



STATE OF ALABAMA
STATE BANKING DEPARTMENT



MEMORANDUM

To: CEO's of all State Chartered Banks and Alabama State Chartered Bank Holding Companies

From: Elizabeth T. Bressler, General Counsel

Re: Emergency Economic Stabilization Act of 2008

Date: October 31, 2008

With the passage of the Emergency Economic Stabilization Act of 2008, participating banks and bank holding companies are, upon application, permitted to issue preferred stock to the Department of the Treasury. In order to issue preferred stock your bank's or bank holding company's articles of incorporation must authorize the issuance of preferred stock.

Each bank that wishes to participate must evaluate their articles of incorporation to see whether they are authorized to issue preferred stock. It is the State Banking Department's opinion that if your bank or bank holding company is going to apply to participate in this program that you immediately consult with your attorneys and ask them to evaluate your articles of incorporation.

The Deadline for application is NOVEMBER 14, 2008. Banks do, however, have the opportunity to explain in their application why their application is incomplete. If you have not amended your articles of incorporation to allow for the purchase of preferred stock, you must start immediately. As long as you explain in your application that you are "robustly" attempting to meet all qualifications at the time you apply, the need to take legal actions will not prevent approval. We understand that Treasury will allow sufficient time prior to quarter end to perform the legal actions needed to participate. We also understand that Treasury may extend the application deadline for non-publicly traded companies, but we strongly recommend that you get started on all corporate actions that will be required to participate.

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The Banking Department's outside counsel, Balch and Bingham (including both Hamp Boles and Mike Waters) have prepared directions and sample amendments, resolutions and proxy statements for your bank to consider. These samples and instructions are attached to this memorandum for your review. One set of amendments is drafted for stand alone banks that do not have a holding company and the other set of amendments is for bank holding companies. We hope that their work will facilitate your ability to amend your articles quickly if necessary.

If you chose to participate in this program, the State Banking Department requests that you do the following:

1. As outlined above, consult with your legal counsel to determine the status of your ability to issue preferred stock and request our approval for your amendments if amendments are necessary.
2. Notify Nelson Cook of the Alabama State Banking Department, nelson.cook@banking.alabama.gov or (334)242-3552, if and when you apply for TARP.
3. Submit a copy of your application to Nelson Cook (contact information above) if you wish to have the Department's assistance in facilitating your application with your federal regulator.
4. Mark any application you send as a "**Confidential Draft**".

If you have any questions concerning any of the information contained in this memo, please contact this office so that we may assist you.