

CORPORATE GOVERNANCE GUIDELINES

THE COLONIAL BANCGROUP, INC.

Colonial's goal is reaching for ever higher standards and continuing to strive to achieve them - for our customers, our shareholders, our employees and our communities, upon which the future prosperity of our company rests. These Guidelines reflect the ways in which we are striving for higher standards in corporate governance.

Director Responsibilities

The basic responsibility of the directors is to provide effective governance over Colonial's affairs, exercising their reasonable business judgment on behalf of the Company. In discharging that obligation, directors must be entitled to rely on the honesty and integrity of Colonial's senior officers and its outside advisors and auditors. Directors are expected to attend shareholders' meetings, board meetings and meetings of the committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Adequate information and data that are important and necessary to the board's understanding of the business to be conducted at a board meeting should generally be distributed in writing by management to the board before meetings. Directors should review in advance any materials sent to them before the meeting.

The non-management directors will meet in executive session at each meeting both with and without members of management present. Colonial's Vice Chairman, who is an independent director, will preside over the executive sessions. If the Vice Chairman is unavailable, the one of the chairs of the Nominating and Corporate Governance Committee, the Audit Committee or the Personnel and Compensation Committee will preside. If the group of non-management directors includes any directors who are not independent under these guidelines, at least once a year only the independent directors will meet in a super-executive session.

Board Structure

Number of Directors. Colonial's Certificate of Incorporation provides that the Company must have no fewer than three directors, and that the number of directors shall be fixed by a resolution of the Board of Directors. The board of directors is divided into three classes of roughly the same size and each director serves a three term upon election.

Chairman of the Board. Colonial's Certificate of Incorporation provides that the Chairman of the Board is also the Chief Executive Officer the Company.

Board Committees. Colonial's Certificate of Incorporation provides that the Company will have an Executive Committee and an Audit Committee. The board of directors has also approved the formation of a Personnel and Compensation Committee and a Nominating and Corporate Governance Committee. Except for the members of the Nominating and Corporate Governance Committee, all committee members will be nominated by the Nominating and Corporate Governance Committee and approved by the board. The entire board nominates and elects the Nominating and Corporate Governance Committee. All of the members of the Audit, Personnel and Compensation and Nominating and Corporate Governance committees do and will continue to meet the criteria for independence as established by the board in accordance with the New York Stock Exchange listing standards and any other required laws, rules and regulations regarding independence as they may be in effect from time to time. Each committee has its own charter, which shall be prepared by such committee and recommended to the board for approval. The responsibilities of the Audit, the Personnel and Compensation and Nominating and Corporate Governance committees are set forth in such committee's charter. Each committee charter is available on Colonial's website. In addition, the board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Director Qualifications

Majority Independent. The board does and will continue to have a majority of directors who meet the criteria for independence as established by the board in accordance with the New York Stock Exchange listing standards and any other required laws, rules and regulations regarding independence as they are in effect from time to time, taking into account any categorical standards of independence that may be approved by the board from time to time.

Director Assessment and Nomination. The Nominating and Corporate Governance Committee is responsible for assessing all director candidates and will recommend to the board individuals to fill a vacancy or to be nominated to stand for election at the next annual meeting. Unless legally required by contract or otherwise to provide third parties with the ability to nominate directors, all candidates for nomination by the board as director-nominees will be considered by the board only on the recommendation of the Nominating and Corporate Governance Committee.

Principles for Evaluating Candidates as Director-Nominees

To discharge their duties in identifying and evaluating nominees for board positions, the Nominating and Corporate Governance Committee and the board of directors shall consider the overall composition of the board as well as the qualifications of each candidate. In the nominee evaluation process the Nominating and Corporate Governance Committee and the board shall take into account such factors as they deem relevant, including, without limitation, the following principles:

- Decisions for selecting a director nominee shall be based on the merit, qualifications, performance, and competency of the candidate and Colonial's business needs.
- The selection of director nominees shall be made taking into consideration that a majority of the board must be composed of independent directors under these guidelines.
- The composition of the entire board shall be taken into account when evaluating individual candidates, including: the diversity of experience and background represented on the board; the need for financial, business and other expertise on the board and its committees; and the desire for directors working cooperatively to represent the best interests of Colonial and its stockholders, customers, communities and employees.
- Candidates shall be individuals of the highest character and integrity who possess significant experience or skills that will benefit Colonial.
- Candidates shall be free of conflicts of interest that would interfere with their ability to discharge their duties or would violate any applicable law or regulation.
- Candidates shall be willing and able to devote the time necessary to discharge their duties and shall have the desire to represent and evaluate the interests of Colonial as a whole.
- The assessment of a candidate will include a consideration of the number of boards of public companies on which he or she serves.
- A candidate shall not be considered if he or she will have reached the age of 75 or more at the time of the annual meeting that such candidate might otherwise have been elected.

The Nominating and Corporate Governance Committee will consider candidates proposed or suggested by board members, management, any third party search firms retained by the committee, and stockholders. The committee minutes of the meeting in which the recommended candidate is first discussed will reflect the source of the recommendation.

A shareholder or group of shareholders recommending a candidate to be considered by the Nominating and Corporate Governance Committee for nominations at the Annual Meeting of Stockholders must comply with the following procedure:

- The recommendation must be communicated to the committee in writing by a date not fewer than 60 days nor more than 90 days prior to the anniversary of the annual meeting of the previous year.
- The communication containing the recommendation shall set forth:
 - o the name and address of the stockholder;
 - o a representation that the stockholder is a holder of Colonial's voting stock (including the number of shares held);
 - o a description of all arrangements or understandings among the stockholder and the candidate and any other person or persons (naming such person or persons) pursuant to which the recommendation is made by the stockholder;
 - o a statement signed by the candidate recommended by the stockholder acknowledging that the candidate would serve if elected by the stockholders and would comply with Colonial's Code of Ethics, Insider Trading Policy, Corporate Governance Guidelines and any other applicable rule, regulation, policy or standard of conduct applicable to the board and its members; and
 - o a complete statement regarding the candidate and the candidate's qualifications under these guidelines.

Director Compensation

The form and amount of director compensation will be determined by the Nominating and Corporate Governance Committee in accordance with the policies and principles set forth in its charter, and such Committee will annually review director compensation. The board will consider whether directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

CEO Performance Evaluation and Succession Planning

As set forth in its charter, the Personnel and Compensation Committee will conduct an annual review of the CEO's performance, and will report to an executive session of the board the results of its evaluation.

Colonial has adopted a Management Succession Plan. In accordance with this plan, in the event of an unexpected vacancy in the office of the CEO, the Executive Committee and the Nominating and Corporate Governance Committee will nominate an Interim CEO from among their members using the criteria contained in the plan. The nominee will be presented to the full board of directors and may be ratified as interim CEO by a majority of the board. In addition to his or her other duties as chief executive officer, the Interim CEO will lead the search for a permanent CEO with guidance from the Nominating and Corporate Governance Committee. A candidate for permanent CEO must be approved by the Nominating and Corporate Governance Committee and the Executive Committee and will then be presented to the full board of directors for confirmation by at least two-thirds of the full board.

In the case of a planned departure of the CEO, then the current CEO will lead the search for a new CEO, with consultation from the Nominating and Corporate Governance Committee. A new CEO candidate must be approved by the Nominating and Corporate Governance Committee and the Executive Committee and will then be presented to the full board of directors for confirmation by at least two-thirds of the full board.

Annual Performance Evaluation

The board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. As part of the self-evaluation, the Nominating and Corporate Governance Committee will seek comments from all directors and report annually to the board regarding the board's self-assessment.

Director Access to Officers and Employees

Directors have complete and open access to officers and employees of Colonial. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. The directors should ensure that any such contact is not disruptive to the business operations of Colonial and should, to the extent appropriate, copy the CEO on any written communications between a director and an officer or employee of Colonial. The board also shall have access to independent advisors and each committee of the board shall have access to independent advisors as is set forth in its charter.

Strategic Planning

Directors expect management to provide leadership that is attuned to the changing business environment. Directors also look to management for leadership in proposing changes of course, but retain the power of approval and of modification, which is exercised through formal board action when appropriate. Major strategic and operational issues, including risk exposure and business opportunities, are discussed during regular board meetings. In addition, formal presentations by management, either at regular board meetings or at other venues, are devoted to discussion of these issues.

Ethical Business Environment

Colonial has adopted a Code of Ethics to which all Company directors, officers and employees are expected to adhere. The Code of Ethics is available on Colonial's website and in print by anyone who requests it. Colonial has also adopted a Code of Ethics for Principal Financial Officers. This Code is also posted on Colonial's website.

Communications with the Board of Directors

Parties who wish to communicate with the board or with a particular director may send a letter to the Secretary of Colonial at The Colonial BancGroup, Inc., 100 Colonial Bank Blvd, 3rd Floor, Montgomery, Alabama 36117. The mailing envelope should contain a clear notation indicating that the enclosed letter is a "Board Communication" or "Director Communication." All such letters should state whether the intended recipients are all members of the board or just certain specified individual directors. The Secretary will circulate valid, non-commercial communications to the appropriate director or directors.