

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE
MIDDLE DISTRICT OF ALABAMA, NORTHERN DIVISION

In re
COLONIAL BANGROUP, INC.
SECURITIES LITIGATION

)
) Civil Action No.
) 2:09-CV-00104-RDP-WC
)
) **SUMMARY NOTICE OF**
) **PENDENCY OF CLASS ACTION**
) **AND PROPOSED PARTIAL**
) **SETTLEMENT**

TO: ALL PERSONS OR ENTITIES WHO PURCHASED: (I) THE COMMON STOCK OF THE COLONIAL BANGROUP, INC. (“COLONIAL” OR THE “COMPANY”); (II) COLONIAL’S COMMON STOCK TRACEABLE TO THE COMPANY’S APRIL 23, 2008 STOCK OFFERING PURSUANT TO THE REGISTRATION STATEMENT AND PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “STOCK OFFERING”); OR (III) THE \$250 MILLION WORTH OF SUBORDINATED NOTES DUE IN 2038, PAYING 8.875% INTEREST ON A QUARTERLY BASIS, PURSUANT OR TRACEABLE TO COLONIAL’S FORM S-3/A SHELF REGISTRATION STATEMENT AND PROSPECTUS DATED NOVEMBER 12, 2004 AND FORM 424 (B)(2) PROSPECTUS SUPPLEMENT DATED FEBRUARY 28, 2008 (THE “NOTE OFFERING”), DURING THE PERIOD BETWEEN APRIL 18, 2007 AND AUGUST 6, 2009, INCLUSIVE (THE “SETTLEMENT CLASS PERIOD”), AND WHO WERE ALLEGEDLY DAMAGED THEREBY (THE “SETTLEMENT CLASS”)

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court, that the above-captioned litigation (the “Action”) has been preliminarily certified as a class action for the purposes of a partial settlement only and that a partial settlement with Robert E. Lowder, Sarah H. Moore, T. Brent Hicks, Lewis E. Beville, William Britton, Jerry J. Chesser, Augustus K. Clements, III, Robert S. Craft, Patrick F. Dye, Hubert L. Harris, Jr., Clinton O. Holdbrooks, Harold O. King, Deborah L. Linden, John Ed Mathison, Milton E. McGregor, John C.H. Miller, Jr., Joseph D. Mussafer, William E. Powell, III, James W. Rane, Simuel Sippial, Jr., Edward V. Welch, Sheila P. Moody and Kamal Hosein (the “Settling Defendants”), in the amount of \$10,500,000 in cash, has been proposed by the Settling Parties.

A hearing will be held before the Honorable R. David Proctor of the United States District Court for the Northern District of Alabama in the Frank M. Johnson United States Courthouse, One Church Street, Montgomery, AL 36104 at __:__.m., on _____, 2011 to, among other things: determine whether the proposed Settlement should be approved by the Court as fair, reasonable, and adequate; determine whether the proposed Plan of Allocation for distribution of the settlement proceeds should be approved as fair and reasonable; and consider the application of Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses. The Court may change the date of the hearing without providing another notice.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED BY THE PENDING LITIGATION AND THE PROPOSED SETTLEMENT AND YOU MAY BE ENTITLED TO SHARE IN THE NET SETTLEMENT FUND. If you have not yet received the full printed Notice of Pendency of Class Action and Proposed Partial Settlement ("Notice") and a Proof of Claim and Release Form ("Proof of Claim"), you may obtain copies of these documents by contacting the Claims Administrator:

In re Colonial Bancgroup, Inc. Securities Litigation
Claims Administrator
c/o [Insert name of Claims Administrator]
[]
[]
800-[]
www.[].com

Inquiries, other than requests for information about the status of a claim, may also be made to Lead Counsel.

LABATON SUCHAROW LLP
Thomas A. Dubbs, Esq.
James W. Johnson, Esq.
140 Broadway

New York, New York 10005
888-219-6877
settlementquestions@labaton.com.
www.labaton.com

If you are a Settlement Class Member, to be eligible to share in the distribution of the Settlement proceeds, you must submit a Proof of Claim postmarked no later than _____, 2011. To exclude yourself from the Settlement Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice that it is received or postmarked no later than _____, 2011. If you are a Settlement Class Member and do not exclude yourself from the Class, you will be bound by the Final Order and Judgment of the Court. Any objections to the proposed Settlement, Plan of Allocation, and/or application for attorneys' fee and reimbursement of expenses must be filed with the Court and served on counsel for the Settling Parties in accordance with the instructions set forth in the Notice, such that they are received or postmarked no later than _____, 2011. If you are a Settlement Class Member and do not timely submit a valid Proof of Claim, you will not be eligible to share in the Net Settlement Fund, but you nevertheless will be bound by the Final Order and Judgment of the Court.

DATED: _____

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF ALABAMA