such beneficial owners. (See Question 4) Shareholders can participate with respect to all or less than all of their shares, but shareholders may only make optional cash payments if shareholders also participate in the dividend reinvestment portion of the Plan.

### **4. How do I become a participant?**

An eligible shareholder may join the Plan by signing the enclosed Authorization Card and returning it to Continental Stock Transfer & Trust Company, New York, New York, as the agent for the Plan (the Agent) as follows:

Continental Stock Transfer & Trust Company

17 Battery Place, 8<sup>th</sup> Floor

New York, NY 10004

An Authorization Card is enclosed with this Prospectus and additional Authorization Cards may be obtained at any time by written request to the Agent at the above address, or by writing The Colonial BancGroup, Inc., 100 Colonial Bank Blvd., Suite 400, Montgomery, Alabama 36117, Attention: Dividend Reinvestment Plan Administrator, or by calling BancGroup at (888) 843-0622.

Brokers, banks, or other nominees who wish to participate in the Plan on behalf of their clients must submit an Authorization Card to the Agent, as any other record holder, with respect to the shares held by them which wish to participate in the Plan. Any shareholder of record that is a nominee for others who wish to participate in the Plan must certify to BancGroup the name and address of (and number of shares of Common Stock held for) each beneficial owner on whose behalf such participation is authorized, and agree to advise BancGroup of the beneficial owner's underlying ownership of BancGroup shares registered in its name from time to time.

### **5. When may I join the Plan?**

An eligible shareholder may join the Plan at any time. If an Authorization Card specifying reinvestment of dividends is received by the Agent before the record date for a dividend payment, reinvestment will commence with that dividend payment. If the Authorization Card is received on or after a dividend record date, the reinvestment of dividends through the Plan will begin with the dividend payment following the next record date. The record dates for determining shareholders who receive dividends are typically the second Friday following BancGroup's quarterly Board Meetings in January, April, July, and October. These meetings typically occur on the third Wednesday of each such month. Dividend payment dates normally follow the dividend record dates by two weeks. (See Questions 10, 11, 12, 13, and 14 for information concerning the investment of optional cash payments.)

### **6. What dividend participation options are available under the Plan?**

By marking the appropriate spaces of the Authorization Card, you may choose between the following investment options with respect to dividend reinvestment:

- (a) **Full Dividend Reinvestment:** To automatically reinvest cash dividends on all shares registered in your name at the current average market price, computed as described under Question 12; or
- (b) **Partial Dividend Reinvestment:** To automatically reinvest cash dividends on less than all the shares registered in your name (a specified number of whole shares) at the current average market price and continue to receive cash dividends on the remaining shares. You must indicate on the Authorization Card the number of shares on which dividends are to be reinvested rather than paid.
- (c)

## Edgar Filing: COLONIAL BANGROUP INC - Form S-3D

**Optional Cash Investment:** You may also make optional cash payments in any amount from \$50 up to a total of \$120,000 per year, assuming dividends are also being reinvested under either subparagraph (a) or (b) above, at the current average market price.

Optional cash payments will be invested on the first business day of each month as explained under Question 11.

Dividends on all shares purchased for your account under the Plan, whether through dividend reinvestment or optional cash payments, will be automatically reinvested in additional shares of Common Stock at the current average market price.

## **Table of Contents**

**If you submit an Authorization Form properly executed, but with no investment option designated, you will be enrolled in the Full Dividend Reinvestment option.**

### **7. How do I change my dividend participation after enrollment?**

You may change your investment option at any time by signing a new Authorization Card and returning it to the Agent as provided under Question 4. An Authorization Card indicating a change of options must be received by the Agent prior to a particular dividend record date in order to stop or change the reinvestment of dividends paid on the related dividend payment date. If you want to terminate your participation in the Plan, see Question 18.

## **AGENT**

### **8. Who administers the Plan?**

The Agent administers the Plan for participants, keeps records, sends statements of accounts to participants, purchases shares of Common Stock which are purchased in the open market, and performs other duties relating to the Plan. Shares purchased under the Plan will be registered in the name of the Agent or its nominee as agent for participants in the Plan. The Agent's name and mailing address are provided in response to Question 4 above.

The Agent may at any time (1) resign by giving written notice to BancGroup, or (2) be removed by BancGroup. In the event a vacancy occurs in the office of Agent, BancGroup shall appoint a successor Agent, which may be BancGroup or one of its subsidiaries.

## **COSTS**

### **9. Will I incur fees in connection with purchases under the Plan?**

No. You will not incur brokerage commissions or service charges for your purchases under the Plan. All costs of administration of the Plan, including fees, commissions, and expenses, will be paid by BancGroup. However, if you request the Agent to sell your Plan shares, you will pay certain charges as explained under Question 17. Participants may incur tax liability as a result of payment by BancGroup of expenses in connection with open market purchases of shares for Plan participants, as explained under Question 19.

## **PURCHASES**

### **10. How many shares of Common Stock will be purchased for me, and how will the Agent acquire shares purchased under the Plan?**

If you become a participant in the Plan, the number of shares purchased for you will depend on the amount of your dividends, optional cash payments, or both, and market prices of the Common Stock. The number of shares purchased for your account, including fractions computed to four decimal places, will be equal to the total amount to be invested by you, divided by the purchase price per share. (See Question 12.)

Shares purchased under the Plan will be, at BancGroup's discretion, either authorized and previously unissued shares, shares of treasury stock held by BancGroup, shares purchased in the open market, or a combination of the foregoing. Newly issued shares and treasury shares will be purchased directly from BancGroup. The decision to have shares purchased for Plan participants in the open market will be made by BancGroup based upon general market conditions, the relationship between purchase price and book value per share, regulatory requirements, and other factors.

### **11. When will shares of Common Stock be purchased under the Plan?**

When shares are purchased from BancGroup with reinvested dividends, purchases will be made on the dividend payment date with dividends paid on that date. When shares are purchased from BancGroup with optional cash payments, purchases will be made on the first business day of

each month (the Optional

---

**Table of Contents**

Acquisition Date ), with funds received not later than three days prior to the applicable Optional Acquisition Date.

When shares are purchased in the open market with reinvested dividends, the Agent will use dividends paid on the dividend payment date to purchase shares in the open market as soon as practicable and within 30 days after the applicable dividend payment date, unless a longer period is necessary or advisable because of federal securities laws or market conditions. When shares are purchased in the open market with optional cash payments received no later than three days prior to the applicable Optional Acquisition Date, the Agent will purchase shares in the open market as soon as practical and within 30 days after the applicable Optional Acquisition Date unless a longer period is necessary or advisable because of federal securities laws or market conditions. Such open market purchases may be made on any securities exchange where the shares of the Common Stock are traded, in the over-the-counter market, or in negotiated transactions, and may be subject to such terms with respect to price, delivery, or other matters as the Agent may agree. Neither BancGroup nor any Plan participant shall have the authority to direct the time, price, or manner of such open-market purchases or the selection of the broker or dealer through or from whom purchases are to be made.

No dividends will be earned on shares purchased under the Plan until the dividend payment date following the date of purchase of those shares.

**PRICE**

**12. At what price will shares of Common Stock be purchased under the Plan?**

Common Stock will be purchased from BancGroup with reinvested dividends at a price equal to the average of the daily closing prices of the Common Stock reported by the New York Stock Exchange ( NYSE ), for the five trading days immediately preceding the dividend payment date. The price of Common Stock purchased from BancGroup with optional cash payments will be the average of the daily closing prices of the Common Stock reported by the NYSE for the five trading days immediately preceding the applicable Optional Acquisition Date. If there is no trading in the Common Stock on the NYSE (or if trading is halted or suspended) for a substantial amount of time during any trading day during the five day period, or if publication of the sales prices of the Common Stock on any such trading day does not take place or contains a reporting error, the purchase price of shares purchased from BancGroup shall be determined by BancGroup on the basis of such market quotations as it shall deem appropriate.

No shares will be purchased from BancGroup under the Plan at less than par value (\$2.50 per share).

The price to a Plan participant of shares purchased with reinvested dividends in the open market under the Plan will be the weighted average price of Common Stock purchased in the open market for all Plan participants in respect to a particular dividend payment date. The price to Plan participants of shares purchased with optional cash payments in the open market under the Plan will be the weighted average price of Common Stock purchased in the open market for all Plan participants in respect to a particular Optional Acquisition Date.

**OPTIONAL CASH PAYMENTS**

**13. Who is eligible to make optional cash payments?**

Owners of Record of Common Stock who are participating in the dividend reinvestment portion of the Plan and who have submitted a signed Authorization Card are eligible to make optional cash payments. The Agent will apply any optional cash payments received from a participant not later than three days before the applicable Optional Acquisition Date to the purchase of Common Stock for the account of the participant on the applicable Optional Acquisition Date if such Common Stock is purchased from BancGroup and as soon as practicable (as explained under Question 11) after the applicable Optional Acquisition Date if such Common Stock is purchased in the open market.

An initial optional cash payment may be made by you when you join the Plan by enclosing a certified check or money order with the Authorization Card, if the Authorization Card is received by the Agent at least three days prior to the next Optional Acquisition Date. Your check, payable to Continental Stock Transfer &

## **Table of Contents**

Trust Company should be returned along with the Authorization Card to Continental Stock Transfer, New York, New York at the address provided in response to Question 4. Thereafter, optional cash payments may be made through the use of cash payment forms sent to you with statements of your account or through an automatic draft request.

No interest will be paid on these payments. You may obtain the return of any optional cash payments by written request received by the Agent at least 48 hours before the next Optional Acquisition Date.

### **14. What are the limitations on making optional cash payments?**

Optional cash payments must be received by the Agent within three business days before the applicable Optional Acquisition Date. The same amount of money need not be sent each time, and you are under no obligation to make an optional cash payment at any time. Any optional cash payments you wish to make must not be less than \$50 per payment nor may your payments aggregate more than \$120,000 in any calendar year.

## **REPORTS TO PARTICIPANTS**

### **15. What reports will be sent to participants under the Plan?**

As soon as practicable after each purchase, you will receive a statement of your account showing amounts invested, purchase prices, shares purchased, and other information for the year to date. This statement will provide a record of the cost of purchases under the Plan and should be retained for tax purposes.

In addition, as a registered shareholder, you will receive copies of the same communications sent to every other holder of Common Stock, including BancGroup's annual reports to shareholders, proxy statements, other shareholder communications, and information for income tax reporting purposes.

## **DIVIDENDS**

### **16. Will I be credited with dividends on shares held in my account under the Plan?**

Yes. The Agent will receive dividends (less the amount of any tax withheld) for all Plan shares held on the dividend record date and credit them to participants' accounts on the basis of full shares and fractions of a share credited to those accounts on the record date. Such dividends received will be automatically reinvested in additional shares of Common Stock as a dividend reinvestment. (See Questions 12 and 19.)

## **CERTIFICATES**

### **17. Will I be issued certificates for shares of Common Stock purchased under the Plan?**

Certificates for shares of Common Stock purchased under the Plan will not be issued to you unless you request them. All shares credited to your account under the Plan will be issued to the Agent or its nominee, as your agent. The number of shares credited to your account will be shown on your statement of account. This convenience protects against loss, theft, or destruction of stock certificates, permits ownership of fractional shares, and reduces the costs to be borne by BancGroup.

A certificate for any number of whole shares credited to your account under the Plan will be issued to you, upon written request, and the shares represented by that certificate will be withdrawn from your account. Your written request should be mailed to the Agent. Certificates for fractions of a share will not be issued under any circumstances. Any remaining full shares and fractions of a share will continue to be credited to your account. If you have authorized the reinvestment of dividends on all shares registered in your name, dividends on shares represented by the certificate issued to you will continue to be reinvested. Otherwise, dividend reinvestment will continue with respect to the number of shares registered in your name specified for dividend reinvestment on your Authorization Card.

## Edgar Filing: COLONIAL BANGROUP INC - Form S-3D

Shares credited to your account may not be pledged or assigned. If you wish to pledge or assign the whole shares credited to your account, you must request that certificates for those shares be issued in your name.

## **Table of Contents**

Accounts under the Plan are maintained in the name in which your certificates were registered at the time that you entered the Plan. Consequently, certificates for those shares will be similarly registered when issued to you.

## **TERMINATION OF PARTICIPATION**

### **18. How do I terminate participation in the Plan?**

You may at any time terminate your participation in the Plan by notifying the Agent in writing.

If your notice of termination is received on or after the record date for the next dividend, that dividend will be reinvested for your account, but all subsequent dividends on those shares will be paid to you. If you elect to terminate your participation in the Plan, any optional cash payments received by the Agent before it receives your notice of termination will be invested for your account unless you specifically request return of the payment by written request received by the Agent at least 48 hours prior to the next Optional Acquisition Date.

If you terminate your participation in the Plan or if BancGroup terminates the Plan, certificates for whole shares credited to your account under the Plan will be issued to you and a cash payment will be made for any fraction of a share. The cash payment will be based on the closing price of BancGroup's Common Stock reported on the NYSE on the day the notice of termination is received by the Agent or the next day the NYSE is open if it is closed when the notice is received. However, if upon termination you prefer to receive cash for all your Plan shares, you may request that the Agent sell your shares as explained under Question 21.

## **OTHER INFORMATION**

### **19. What are the federal income tax consequences of participation in the Plan?**

Under Internal Revenue Service rulings provided with similar plans, dividends which you reinvest in additional shares of Common Stock under the Plan, will be treated for federal income tax purposes either (1) as having been received by you in the form of cash dividends, if such shares are acquired in the open market, or (2) as a taxable stock dividend if such shares are acquired from BancGroup. You will not realize any taxable income upon purchase of shares with optional cash payments.

The Internal Revenue Service requires that brokerage commissions and service charges paid by a corporation in connection with the open market purchase of shares pursuant to a dividend reinvestment plan are includible in the gross income of plan participants. If shares are purchased for your Plan account in the open market, you must include in your gross income a dividend equal to that portion of any brokerage commissions and service charges paid by BancGroup which are attributable to the purchase of your shares.

You will not realize any taxable income when you receive certificates for whole shares credited to your account, either upon your request for such certificates or upon withdrawal from or termination of the Plan. However, you will recognize tax gain or loss (which, for most participants, will be capital gain or loss) when whole shares acquired under the Plan are sold or exchanged -either by the Agent at your request or by you. (See Question 21.) You also will recognize gain or loss when you receive a cash payment for a fractional share credited to your account. The amount of such gain or loss will be the difference between the amount that you receive for your shares or fractional share and the tax basis.

The tax basis of shares acquired from BancGroup under the Plan by reinvestment of dividends will be equal to the purchase price of the shares acquired. The tax basis of shares acquired by the Agent in the open market with reinvested dividends will be the purchase price thereof paid by the Agent plus an allocable share of any brokerage commissions paid by BancGroup. The tax basis of shares purchased with an optional cash payment will be the amount of such optional cash payment plus allocable brokerage commissions. The holding period of shares of Common Stock acquired under the Plan, whether purchased with dividends or optional cash payments, will begin on the day following the date on which the shares are purchased for you.



## **Table of Contents**

In the case of foreign participants who elect to have their dividends reinvested and whose dividends are subject to United States income tax withholding, dividends reinvested for you under the Plan will be reduced by the amount of tax withheld.

Federal tax laws impose certain reporting obligations upon brokers and other middlemen. As a result, the Agent will be required to report to you and to the Internal Revenue Service any sales of Common Stock by the Agent for your Plan account. If your dividends become subject to backup withholding taxes, dividends reinvested for you under the Plan will be reduced by the amount of tax required to be withheld.

**The foregoing is only an outline of BancGroup's understanding of some of the applicable tax provisions. For further information as to the tax consequences of participation in the Plan, including any future changes in applicable law or interpretations thereof, you should consult with your own tax advisor.**

### **20. What happens if I sell a portion of the shares of Common Stock registered in my name?**

If you have authorized the reinvestment of dividends on all shares registered in your name and then dispose of a portion of those shares, the dividends on the remaining shares will continue to be reinvested.

If you have authorized the reinvestment of dividends on part of the shares registered in your name and then dispose of a portion of those shares, the dividends on the remainder of the shares up to the number of shares with respect to which reinvestment of dividends was originally authorized will continue to be reinvested.

### **21. How do I sell or transfer shares I've acquired through participation in the Plan?**

You may at any time request the Agent to sell any or all of the shares credited to your account under the Plan. The sale will be made for your account after receipt by the Agent of your written request. You will receive the proceeds of the sale, less any related brokerage fees, commission and applicable transfer tax. You may also at any time request the Agent to send you a certificate for any or all of the shares credited to your account under the Plan or request the Agent to electronically transfer any or all of the shares to your broker.

### **22. If BancGroup has a rights offering in the future, how will rights on Plan shares be handled?**

If you are entitled to participate in a rights offering, your entitlement will be based upon your total holdings including the shares credited to you under the Plan. Rights certificates will, however, be issued for the number of whole shares only.

### **23. What happens if BancGroup issues a stock dividend or declares a stock split?**

Any stock dividends or split shares distributed by BancGroup on shares of Common Stock credited to your account under the Plan will be added to your account. Stock dividends or stock split shares distributed on shares of Common Stock registered in your name will be distributed to you in the same manner as they are distributed to shareholders who are not participating in the Plan.

### **24. How will my shares be voted at meetings of shareholders?**

**All shares credited to you under the Plan will be voted as you direct.** You will receive one or more proxies, or be directed to internet availability of proxies, indicating the total number of your shares of Common Stock, including shares of Common Stock registered in your name and shares of Common Stock credited to your account under the Plan. When you submit your executed Proxy representing the shares you hold under the Plan, all such shares will be voted as directed by you in writing or electronically.

## **Table of Contents**

If the proxy representing the shares you hold under the Plan is properly voted, but without indicating instruction as to the manner in which shares are to be voted as to any item thereon, then such shares will be voted in accordance with the recommendations of the Board of Directors of BancGroup. If the proxy is not returned, or if it is improperly voted, such shares may be voted only if you vote in person.

### **25. What is the responsibility of BancGroup and the Agent under the Plan?**

The Agent has had no responsibility with respect to the preparation and contents of this Prospectus. Neither BancGroup nor the Agent, in administering the Plan, will be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims of liability arising out of failure to terminate a participant's account upon the participant's death prior to receipt of notice in writing of the death.

### **26. Who administers and interprets the Plan?**

BancGroup will determine all issues of interpretation and administration of the provisions of the Plan as it deems necessary or desirable.

### **27. May the Plan be changed or discontinued?**

Although BancGroup currently intends to maintain the Plan in its current format, BancGroup reserves the right to amend, suspend, modify, or terminate the Plan at any time. Notice of any amendment, suspension, modification, or termination will be mailed to all participants.

### **28. Where should I send correspondence related to the Plan?**

All general correspondence regarding the plan should be directed to:

Continental Stock Transfer & Trust Company

17 Battery Place, 8<sup>th</sup> Floor

New York, NY 10004

### **29. Who has the risk of market fluctuation in the value of Common Stock?**

**Your direct investment in Common Stock credited to your Plan account is no different than any other investment in Common Stock. You alone bear the risk of fluctuations in the market value of the Common Stock. You bear the risk of loss in value and you enjoy the benefits of gains from market price changes with respect to all of your shares.**

**BancGroup cannot guarantee that the value of the shares purchased under the Plan will, at any particular time, be more than your original investment. You need to make independent investment and participation decisions based on your own judgment, self interest and research.**

**BancGroup cannot guarantee liquidity in the market, thus your investments and the marketability of your securities may be adversely affected by any future adverse market conditions.**

**Table of Contents**

**USE OF PROCEEDS**

BancGroup does not know either the number of shares that will ultimately be purchased from BancGroup under the Plan or the prices at which the shares will be sold, and therefore cannot determine the amount of proceeds that will be used. BancGroup intends to add the net proceeds of sales under the Plan of newly issued shares of Common Stock and treasury shares to the general funds of BancGroup to be available for general corporate purposes.

**INDEMNIFICATION**

Directors, officers, employees, and agents of BancGroup and its subsidiaries are entitled to indemnification as expressly permitted by the provisions of the General Corporation Laws for the State of Delaware, BancGroup's restated certificate of incorporation, the charters of BancGroup's subsidiaries, and BancGroup's liability insurance. BancGroup has also entered into indemnification agreements with its directors regarding indemnification against certain liabilities. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling BancGroup pursuant to the foregoing provisions, BancGroup has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in that Act and is therefore unenforceable.

**EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2007 have been incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm given on the authority of said firm as experts in auditing and accounting.

**LEGAL OPINION**

Certain issues regarding the shares of Common Stock of BancGroup offered hereby have been passed upon by the law firm of Miller, Hamilton, Snider & Odom, L.L.C., Post Office Box 46, Mobile, Alabama 36601, of which John C. H. Miller, Jr., a director of BancGroup, is a partner. Such firm received fees of approximately \$3,938,000 for legal services performed in 2007. Mr. Miller beneficially owns 43,242 shares of BancGroup Common Stock. He received non-employee related compensation of \$75,782 in 2007.

**Table of Contents****PART II****INFORMATION REQUIRED IN PROSPECTUS****ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.**

The following expenses, other than the Securities and Exchange Commission Registration Fee, are estimated:

Securities and Exchange Commission Registration Fee	\$ 3,961
NYSE Fee	\$ 1,500
Printing and Engraving Expenses	\$ 8,500
Legal Fees and Expenses	\$ 7,500
Accounting Fees and Expenses	\$ 2,500
Miscellaneous	\$ 1,000
Total	\$ 24,961

**ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

Pursuant to section 145 of the Delaware General Corporation Law, as amended, and the Restated Certificate of Incorporation of the Registrant, officers, directors, employees, and agents of the Registrant are entitled to indemnification against liabilities incurred while acting in such capacities on behalf of the Registrant, including reimbursement of certain expenses. In addition, the Registrant maintains an officers and directors insurance policy pursuant to which officers and directors of the Registrant are entitled to indemnification against certain liabilities, including reimbursement of certain expenses, and the Registrant has indemnity agreements with certain officers and directors pursuant to which such persons may be indemnified by the Registrant against certain liabilities, including expenses. The Registrant also has indemnification agreements with its directors and certain officers pursuant to which such persons may be indemnified by the Registrant against certain liabilities including expenses. This indemnification is broader than the indemnification provided under the Delaware General Corporation Law.

**Table of Contents**

**ITEM 16. EXHIBITS.**

The following is a list of exhibits that are included in Part II of the Registration Statement. Such exhibits are separately indexed elsewhere in the Registration Statement.

**DESCRIPTION**

Exhibit 4	Instruments defining the rights of security holders:
4.1	Article 4 of the Restated Certificate of Incorporation of the Registrant filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q, dated August 4, 2006, and incorporated herein by reference.
4.2	Article II of the Bylaws of the Registrant filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K, dated February 21, 1995, and incorporated herein by reference.
4.3	Amended and Restated Dividend Reinvestment and Common Stock Purchase Plan of the Registrant dated May 2, 2008.
4.4	All instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries. Not filed pursuant to clause 4(iii) of Item 601(b) of Regulation S-K, to be furnished upon request of the Commission.
Exhibit 5.1	Opinion of Miller, Hamilton, Snider & Odom, L.L.C. as to certain Delaware law issues of the securities being registered
Exhibit 23	Consents of experts and counsel:
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Miller, Hamilton, Snider & Odom, L.L.C.
Exhibit 24	Power of Attorney.

**Table of Contents**

**ITEM 17. UNDERTAKINGS.**

(a) Undertakings related to Rule 415 offering:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the Registration Statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to section 13 or section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) Undertaking related to filings incorporating subsequent Securities Exchange Act of 1934 documents by reference:

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**Table of Contents****SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Montgomery, Alabama, on the 2nd day of May, 2008.

**THE COLONIAL BANGROUP, INC.**

**BY:** /s/ ROBERT E. LOWDER  
**ITS:** **Robert E. Lowder**  
**Chairman of the Board,**

**President and Chief Executive Officer**

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<b>SIGNATURES</b>	<b>DATE</b>	<b>TITLE</b>	<b>DATE</b>
/s/ ROBERT E. LOWDER		Chairman of Board, President, and Chief Executive Officer	**
<b>Robert E. Lowder</b>			
/s/ SARAH H. MOORE		Chief Financial Officer Senior Executive Vice President (Principal Financial Officer)	**
<b>Sarah H. Moore</b>			
/s/ T. BRENT HICKS		Chief Accounting Officer Senior Vice President (Principal Accounting Officer)	**
<b>T. Brent Hicks</b>			
*		Director	**
<b>Lewis E. Beville</b>			
*		Director	**
<b>Augustus K. Clements, III</b>			
*		Director	**
<b>Robert S. Craft</b>			
*		Director	**
<b>Patrick F. Dye</b>			
*		Director	**
<b>Hubert L. Harris</b>			
*		Director	**

Edgar Filing: COLONIAL BANGGROUP INC - Form S-3D

**Clinton O. Holdbrooks**

\*

Director

\*\*

**Deborah L. Linden**

\*

Director

\*\*

**John Ed Mathison**



**Table of Contents**

<b>SIGNATURES</b>	<b>DATE</b>	<b>TITLE</b>	<b>DATE</b>
		Director	
<b>Milton E. McGregor</b>			
*		Director	**
<b>John C. H. Miller, Jr.</b>			
*		Director	**
<b>Joe D. Mussafer</b>			
*		Director	**
<b>William E. Powell, III</b>			
*		Director	**
<b>James W. Rane</b>			
*		Director	**
<b>Simuel Sippial, Jr.</b>			
*		Director	**
<b>Edward V. Welch</b>			

\* The undersigned, acting pursuant to a power of attorney, has signed this Registration Statement on Form S-3 for and on behalf of the persons indicated above as such persons true and lawful, attorney-in-fact and in their names, places and stead, in the capacities indicated above and on the date indicated below.

/s/ SARAH H. MOORE  
**Sarah H. Moore**

**Attorney-in-Fact**

\*\* Date: May 2, 2008.