

First Foundation Inc.
Form 8-K
May 02, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 2, 2019

FIRST FOUNDATION INC.

(Exact name of registrant as specified in its charter)

Delaware	001-36461	20-8639702
(State or other jurisdiction	(Commission	(IRS Employer
of incorporation)	File Number)	Identification Number)

18101 Von Karman Avenue, Suite 700
Irvine, California 92612

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(Address of Principal Executive Offices) (Zip Code)

(949) 202-4160

(Registrant's Telephone Number, Including Area Code)

N/A

(Former name or former address, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FFWM	NASDAQ Global Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01 Other Events

On May 2, 2019, First Foundation Inc. issued a press release announcing that on April 30, 2019 its Board of Directors declared a cash dividend of \$0.05 per common share. The cash dividend is payable on June 17, 2019 to stockholders of record at the close on business on June 3, 2019.

Item Financial Statements and Exhibits.
9.01

Exhibit
No. Description

99.1 Press Release dated May 2, 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRST FOUNDATION INC.

Date: May 2, 2019 /s/ JOHN MICHEL

By:
John M. Michel

Executive Vice President & Chief Financial Officer

E ACTION, OR JUDICIAL DECISION. NO RULING HAS BEEN OR WILL BE REQUESTED FROM THE INTERNAL REVENUE SERVICE ON ANY MATTER RELATING TO THE TAX CONSEQUENCES OF THE MERGER. Completion of the merger is conditioned upon receipt by Regions and First Bancshares of an opinion from Alston & Bird LLP, special counsel to Regions, concerning the material federal income tax consequences of the merger. Based upon the assumption that the merger is completed in accordance with the merger agreement and upon factual statements and factual representations made by Regions and First Bancshares, it is such firm's opinion that: 1. The merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 (the "Code"). 2. No gain or loss will be recognized by holders of First Bancshares common stock who exchange in the merger of all of their First Bancshares common stock solely for Regions common stock pursuant to the merger (except with respect to any cash received in lieu of fractional share interests in Regions common stock). 3. The tax basis of the Regions common stock received (including fractional shares deemed received and redeemed) by holders of First Bancshares common stock who exchange all of their First Bancshares common stock solely for Regions common stock in the merger will be the same as the tax basis of the First Bancshares common stock surrendered in exchange for the Regions common stock (reduced by an amount allocable to a fractional share interest in Regions common stock deemed received and redeemed). 4. The holding period of the Regions common stock received (including fractional shares deemed received and redeemed) by holders of First Bancshares common stock who exchange all of their First Bancshares common stock solely for Regions common stock in the merger will be the same as the holding period of the First Bancshares common stock surrendered in exchange therefor, provided that such First Bancshares common stock is held as a capital asset at the effective time of the merger. 5. The payment of cash to holders of First Bancshares common stock in lieu of fractional share interests of Regions common stock will be treated for federal income tax purposes as if the fractional shares were distributed as part of the exchange and then were redeemed by Regions. These cash payments will be treated as having been received as distributions in full payment in exchange for the Regions common stock redeemed, as provided in Section 302(a) of the Code. 6. Where solely cash is received by a holder of First Bancshares common stock in exchange for First Bancshares common stock pursuant to the exercise of dissenters' rights, such cash will be treated as having been received in redemption of such holder's First Bancshares common stock, subject to the provisions and limitations of Section 302 of the Code. THE TAX OPINION DOES NOT ADDRESS ANY STATE, LOCAL, FOREIGN, OR OTHER TAX CONSEQUENCES OF THE MERGER. FIRST BANCSHARES STOCKHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF THE PROPOSED TRANSACTION TO

THEM INDIVIDUALLY, INCLUDING TAX REPORTING REQUIREMENTS AND TAX CONSEQUENCES UNDER STATE, LOCAL, AND FOREIGN LAW. 34 41 ACCOUNTING TREATMENT It is anticipated that the merger will be accounted for as a "purchase," as that term is used pursuant to accounting principles generally accepted in the United States, for accounting and financial reporting purposes. Under the purchase method of accounting, the assets and liabilities of First Bancshares as of the effective time of the merger will be recorded at their estimated respective fair values and added to those of Regions. Financial statements of Regions issued after the effective time will reflect such values and will not be restated retroactively to reflect the historical financial position or results of operations of First Bancshares. EXPENSES AND FEES The merger agreement provides, in general, that each of the parties will bear and pay its own expenses in connection with the transactions contemplated by the merger agreement, including fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel, except that Regions will bear and pay all of the filing fees and one-half of the printing costs in connection with this proxy statement-prospectus. RESALES OF REGIONS COMMON STOCK The Regions common stock to be issued to First Bancshares stockholders in the merger has been registered under the Securities Act of 1933, but that registration does not cover resales of those shares by persons who control, are controlled by, or are under common control with, First Bancshares (such persons are referred to hereinafter as "affiliates" and generally include executive officers, directors, and 10% stockholders) at the time of the special meeting. Affiliates may not sell shares of Regions common stock acquired in connection with the merger, except pursuant to an effective registration statement under the Securities Act or in compliance with Rule 145 promulgated under the Securities Act or in accordance with a legal opinion satisfactory to Regions that such sale or transfer is otherwise exempt from the Securities Act registration requirements. Rule 145 promulgated under the Securities Act restricts the sale of Regions common stock received in the merger by affiliates and certain of their family members and related interests. Under the rule, during the one-year period following the effective time of the merger, affiliates of First Bancshares may resell publicly the Regions common stock received by them in the merger subject to certain limitations as to the amount of Regions common stock sold in any three-month period and as to the manner of sale, and subject to the timeliness of Regions' periodic reporting obligations with the Securities and Exchange Commission. After the one-year period and within two years following the effective time of the merger, affiliates of First Bancshares who are not affiliates of Regions may effect such resales subject only to the timeliness of Regions' periodic reporting requirements. After two years, such affiliates of First Bancshares who are not affiliates of Regions may resell their shares without restriction. Persons who are affiliates of Regions after the effective time of the merger may publicly resell the Regions common stock received by them in the merger subject to similar limitations and subject to certain filing requirements specified in SEC Rule 144. Affiliates will receive additional information regarding the effect of Rule 145 on their ability to resell Regions common stock received in the merger. Affiliates also would be permitted to resell Regions common stock received in the merger pursuant to an effective registration statement under the Securities Act or an available exemption from the Securities Act registration requirements. This proxy statement-prospectus does not cover any resales of Regions common stock received by persons who may be deemed to be affiliates of First Bancshares or Regions. 35 42 Each person who First Bancshares reasonably believes is an affiliate of First Bancshares has delivered to Regions a written agreement providing that such person generally will not sell, pledge, transfer, or otherwise dispose of any Regions common stock to be received by such person upon completion of the merger, except in compliance with the Securities Act and the rules and regulations promulgated thereunder. EFFECT OF THE MERGER ON RIGHTS OF STOCKHOLDERS As a result of the merger, holders of First Bancshares common stock will be exchanging their shares of a Texas corporation governed by the Texas Business Corporation Act and First Bancshares' articles of incorporation, as amended, and bylaws, for shares of Regions, a Delaware corporation governed by the Delaware General Corporation Law and Regions' certificate of incorporation and bylaws. Certain significant differences exist between the rights of First Bancshares stockholders and those of Regions stockholders. The material differences are summarized below. In particular, Regions' certificate of incorporation and bylaws contain several provisions that under certain circumstances may have an antitakeover effect in that they could impede or prevent an acquisition of Regions unless the potential acquirer has obtained the approval of Regions' board of directors. The following discussion is necessarily general; it is not intended to be a complete statement of all differences affecting the rights of stockholders and their respective entities, and it is qualified in its entirety by reference to the Texas Business Corporation Act and the Delaware General Corporation Law as well as to Regions' certificate of incorporation and bylaws and First Bancshares' articles of incorporation and bylaws. ANTITAKEOVER PROVISIONS GENERALLY

The provisions of Regions' certificate of incorporation and bylaws described below under the headings, "-Authorized Capital Stock," "-Amendment of Certificate or Articles of Incorporation and Bylaws," "-Classified Board of Directors and Absence of Cumulative Voting," "-Removal of Directors," "-Limitations on Director Liability," "-Special Meetings of Stockholders," "-Actions by Stockholders Without a Meeting," "-Stockholder Nominations," and "-Mergers, Consolidations, and Sales of Assets Generally," and the provisions of the Delaware General Corporation Law described under the heading "-Business Combinations With Certain Persons," are referred to herein as the "protective provisions." In general, one purpose of the protective provisions is to assist Regions' board of directors in playing a role in connection with attempts to acquire control of Regions, so that the board of directors can further and protect the interests of Regions and its stockholders as appropriate under the circumstances, including, if the board of directors determines that a sale of control is in their best interests, by enhancing the board of directors' ability to maximize the value to be received by the stockholders upon such a sale. Although Regions' management believes the protective provisions are, therefore, beneficial to Regions' stockholders, the protective provisions also may tend to discourage some takeover bids. As a result, Regions' stockholders may be deprived of opportunities to sell some or all of their shares at prices that represent a premium over prevailing market prices. On the other hand, defeating undesirable acquisition offers can be a very expensive and time-consuming process. To the extent that the protective provisions discourage undesirable proposals, Regions may be able to avoid those expenditures of time and money. 36 43 The protective provisions also may discourage open market purchases by a potential acquirer. Such purchases may increase the market price of Regions common stock temporarily, enabling stockholders to sell their shares at a price higher than that which otherwise would prevail. In addition, the protective provisions may decrease the market price of Regions common stock by making the stock less attractive to persons who invest in securities in anticipation of price increases from potential acquisition attempts. The protective provisions also may make it more difficult and time consuming for a potential acquirer to obtain control of Regions through replacing the board of directors and management. Furthermore, the protective provisions may make it more difficult for Regions' stockholders to replace the board of directors or management, even if a majority of the stockholders believes such replacement is in the best interests of Regions. As a result, the protective provisions may tend to perpetuate the incumbent board of directors and management.

AUTHORIZED CAPITAL STOCK Regions. The certificate of incorporation authorizes the issuance of up to 500,000,000 shares of Regions common stock and 5,000,000 shares of preferred stock. At June 30, 2001, 229,133,874 shares of Regions common stock were issued, including 1,500,000 treasury shares, and 227,633,874 shares were issued and outstanding. No shares of preferred stock have been issued. Regions' board of directors may authorize the issuance of additional shares of Regions common stock or preferred stock without further action by Regions' stockholders, unless such action is required in a particular case by applicable laws or regulations or by any stock exchange upon which Regions' capital stock may be listed. The certificate of incorporation does not provide preemptive rights to Regions stockholders. The authority to issue additional shares of Regions capital stock provides Regions with the flexibility necessary to meet its future needs without the delay resulting from seeking stockholder approval. The authorized but unissued shares of Regions common stock will be issuable from time to time for any corporate purpose, including, without limitation, stock splits, stock dividends, employee benefit and compensation plans, acquisitions, and public or private sales for cash as a means of raising capital. Such shares could be used to dilute the stock ownership of persons seeking to obtain control of Regions. In addition, the sale of a substantial number of shares of Regions common stock to persons who have an understanding with Regions concerning the voting of such shares, or the distribution or declaration of a dividend of shares of Regions common stock (or the right to receive Regions common stock) to Regions stockholders, may have the effect of discouraging or increasing the cost of unsolicited attempts to acquire control of Regions. Regions has committed not to issue shares of preferred stock for any anti-takeover purpose, including any purpose to make a change in control of Regions more costly or difficult.

First Bancshares. First Bancshares' authorized capital stock consists of 100,000,000 shares of First Bancshares common stock, and 10,000,000 shares of preferred stock issuable in series as determined by the board of directors of First Bancshares. As of the record date, there were 1,737,864 shares of First Bancshares common stock issued and outstanding, and no shares of First Bancshares preferred stock were issued and outstanding. Pursuant to the Texas Business Corporation Act, First Bancshares' board of directors may authorize the issuance of additional shares of First Bancshares common stock or preferred stock without further action by First Bancshares' stockholders. First Bancshares' articles of incorporation, as amended, do not provide the stockholders of First Bancshares with preemptive rights to purchase or subscribe to any unissued authorized shares of First Bancshares common stock or

preferred stock or any option or warrant for the purchase thereof. 37 44 AMENDMENT OF CERTIFICATE OR ARTICLES OF INCORPORATION AND BYLAWS Regions. The Delaware General Corporation Law generally provides that the approval of a corporation's board of directors and the affirmative vote of a majority of (1) all shares entitled to vote thereon and (2) the shares of each class of stock entitled to vote thereon as a class is required to amend a corporation's certificate of incorporation, unless the certificate specifies a greater voting requirement. The certificate of incorporation states that its provisions regarding authorized capital stock, election, classification, and removal of directors, the approval required for certain business combinations, meetings of stockholders, and amendment of the certificate of incorporation and bylaws may be amended or repealed only by the affirmative vote of the holders of at least 75% of the outstanding shares of Regions common stock. The certificate of incorporation also provides that the board of directors has the power to adopt, amend, or repeal the bylaws. Any action taken by the stockholders with respect to adopting, amending, or repealing any bylaws may be taken only upon the affirmative vote of the holders of at least 75% of the outstanding shares of Regions common stock. First Bancshares. The Texas Business Corporation Act generally provides that a Texas corporation's articles of incorporation may be amended by the affirmative vote of at least two-thirds of the shares entitled to vote thereon, unless the articles of incorporation provide for a higher or lower voting requirement. First Bancshares' articles of incorporation include special provisions relating to amendment of the articles of incorporation which allow the affirmative vote of a majority of the shares entitled to vote to amend the articles of incorporation. The board of directors has the power to adopt, amend, or repeal the bylaws by a majority vote, subject to the right of the stockholders by majority vote to adopt, amend, or repeal the bylaws by majority vote.

CLASSIFIED BOARD OF DIRECTORS AND ABSENCE OF CUMULATIVE VOTING Regions. The certificate of incorporation provides that Regions' board of directors is divided into three classes, with each class to be as nearly equal in number as possible. The directors in each class serve three-year terms of office. The effect of Regions' having a classified board of directors is that only approximately one-third of the members of the board of directors are elected each year; consequently, two annual meetings are effectively required for Regions' stockholders to change a majority of the members of the board of directors. Pursuant to the certificate of incorporation, each stockholder generally is entitled to one vote for each share of Regions stock held and is not entitled to cumulative voting rights in the election of directors. With cumulative voting, a stockholder has the right to cast a number of votes equal to the total number of such holder's shares multiplied by the number of directors to be elected. The stockholder has the right to cast all of such holder's votes in favor of one candidate or to distribute such holder's votes in any manner among any number of candidates. Directors are elected by a plurality of the total votes cast by all stockholders. With cumulative voting, it may be possible for minority stockholders to obtain representation on the board of directors. Without cumulative voting, the holders of more than 50% of the shares of Regions common stock generally have the ability to elect 100% of the directors. As a result, the holders of the remaining Regions common stock effectively may not be able to elect any person to the 38 45 board of directors. The absence of cumulative voting, therefore, could make it more difficult for a stockholder who acquires less than a majority of the shares of Regions common stock to obtain representation on Regions' board of directors. First Bancshares. First Bancshares' articles of incorporation do not provide for a classified board of directors. Holders of First Bancshares common stock are not afforded cumulative voting rights.

REMOVAL OF DIRECTORS Regions. Under the certificate of incorporation, any director or the entire board of directors may be removed only for cause and only by the affirmative vote of the holders of at least 75% of Regions' voting stock. First Bancshares. Pursuant to First Bancshares' bylaws, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares entitled to vote on the election of directors.

LIMITATIONS ON DIRECTOR LIABILITY Regions. The certificate of incorporation provides that a director of Regions will have no personal liability to Regions or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for (1) any breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (3) the payment of certain unlawful dividends and the making of certain unlawful stock purchases or redemptions, or (4) any transaction from which the director derived an improper personal benefit. Although this provision does not affect the availability of injunctive or other equitable relief as a remedy for a breach of duty by a director, it does limit the remedies available to a stockholder who has a valid claim that a director acted in violation of such director's duties, if the action is among those as to which liability is limited. This provision may reduce the likelihood of stockholder derivative litigation against directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duties, even though such action, if

successful, might have benefitted Regions and its stockholders. The SEC has taken the position that similar provisions added to other corporations' certificates of incorporation would not protect those corporations' directors from liability for violations of the federal securities laws. First Bancshares. The Texas Miscellaneous Corporation Laws Act provides for, and First Bancshares' articles of incorporation include, a similar provision, although somewhat more limited, limiting a director's personal liability for money damages arising out of a breach of duty.

INDEMNIFICATION Regions. The certificate of incorporation provides that Regions will indemnify its officers, directors, employees, and agents to the full extent permitted by the Delaware General Corporation Law. Under Section 145 of the Delaware General Corporation Law as currently in effect, other than in actions brought by or in the right of Regions, such indemnification would apply if it were determined in the specific case that the proposed indemnitee acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of Regions and, with respect to any criminal proceeding, if such person 39 46 had no reasonable cause to believe that the conduct was unlawful. In actions brought by or in the right of Regions, such indemnification probably would be limited to reasonable expenses (including attorneys' fees) and would apply if it were determined in the specific case that the proposed indemnitee acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of Regions, except that no indemnification may be made with respect to any matter as to which such person is adjudged liable to Regions, unless, and only to the extent that, the court determines upon application that, in view of all the circumstances of the case, the proposed indemnitee is fairly and reasonably entitled to indemnification for such expenses as the court deems proper. To the extent that any director, officer, employee, or agent of Regions has been successful on the merits or otherwise in defense of any action, suit, or proceeding, as discussed herein, whether civil, criminal, administrative, or investigative, such person must be indemnified against reasonable expenses incurred by such person in connection therewith. First Bancshares. The Texas Business Corporation Act and First Bancshares' articles of incorporation provide for indemnification of its directors, officers, employees, and agents in substantially the same manner and with substantially the same effect as in the case of Regions.

SPECIAL MEETINGS OF STOCKHOLDERS Regions. Regions' certificate of incorporation and bylaws provide that special meetings of stockholders may be called at any time, but only by the chief executive officer, the secretary, or the board of directors of Regions. Regions stockholders do not have the right to call a special meeting or to require that Regions' board of directors call such a meeting. This provision, combined with other provisions of the certificate of incorporation and the restriction on the removal of directors, would prevent a substantial stockholder from compelling stockholder consideration of any proposal (such as a proposal for a business combination) over the opposition of Regions' board of directors by calling a special meeting of stockholders at which such stockholder could replace the entire board of directors with nominees who were in favor of such proposal. First Bancshares. Under First Bancshares' bylaws, a special meeting of First Bancshares stockholders may be called by the president, board of directors, or the holders of not less than 10.0% of the shares entitled to vote at the meeting.

ACTIONS BY STOCKHOLDERS WITHOUT A MEETING Regions. The certificate of incorporation provides that any action required or permitted to be taken by Regions stockholders must be effected at a duly called meeting of stockholders and may not be effected by any written consent by the stockholders. These provisions would prevent stockholders from taking action, including action on a business combination, except at an annual meeting or special meeting called by the board of directors, chief executive officer, or secretary, even if a majority of the stockholders were in favor of such action. First Bancshares. Under the Texas Business Corporation Act and First Bancshares' bylaws, any action requiring or permitting stockholder approval may be approved by written consent of stockholders holding all of the shares of First Bancshares common stock outstanding. 40 47

STOCKHOLDER NOMINATIONS Regions. Regions' certificate of incorporation and bylaws provide that any nomination by stockholders of individuals for election to the board of directors must be made by delivering written notice of such nomination (the "Nomination Notice") to the Secretary of Regions not less than 14 days nor more than 50 days before any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days notice of the meeting is given to stockholders, the Nomination Notice must be delivered to the Secretary of Regions not later than the seventh day following the day on which notice of the meeting was mailed to stockholders. The Nomination Notice must set forth certain background information about the persons to be nominated, including information concerning (1) the name, age, business, and, if known, residential address of each nominee, (2) the principal occupation or employment of each such nominee, and (3) the number of shares of Regions capital stock beneficially owned by each such nominee. The board of directors is not required to nominate in the annual proxy statement any person so proposed; however, compliance with this

procedure would permit a stockholder to nominate the individual at the stockholders' meeting, and any stockholder may vote such holder's shares in person or by proxy for any individual such holder desires. First Bancshares. First Bancshares' articles of incorporation and bylaws do not provide for special nominating procedures for election of directors. **MERGERS, CONSOLIDATIONS, AND SALES OF ASSETS GENERALLY** Regions. The certificate of incorporation generally requires the affirmative vote of the holders of at least 75% of the outstanding voting stock of Regions to effect (1) any merger or consolidation with or into any other corporation, or (2) any sale or lease of any substantial part of the assets of Regions to any party that beneficially owns 5.0% or more of the outstanding shares of Regions voting stock, unless the transaction was approved by Regions' board of directors before the other party became a 5.0% beneficial owner or is approved by 75% or more of the board of directors after the party becomes such a 5.0% beneficial owner. In addition, the Delaware General Corporation Law generally requires the approval of a majority of the outstanding voting stock of Regions to effect (1) any merger or consolidation with or into any other corporation, (2) any sale, lease, or exchange of all or substantially all of Regions property and assets, or (3) the dissolution of Regions. However, pursuant to the Delaware General Corporation Law, Regions may enter into a merger transaction without stockholder approval if (1) Regions is the surviving corporation, (2) the agreement of merger does not amend in any respect Regions' certificate of incorporation, (3) each share of Regions stock outstanding immediately prior to the effective date of the merger is to be an identical outstanding or treasury share of Regions after the effective date of the merger, and (4) either no shares of Regions common stock and no shares, securities, or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or the treasury shares of Regions common stock to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities, or obligations to be issued or delivered under such plan do not exceed 20% of the shares of Regions common stock outstanding immediately prior to the effective date of the merger. First Bancshares. The Texas Business Corporation Act generally requires approval of at least two-thirds of the outstanding shares of a corporation's voting stock to approve a merger, consolidation, share exchange, sale of all or substantially all of the corporation's assets, or similar corporate transaction. The corporation's board of directors by resolution may require a different percentage of votes necessary for 41 48 approval. First Bancshares articles of incorporation provide that a majority of the outstanding shares of voting stock may approve such a transaction. **BUSINESS COMBINATIONS WITH CERTAIN PERSONS** Regions. Section 203 of the Delaware General Corporation Law ("Section 203") places certain restrictions on "business combinations" (as defined in Section 203 to include, generally, mergers, sales and leases of assets, issuances of securities, and similar transactions) by Delaware corporations with an "interested stockholder" (as defined in Section 203 to include, generally, the beneficial owner of 15% or more of the corporation's outstanding voting stock). Section 203 generally applies to Delaware corporations, such as Regions, that have a class of voting stock listed on a national securities exchange, authorized for quotation on an interdealer quotation system of a registered national securities association, or held of record by more than 2,000 stockholders, unless the corporation expressly elects in its certificate of incorporation or bylaws not to be governed by Section 203. Regions has not specifically elected to avoid the application of Section 203. As a result, Section 203 generally would prohibit a business combination by Regions or a subsidiary with an interested stockholder within three years after the person or entity becomes an interested stockholder, unless (1) prior to the time when the person or entity becomes an interested stockholder, Regions' board of directors approved either the business combination or the transaction pursuant to which such person or entity became an interested stockholder, (2) upon completion of the transaction in which the person or entity became an interested stockholder, the interested stockholder held at least 85% of the outstanding Regions voting stock (excluding shares held by persons who are both officers and directors and shares held by certain employee benefit plans), or (3) once the person or entity becomes an interested stockholder, the business combination is approved by Regions' board of directors and by the holders of at least two-thirds of the outstanding Regions voting stock, excluding shares owned by the interested stockholder. First Bancshares. Certain corporations in Texas are subject to the Texas Business Combination Law, which imposes similar restrictions on certain business combinations between the corporation and an interested stockholder. First Bancshares is subject to the Texas Business Combination Law. **DISSENTERS' RIGHTS** Regions. The rights of dissenting stockholders of Regions are governed by the Delaware General Corporation Law. Pursuant thereto, except as described below, any stockholder has the right to dissent from any merger of which Regions could be a constituent corporation. No appraisal rights are available, however, for (1) the shares of any class or series of stock that is either listed on a national securities exchange, quoted on the Nasdaq

National Market, or held of record by more than 2,000 stockholders or (2) any shares of stock of the constituent corporation surviving a merger if the merger did not require the approval of the surviving corporation's stockholders, unless, in either case, the holders of such stock are required by an agreement of merger or consolidation to accept for that stock something other than: (a) shares of stock of the corporation surviving or resulting from the merger or consolidation; (b) shares of stock of any other corporation that will be listed at the effective date of the merger on a national securities exchange, quoted on the Nasdaq National Market, or held of record by more than 2,000 stockholders; (c) cash instead of fractional shares of stock described in clause (a) or (b) immediately above; or (d) any combination of the shares of stock and cash instead of fractional shares described in clauses (a) through (c) immediately above. Because Regions common stock is quoted on the Nasdaq National Market and is held 42 49 of record by more than 2,000 stockholders, unless the exception described immediately above applies, holders of Regions common stock do not have dissenters' rights. First Bancshares. A summary of the pertinent provisions of the Texas Business Corporation Act pertaining to dissenters' rights is set forth under the caption "The Merger--Dissenting Stockholders," and such provisions are included as Appendix C. STOCKHOLDERS' RIGHTS TO EXAMINE BOOKS AND RECORDS Regions. The Delaware General Corporation Law provides that a stockholder may inspect books and records upon written demand under oath stating the purpose of the inspection, if such purpose is reasonably related to such person's interest as a stockholder. First Bancshares. Pursuant to the Texas Business Corporation Act, upon written notice of a demand to inspect corporate records and demonstration of a proper purpose, a stockholder who has held shares of First Bancshares common stock for at least six months or holds 5% or more of the outstanding shares of First Bancshares common stock is entitled to inspect specified corporate records, including accounting records, minutes of stockholder meetings and certain resolutions adopted at director meetings, and stockholder records. DIVIDENDS Regions. The Delaware General Corporation Law provides that, subject to any restrictions in the corporation's certificate of incorporation, dividends may be declared from the corporation's surplus, or, if there is no surplus, from its net profits for the fiscal year in which the dividend is declared and the preceding fiscal year. Dividends may not be declared, however, if the corporation's capital has been diminished to an amount less than the aggregate amount of all capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets. Substantially all of the funds available for the payment of dividends by Regions are derived from its subsidiary depository institutions. There are various statutory limitations on the ability of Regions' subsidiary depository institutions to pay dividends to Regions. See "Supervision and Regulation-Payment of Dividends." First Bancshares. Pursuant to the Texas Business Corporation Act, a board of directors may from time to time make distributions to its stockholders, subject to restrictions in its articles of incorporation, provided that no distribution may be made if, after giving it effect, (1) the corporation would be insolvent, or (2) the distribution exceeds the corporation's surplus. There are no specific restrictions regarding payment of dividends contained in First Bancshares' articles of incorporation. Substantially all of the funds available for the payment of dividends by First Bancshares are derived from its banking subsidiary, First Bank of Texas. There are various statutory limitations on the ability of First Bank of Texas to pay dividends to First Bancshares. 43 50 COMPARATIVE MARKET PRICES AND DIVIDENDS Regions common stock is quoted on the Nasdaq National Market under the symbol "RGBK." First Bancshares common stock is not traded in any established market. The following table sets forth, for the indicated periods, the high and low closing sale prices for Regions common stock as reported on the Nasdaq National Market, the high and low prices of First Bancshares common stock based on the transactions known to First Bancshares management, and the cash dividends declared per share of Regions and First Bancshares common stock. For the indicated period there has been only a very limited number of transactions in First Bancshares common stock and all such transactions have involved limited numbers of shares. REGIONS FIRST BANCSHARES PRICE RANGE CASH DIVIDENDS CASH DIVIDENDS DECLARED DECLARED HIGH LOW PER SHARE HIGH LOW PER SHARE -----

	High	Low	High	Low	Per Share	High	Low	Per Share
1999 First Quarter.....	\$ 41.44	\$ 34.63	\$.25	15.75	14.00	\$.10	39.13	34.72
Second Quarter.....	39.13	34.72	.25	14.62	12.50	.10	31.25	23.38
Third Quarter.....	38.94	29.81	.25	13.25	12.87	.10	24.50	19.19
Fourth Quarter.....	31.25	23.38	.25	13.37	12.87	.10	24.50	19.19
2000 First Quarter	24.31	18.44	.27	13.62	13.00	.10		
Second Quarter.....	24.50	19.19	.27	13.37	12.00	.10		

Allen Gage Banking Chairman, Chief 1991 550,129 31.66%(2) Executive Officer, and President of First Bancshares; Chairman and Chief Executive Officer of First Bank Kenneth E. Goates Banking Director 1992 48,000 2.76 James C. Lederer Attorney Director 1993 35,000 2.01 Mary Melville Banking Vice President and 1990 288,129 16.58(2) Secretary of First Bancshares; Executive Vice President and Director of First Bank Joan Luce Banking Vice President and 1999 N/A Treasurer of First Bancshares; Executive Vice President and Director of First

Bank (1) Unless otherwise indicated, position is with First Bancshares. (2) Includes 260,129 shares held by the First Bancshares Employee Stock Ownership Plan of which Mr. Gage and Ms. Melville are trustees. **TRANSACTIONS WITH MANAGEMENT** In the ordinary course of business, First Bank of Texas has loans, deposits and other transactions with its executive officers, directors, and organizations with which such persons are associated. Such transactions are on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. The aggregate amount of loans to such persons and any company in which they have a 10% or more ownership interest as of June 30, 2001, were approximately \$120,000. **VOTING**

SECURITIES AND PRINCIPAL STOCKHOLDERS The following table sets forth certain information concerning the beneficial owners of more than 5.0% of First Bancshares common stock, as of the record date. 48 55 **NAME AND ADDRESS AMOUNT AND NATURE PERCENT OF OF BENEFICIAL OWNER BENEFICIAL OWNERSHIP CLASS** (1) -----

W. Allen Gage 550,129 31.66%(2) 2001 Kirby Suite 808 Houston, TX 77019 First Bancshares Employee 260,129 14.97 Stock Ownership Plan 2001 Kirby, Suite 808 Houston, TX 77019 (1) The information shown above is based upon information furnished by the named persons.

Information relating to beneficial ownership is based upon "beneficial ownership" concepts set forth in rules promulgated under the Exchange Act. Under such rules a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose or to direct the disposition of such security. Under the rules, more than one person may be deemed to be a beneficial owner of the same securities. A person is also deemed to be a beneficial owner of any security of which that person has the right to acquire beneficial ownership within 60 days from the record date. (2) Includes 260,129 shares held by First Bancshares Employee Stock Ownership Plan of which Mr. Gage is a trustee. 49 56 **INFORMATION ABOUT REGIONS GENERAL** Regions is a regional bank holding company and financial holding company organized and existing under the laws of the state of Delaware and headquartered in Birmingham, Alabama, with more than 670 banking offices located in Alabama, Arkansas, Florida, Georgia, Louisiana, South Carolina, Tennessee, and Texas as of June 30, 2001. At that date, Morgan Keegan & Company, Inc., Regions' broker-dealer subsidiary, had 140 offices in 14 states. As of June 30, 2001, Regions had total consolidated assets of approximately \$45.1 billion, total consolidated deposits of approximately \$31.8 billion, and total consolidated stockholders' equity of approximately \$3.8 billion. Regions has banking-related subsidiaries engaged in mortgage banking, credit life insurance, and leasing, with offices in various Southeastern states. Through Morgan Keegan and its banking-related subsidiaries, Regions offers a broad range of banking and financial services. Regions was organized under the laws of the state of Delaware and commenced operations in 1971 under the name First Alabama Bancshares, Inc. In 1994, the name of First Alabama Bancshares, Inc. was changed to Regions Financial Corporation. Regions' principal executive offices are located at 417 North 20th Street, Birmingham, Alabama 35203, and its telephone number at such address is (205) 944-1300. Regions continually evaluates business combination opportunities and frequently conducts due diligence activities in connection with possible business combinations. As a result, business combination discussions and, in some cases, negotiations frequently take place, and future business combinations involving cash, debt, or equity securities can be expected. Any future business combination or series of business combinations that Regions might undertake may be material, in terms of assets acquired or liabilities assumed, to Regions' financial condition. Recent business combinations in the banking industry have typically involved the payment of a premium over book and market values. This practice could result in dilution of book value and net income per share for the acquirer. Additional information about Regions and its subsidiaries is included in documents incorporated by reference in this proxy statement-prospectus. See "Where You Can Find More Information."

RECENT DEVELOPMENTS Since December 31, 2000, and as of the date of this proxy statement-prospectus, Regions has completed the acquisitions of Morgan Keegan, Inc. and Rebsamen Insurance, Inc. and has entered into a definitive agreement to acquire one financial institution in addition to First Bancshares. Certain aspects of the completed and other pending acquisition are presented in the following table: 50 57 **CONSIDERATION**

----- **APPROXIMATE** ----- **ACCOUNTING INSTITUTION**

ASSET SIZE(1) VALUE(1) TYPE TREATMENT ----- (In millions) Recently Completed Acquisition Morgan Keegan, Inc., located in Memphis, Tennessee \$ 2,008 \$ 783 Regions Purchase Common Stock and Cash Rebsamen Insurance, Inc. located in Little Rock, 32 Not Cash Arkansas Reported Purchase Other Pending Acquisition Park Meridian Financial Corporation, located in 284 50 Regions Purchase Charlotte, North Carolina Common Stock ----- (1) Calculated as of the date of consummation in the case of the completed acquisitions

and as of the date of announcement of the transaction in the case of pending acquisitions. Completion of the other pending acquisition is subject to the approval of certain regulatory agencies and approval of the stockholders of the institution to be acquired. Moreover, the closing of the transaction is subject to various contractual conditions precedent. No assurance can be given that the conditions precedent to consummating the transaction will be satisfied in a manner that will result in their completion. If the other pending acquisition and the merger had been consummated on June 30, 2001, as of that date Regions' total consolidated assets would have been increased by approximately \$430 million to approximately \$45.6 billion; its total consolidated deposits would have increased by approximately \$358 million to approximately \$31.5 billion; and its total consolidated stockholders' equity would have remained at approximately \$3.8 billion.

51 58 SUPERVISION AND REGULATION The following discussion sets forth certain of the material elements of the regulatory framework applicable to banks and bank holding companies and provides certain specific information related to Regions and First Bancshares. Additional information is available in Regions' Annual Report on Form 10-K for the fiscal year ended December 31, 2000. See "Where You Can Find More Information."

GENERAL Regions and First Bancshares are both bank holding companies registered with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act. As such, Regions and First Bancshares and their non-bank subsidiaries are subject to the supervision, examination, and reporting requirements of the Bank Holding Company Act and the regulations of the Federal Reserve Board as well as other applicable state laws. The Bank Holding Company Act requires every bank holding company to obtain the prior approval of the Federal Reserve Board before: (1) it may acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, the bank holding company will directly or indirectly own or control more than 5.0% of the voting shares of the bank; (2) it or any of its subsidiaries, other than a bank, may acquire all or substantially all of the assets of any bank; or (3) it may merge or consolidate with any other bank holding company. The Bank Holding Company Act further provides that the Federal Reserve Board may not approve any transaction that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any section of the United States, or the effect of which may be substantially to lessen competition or to tend to create a monopoly in any section of the country, or that in any other manner would be in restraint of trade, unless the anticompetitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve Board is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned and the convenience and needs of the community to be served. The Bank Holding Company Act prohibits bank holding companies that have not become financial holding companies from engaging in activities other than banking or managing or controlling banks or other permissible subsidiaries and from acquiring or retaining direct or indirect control of any company engaged in any activities other than those activities determined by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. As a financial holding company, however, Regions has authority to engage in a range of activities that are financial in nature and that were not previously permissible for banks and bank holding companies. Subject to the regulations of the Federal Reserve Board, a financial holding company may engage directly or through a subsidiary in the statutorily authorized activities of securities dealing, underwriting, and market making, insurance underwriting and agency activities, merchant banking, and insurance company portfolio investments, and in any activity that the Federal Reserve Board determines by rule or order to be financial in nature or incidental to such financial activity. Merchant banking activities are subject to certain limitations and may become subject to more stringent capital requirements than other activities.

52 59 Under the Bank Holding Company Act, as amended by the Gramm-Leach-Bliley Act effective in 2000, securities brokerage firms and insurance companies may acquire banks and bank holding companies and become financial holding companies. The Gramm-Leach-Bliley Act provides for coordinated regulation of integrated financial holding companies, providing generally for "umbrella" regulation of financial holding companies by the Federal Reserve Board, and for functional regulation of banking activities by bank regulators, securities activities by securities regulators, and insurance activities by insurance regulators. As of the date of this proxy statement-prospectus, Regions Bank is Regions' only subsidiary bank and First Bank of Texas is First Bancshares' only subsidiary bank. Regions Bank and First Bank of Texas are each a member of the Federal Deposit Insurance Corporation (the "FDIC"), and therefore the deposits of each are insured by the FDIC to the extent provided by law. Regions Bank and First Bank of Texas are also subject to numerous state and federal statutes and regulations that affect their businesses, activities, and operations. As an Alabama state bank that recently became a member of the

federal reserve system, Regions Bank is subject to supervision and examination by the Federal Reserve Board and the State Banking Department of Alabama. First Bank of Texas is subject to supervision and examination by the FDIC and the Texas Department of Banking. The applicable federal and state banking regulators regularly examine the operations of the banks and have authority to approve or disapprove mergers, consolidations, the establishment of branches, and similar corporate actions. The federal and state banking regulators also have the power to prevent the continuance or development of unsafe or unsound banking practices or other violations of law.

PAYMENT OF DIVIDENDS Regions and First Bancshares are legal entities separate and distinct from their banking and other subsidiaries. The principal sources of cash flow of both Regions and First Bancshares, including cash flow to pay dividends to their respective stockholders, are dividends from their subsidiary banks. There are statutory and regulatory limitations on the payment of dividends by these subsidiary banks to Regions and First Bancshares, as well as by Regions and First Bancshares to their stockholders. As to the payment of dividends, Regions Bank is subject to the laws and regulations of the state of Alabama and to the regulations of the Federal Reserve Board., First Bank of Texas is subject to the laws and regulations of the state of Texas, and to the regulations of the FDIC. If, in the opinion of a federal banking regulatory agency, an institution under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the depository institution, could include the payment of dividends), such agency may require, after notice and hearing, that such institution cease and desist from such practice. The federal banking agencies have indicated that paying dividends that deplete an institution's capital base to an inadequate level would be an unsafe and unsound banking practice. Under current federal law, an insured institution may not pay any dividend if payment would cause it to become undercapitalized or if it already is undercapitalized. See "-Prompt Corrective Action." Moreover, the Federal Reserve Board and the FDIC have issued policy statements which provide that bank holding companies and insured banks should generally pay dividends only out of current operating earnings.

53 60 At June 30, 2001, under dividend restrictions imposed under federal and the respective state laws, without obtaining governmental approvals, Regions Bank could declare aggregate dividends to Regions of approximately \$340 million, and First Bank of Texas could declare aggregate dividends to First Bancshares of approximately \$567,000. The payment of dividends by Regions and First Bancshares and their subsidiary banks may also be affected or limited by other factors, such as the requirement to maintain adequate capital above regulatory guidelines.

CAPITAL ADEQUACY Regions, First Bancshares, and their respective subsidiary banks are required to comply with the capital adequacy standards established by their primary federal regulator, the Federal Reserve Board in the case of Regions, Regions Bank, and First Bancshares and the FDIC in the case of First Bank of Texas. There are two basic measures of capital adequacy for bank holding companies that have been promulgated by the Federal Reserve Board: a risk-based measure and a leverage measure. All applicable capital standards must be satisfied for a bank holding company to be considered in compliance. The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks and bank holding companies, to account for off-balance-sheet exposure, and to minimize disincentives for holding liquid assets. Assets and off-balance sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items. The minimum guideline for the ratio of total capital ("Total Capital") to risk-weighted assets (including certain off-balance-sheet items, such as standby letters of credit) is 8.0%. At least half of the Total Capital must be composed of common equity, undivided profits, minority interests in the equity accounts of consolidated subsidiaries, qualifying noncumulative perpetual preferred stock, and a limited amount of cumulative perpetual preferred stock, less goodwill and certain other intangible assets ("Tier 1 Capital"). The remainder may consist of certain subordinated debt, other preferred stock, and a limited amount of loan loss reserves. The minimum guideline for Tier 1 Capital is 4.0%. At June 30, 2001, Regions' consolidated Total Capital Ratio was 12.18% and its Tier 1 Capital Ratio (i.e., the ratio of Tier 1 Capital to risk-weighted assets) was 8.78%, and First Bancshares' consolidated Total Capital Ratio was 11.81% and its Tier 1 Capital Ratio was 11.05%. In addition, the Federal Reserve Board has established minimum leverage ratio guidelines for bank holding companies. These guidelines provide for a minimum ratio of Tier 1 Capital to average assets, less goodwill and certain other intangible assets (the "Leverage Ratio"), of 3.0% for bank holding companies that meet certain specified criteria, including having the highest regulatory rating. All other bank holding companies generally are required to maintain a Leverage Ratio of at least 3.0%, plus an additional cushion of 100 to 200 basis points above the stated minimums. The guidelines also provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the

minimum supervisory levels without significant reliance on intangible assets. Furthermore, the Federal Reserve Board has indicated that it will consider a "tangible Tier 1 Capital leverage ratio" (deducting all intangibles) and other indicators of capital strength in evaluating proposals for expansion or new activities. At June 30, 2001, Regions' Leverage Ratio was 6.69% and First Bancshares' Leverage Ratio was 6.60%. 54 61 Each of Regions Bank and First Bank of Texas is subject to risk-based and leverage capital requirements applicable to banks as adopted by its respective primary federal regulator, which are substantially similar to those adopted by the Federal Reserve Board applicable to bank holding companies. Each of the subsidiary banks was in compliance with applicable minimum capital requirements as of June 30, 2001. Neither Regions, First Bancshares, nor any of their subsidiary banks has been advised by any federal banking agency of any specific minimum capital ratio requirement applicable to it. Failure to meet capital guidelines could subject a bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on the taking of brokered deposits, and certain other restrictions on its business. As described below, substantial additional restrictions can be imposed upon FDIC-insured depository institutions that fail to meet applicable capital requirements. See "-Prompt Corrective Action." The Federal Reserve Board and the FDIC also have adopted final regulations requiring regulators to consider interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off- balance-sheet position) in the evaluation of a bank's capital adequacy. The bank regulatory agencies' methodology for evaluating interest rate risk requires banks with excessive interest rate risk exposure to hold additional amounts of capital against such exposures. PROMPT CORRECTIVE ACTION Current federal law establishes a system of prompt corrective action to resolve the problems of undercapitalized banks and other depository institutions. Under this system the federal banking regulators have established five capital categories ("well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized") and must take certain mandatory supervisory actions, and are authorized to take other discretionary actions, with respect to institutions in the three undercapitalized categories, the severity of which will depend upon the capital category in which the institution is placed. Generally, subject to a narrow exception, current federal law requires the appropriate federal banking regulator to appoint a receiver or conservator for a depository institution that is critically undercapitalized. The federal banking agencies have specified by regulation the relevant capital level for each category. Under the final agency rule implementing the prompt corrective action provisions, a depository institution that (1) has a Total Capital ratio of 10% or greater, a Tier 1 Capital ratio of 6.0% or greater, and a Leverage Ratio of 5.0% or greater and (2) is not subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the appropriate federal banking agency is deemed to be "well capitalized." A depository institution with a Total Capital ratio of 8.0% or greater, a Tier 1 Capital ratio of 4.0% or greater, and a Leverage Ratio of 4.0% or greater is considered to be "adequately capitalized." A depository institution that has a Total Capital ratio of less than 8.0%, a Tier 1 Capital ratio of less than 4.0%, or a Leverage Ratio of less than 4.0% is considered to be "undercapitalized." A depository institution that has a Total Capital ratio of less than 6.0%, a Tier 1 Capital ratio of less than 3.0%, or a Leverage Ratio of less than 3.0% is considered to be "significantly undercapitalized," and a depository institution that has a tangible equity capital to assets ratio equal to or less than 2.0% is deemed to be "critically undercapitalized." For purposes of the regulation, the term "tangible equity" includes core capital elements counted as Tier 1 Capital for purposes of the risk-based capital standards plus the amount of outstanding cumulative perpetual preferred stock (including related surplus), minus all intangible assets with certain exceptions. A depository institution may be deemed to be 55 62 in a capitalization category that is lower than is indicated by its actual capital position if it receives an unsatisfactory examination rating. A depository institution that is categorized as undercapitalized, significantly undercapitalized, or critically undercapitalized is required to submit an acceptable capital restoration plan to its appropriate federal banking agency. Although the prompt corrective action system does not apply to holding companies of banks and other depository institutions, a bank holding company must guarantee that a subsidiary depository institution meet its capital restoration plan, subject to certain limitations. The obligation of a controlling bank holding company to fund a capital restoration plan is limited to the lesser of 5.0% of an undercapitalized subsidiary's assets or the amount required to meet regulatory capital requirements. An undercapitalized institution is also generally prohibited from increasing its average total assets, making acquisitions, establishing any branches, or engaging in any new line of business, except in accordance with an accepted capital restoration plan or with the approval of the FDIC. In addition, the appropriate federal banking agency is given authority with respect to any undercapitalized depository institution to take any of the actions it is required to or may

take with respect to a significantly undercapitalized institution as described below if it determines "that those actions are necessary to carry out the purpose" of the law. At June 30, 2001, the subsidiary banks of Regions and First Bancshares had the requisite capital levels to qualify as well-capitalized. **FDIC INSURANCE ASSESSMENTS** The FDIC currently uses a risk-based assessment system for insured depository institutions that takes into account the risks attributable to different categories and concentrations of assets and liabilities. The risk-based assessment system, which went into effect on January 1, 1994, assigns an institution to one of three capital categories: (1) well capitalized; (2) adequately capitalized; and (3) undercapitalized. These three categories are substantially similar to the prompt corrective action categories described above, with the "undercapitalized" category including institutions that are undercapitalized, significantly undercapitalized, and critically undercapitalized for prompt corrective action purposes. An institution is also assigned by the FDIC to one of three supervisory subgroups within each capital group. The supervisory subgroup to which an institution is assigned is based on a supervisory evaluation provided to the FDIC by the institution's primary federal regulator and information which the FDIC determines to be relevant to the institution's financial condition and the risk posed to the deposit insurance funds (which may include, if applicable, information provided by the institution's state supervisor). An institution's insurance assessment rate is then determined based on the capital category and supervisory category to which it is assigned. Under the final risk-based assessment system, there are nine assessment risk classifications (i.e., combinations of capital groups and supervisory subgroups) to which different assessment rates are applied. The FDIC recently has proposed changes to its assessment system that are designed to require premium payments by a greater number of banks and other FDIC-insured depository institutions and that also would provide rebates to some institutions. If any of these changes were to take effect, the assessment obligations of the subsidiary banks of Regions and First Bancshares could change. The FDIC may terminate an institution's insurance of deposits upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC. **56 63 DESCRIPTION OF REGIONS COMMON STOCK** Regions is authorized to issue 500,000,000 shares of Regions common stock and 5,000,000 shares of preferred stock. At June 30, 2001, 229,133,874 shares of Regions common stock were issued, including 1,500,000 treasury shares, and 227,633,874 shares were issued and outstanding. At that date no preferred stock was issued. No other class of stock is authorized. Holders of Regions common stock are entitled to receive such dividends as may be declared by the board of directors out of funds legally available therefor. The ability of Regions to pay dividends is affected by the ability of its subsidiary institutions to pay dividends, which is limited by applicable regulatory requirements and capital guidelines. At June 30, 2001, under such requirements and guidelines, Regions' subsidiary institutions had \$340 million of undivided profits legally available for the payment of dividends. See "Supervision and Regulation-Payment of Dividends." For a further description of Regions common stock, see "Effect of the Merger on Rights of Stockholders." **STOCKHOLDER PROPOSALS** Regions expects to hold its next annual meeting of stockholders after the merger during May 2002. Under SEC rules, proposals of Regions stockholders intended to be presented at that meeting must be received by Regions at its principal executive offices by December 11, 2001, for consideration by Regions for possible inclusion in such proxy statement. **FORWARD LOOKING STATEMENTS** This proxy statement-prospectus and documents incorporated in it may include forward looking statements which reflect Regions' current views with respect to future events and financial performance. Such forward looking statements are based on general assumptions and are subject to various risks, uncertainties, and other factors that may cause actual results to differ materially from the views, beliefs, and projections expressed in such statements. Some factors are specific to Regions, including: - The cost and other effects of material contingencies, including litigation contingencies and other contingencies related to acquired operations. - Regions' ability to expand into new markets and to maintain profit margins in the face of pricing pressures. - The ability of Regions to achieve the earnings expectations related to the acquired operations of recently-completed and pending acquisitions, which in turn depends on a variety of factors, including - the ability of Regions to achieve the anticipated cost savings and revenue enhancements with respect to the acquired operations. - the assimilation of the acquired operations to Regions' corporate culture, including the ability to instill Regions' credit practices and efficient approach to the acquired operations. **57 64** - the continued growth of the acquired entities' markets consistent with recent historical experience. Other factors which may affect Regions apply to the financial services industry more generally, including: - Possible changes in economic and business conditions that may affect the prevailing interest rates, the prevailing rates of inflation, or the amount of growth, stagnation, or recession in the global, U.S., and southeastern U.S. economies, the value of investments, collectibility of loans, and the profitability of

business entities. - Possible changes in monetary and fiscal policies, laws, and regulations, and other activities of governments, agencies, and similar organizations. - The effects of easing of restrictions on participants in the financial services industry, such as banks, securities brokers and dealers, investment companies, and finance companies, and attendant changes in patterns and effects of competition in the financial services industry. The words "believe", "expect", "anticipate", "project", and similar expressions signify forward looking statements. Readers are cautioned not to place undue reliance on any forward looking statements made by or on behalf of Regions. Any such statement speaks only as of the date the statement was made. Regions undertakes no obligation to update or revise any forward looking statements. EXPERTS The consolidated financial statements of Regions at December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, incorporated by reference in this Registration Statement, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon which is included in the Annual Report on Form 10-K for the year ended December 31, 2000. The financial statements audited by Ernst & Young LLP have been incorporated herein by reference in reliance on their report given on their authority as experts in accounting and auditing. The consolidated financial statements of First Bancshares, incorporated by reference in this Registration Statement, have been audited by Hereford, Lynch, Sellars & Kirkham, P.C., independent auditors, for the periods indicated in their report thereon which is included therein. The financial statements audited by Hereford, Lynch, Sellars & Kirkham, P.C. have been incorporated by reference herein in reliance on their report given on their authority as experts in accounting and auditing. OPINIONS The legality of the shares of Regions common stock to be issued in the merger will be passed upon by Lange, Simpson, Robinson & Somerville LLP, Birmingham, Alabama. Henry E. Simpson, partner in the law firm of Lange, Simpson, Robinson & Somerville LLP, is a member of the board of directors of Regions. As of _____, 2001, attorneys in the law firm of Lange, Simpson, Robinson & Somerville LLP owned an aggregate of _____ shares of Regions common stock. 58 65 Certain tax consequences of the transaction have been passed upon by Alston & Bird LLP, Atlanta, Georgia. WHERE YOU CAN FIND MORE INFORMATION Regions files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that Regions files with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C., 20549, and at the SEC's public reference rooms in New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. These filings are also available at the Internet world wide web site maintained by the SEC at "http://www.sec.gov." Regions filed a Registration Statement on Form S-4 (the "Registration Statement") to register with the SEC the Regions common stock to be issued to First Bancshares stockholders in the merger. This proxy statement-prospectus is a part of that Registration Statement and constitutes a prospectus of Regions. As allowed by SEC rules, this proxy statement-prospectus does not contain all the information you can find in Regions' registration statement or the exhibits to that registration statement. SEC regulations allow Regions to "incorporate by reference" information into this proxy statement-prospectus, which means that Regions can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered part of this proxy statement-prospectus, except for any information superseded by information contained directly in this proxy statement-prospectus or in later filed documents incorporated by reference in this proxy statement-prospectus. This proxy statement-prospectus incorporates by reference the documents set forth below that Regions has previously filed with the SEC. These documents contain important information about Regions and its finances. REGIONS SEC FILINGS (FILE NO. 0-6159) PERIOD/AS OF DATE Annual Report on Form 10-K Year ended December 31, 2000 Quarterly Reports on Form 10-Q Quarters ended March 31 and June 30, 2001 Current Reports filed on Form 8-K January 18, February 26, March 5, and March 30, 2001 Regions also incorporates by reference additional documents that may be filed with the SEC between the date of this proxy statement-prospectus and the date of the special meeting. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements. Regions has supplied all information contained or incorporated by reference in this proxy statement-prospectus relating to Regions, and First Bancshares has supplied all such information relating to First Bancshares. If you are a stockholder, we may have sent you some of the documents incorporated by reference, but you can obtain any of them through Regions, the SEC or the SEC's Internet web site as described above. 59 66 You should rely only on the information contained or incorporated by reference in this proxy statement-prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement-prospectus. This proxy statement-prospectus is dated _____. You should not assume that the information

contained in this proxy statement-prospectus is accurate as of any date other than that date. Neither the mailing of this proxy statement-prospectus to stockholders nor the issuance of Regions common stock in the merger creates any implication to the contrary. There may be changes in the affairs of Regions or First Bancshares since the date of this proxy statement-prospectus which are not reflected in this document. We have not authorized anyone to give any information or make any representation about the merger or Regions and First Bancshares that differs from, or adds to, the information in this proxy statement-prospectus or in Regions' documents that are publicly filed with the Securities and Exchange Commission. Therefore, if anyone does give you different or additional information, you should not rely on it. If you are in a jurisdiction where it is unlawful to offer to exchange or sell, or to ask for offers to exchange or buy, the securities offered by this proxy statement-prospectus or to ask for proxies, or if you are a person to whom it is unlawful to direct such activities, then the offer presented by this proxy statement-prospectus does not extend to you.

60 67 APPENDIX A AGREEMENT AND PLAN OF MERGER BY AND BETWEEN FIRST BANCSHARES OF TEXAS, INC. AND REGIONS FINANCIAL CORPORATION DATED AS OF AUGUST 3, 2001 A-1 68 TABLE OF CONTENTS PAGE ---- Parties.....

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DESCRIPTION ----- 1. -- Form of Support Agreement. (sec. 1.4). 2. -- Form of Affiliate Agreement. (sec. 8.11). A-4 71 AGREEMENT AND PLAN OF MERGER THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of August 3, 2001, by and between FIRST BANCSHARES OF TEXAS, INC. ("FBOT"), a corporation organized and existing under the Laws of the State of Texas, with its principal office located in Houston, Texas; and REGIONS FINANCIAL CORPORATION ("Regions"), a corporation organized and existing under the Laws of the State of Delaware, with its principal office located in Birmingham, Alabama.
PREAMBLE The Boards of Directors of FBOT and Regions believe that the transactions described herein are in the best interests of the parties to this Agreement and their respective stockholders. This Agreement provides for the acquisition of FBOT by Regions pursuant to the merger of FBOT with and into Regions. At the effective time of the merger, the outstanding shares of the capital stock of FBOT shall be converted into shares of the common stock of Regions (except as provided herein). As a result, stockholders of FBOT shall become stockholders of Regions, and each of the subsidiaries of FBOT shall continue to conduct its business and operations as a subsidiary of Regions. The transactions described in this Agreement are subject to the approvals of the stockholders of FBOT, the Board of Governors of the Federal Reserve System, and certain state regulatory authorities, and the satisfaction of certain other conditions described in this Agreement. It is the intention of the parties to this Agreement that the Merger for federal income tax purposes shall qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code and that this Agreement shall constitute a "plan of reorganization" for purposes of Sections 354 and 361 of the Internal Revenue Code. As a condition and inducement to Regions' willingness to enter into this Agreement, FBOT's directors are executing and delivering to Regions an agreement (a "Support Agreement"), in substantially the form of Exhibit 1. Certain terms used in this Agreement are defined in Section 11.1 of this Agreement. NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows: ARTICLE 1 TRANSACTIONS AND TERMS OF MERGER 1.1 Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, FBOT shall be merged with and into Regions in accordance with the provisions of Section 5.01 of the TBCA and Sections 252 and 258 of the DGCL and with the effect provided in Section 5.06 of the TBCA and Section 259 of the DGCL, respectively (the "Merger"). Regions shall be the Surviving Corporation resulting from the Merger and shall continue to be governed by the Laws of the State of Delaware. The Merger shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors of FBOT and Regions. 1.2 Time and Place of Closing. The consummation of the Merger (the "Closing") shall take place at 9:00 A.M. on the date that the Effective Time occurs (or the immediately preceding day if the Effective Time is earlier than 9:00 A.M.), or at such other time as the Parties, acting through their duly authorized officers, may mutually agree. The place of Closing shall be at such location as may be mutually agreed upon by the Parties. 1.3 Effective Time. The Merger and the other transactions contemplated by this Agreement shall become effective on the date and at the time the Texas Articles of Merger reflecting the Merger shall become effective with the Secretary of State of the State of Texas and the Delaware Certificate of Merger reflecting the Merger shall become effective with the Secretary of State of the State of Delaware (the "Effective A-5 72 Time"). Subject to the terms and conditions hereof, unless otherwise mutually agreed upon by the duly authorized officers of each Party, the Parties shall use their reasonable efforts to cause the Effective

Time to occur on the last business day of the month in which the last of the following occurs: (i) the effective date (including expiration of any applicable waiting period) of the last required Consent of any Regulatory Authority having authority over and approving or exempting the Merger and (ii) the date on which the stockholders of FBOT approve the matters relating to this Agreement required to be approved by such stockholders by applicable Law, or such later day within 30 days thereof as may be specified.

1.4 Execution of Support Agreements. Simultaneously with the execution of this Agreement and as a condition hereto, the directors of FBOT are executing and delivering to Regions a Support Agreement.

ARTICLE 2 TERMS OF MERGER

2.1 Certificate of Incorporation. The Certificate of Incorporation of Regions in effect immediately prior to the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation after the Effective Time until otherwise amended or repealed.

2.2 Bylaws. The Bylaws of Regions in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation after the Effective Time until otherwise amended or repealed.

2.3 Directors and Officers. The directors of Regions in office immediately prior to the Effective Time, together with such additional persons as may thereafter be elected, shall serve as the directors of the Surviving Corporation from and after the Effective Time in accordance with the Bylaws of the Surviving Corporation. The officers of Regions in office immediately prior to the Effective Time, together with such additional persons as may thereafter be elected, shall serve as the officers of the Surviving Corporation from and after the Effective Time in accordance with the Bylaws of the Surviving Corporation.

ARTICLE 3 MANNER OF CONVERTING SHARES

3.1 Conversion of Shares. Subject to the provisions of this Article 3, at the Effective Time, by virtue of the Merger and without any action on the part of Regions or FBOT, or the stockholders of either of the foregoing, the shares of the constituent corporations shall be converted as follows: (a) Each share of Regions Common Stock issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time. (b) Each share of FBOT Common Stock, excluding shares held by any FBOT Company or any Regions Company, in each case other than in a fiduciary capacity or as a result of debts previously contracted, issued and outstanding at the Effective Time shall be converted into .589 of a share of Regions Common Stock (subject to adjustment as set forth in the following proviso, the "Exchange Ratio"); provided that (i) in the event the Average Closing Price is greater than \$36.00, the Exchange Ratio shall be equal to the quotient (rounded to the nearest thousandth) obtained by dividing (A) the product of \$36.00 and the Exchange Ratio (as then in effect) by (B) the Average Closing Price and (ii) in the event the Average Closing Price is less than \$26.00, the Exchange Ratio shall be equal to the quotient (rounded to the nearest thousandth) obtained by dividing (A) the product of \$26.00 and the Exchange Ratio (as then in effect) by (B) the Average Closing Price.

3.2 Anti-Dilution Provisions. In the event FBOT changes the number of shares of FBOT Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, reverse stock split, stock dividend, or similar recapitalization with respect to such stock, the Exchange Ratio shall be proportionately adjusted. In the event Regions changes the number of shares of Regions Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, reverse stock split, stock dividend, or similar recapitalization with respect to such stock and the record date therefor (in the case of a stock dividend) or the A-6 73 effective date thereof (in the case of a stock split or similar recapitalization for which a record date is not established) shall be prior to the Effective Time, the Exchange Ratio shall be proportionately adjusted.

3.3 Shares Held by FBOT or Regions. Each of the shares of FBOT Common Stock held by any FBOT Company or by any Regions Company, in each case other than in a fiduciary capacity or as a result of debts previously contracted, shall be canceled and retired at the Effective Time and no consideration shall be issued in exchange therefor.

3.4 Dissenting Stockholders. Any holder of shares of FBOT Common Stock who perfects such holder's dissenters' rights of appraisal in accordance with and as contemplated by Sections 5.11, 5.12, and 5.13 of the TBCA shall be entitled to receive the value of such shares in cash as determined pursuant to such provision of Law; provided, however, that no such payment shall be made to any dissenting stockholder unless and until such dissenting stockholder has complied with the applicable provisions of the TBCA and surrendered to the Surviving Corporation the certificate or certificates representing the shares for which payment is being made. In the event that after the Effective Time a dissenting stockholder of FBOT fails to perfect, or effectively withdraws or loses, such holder's right to appraisal and of payment for such holder's shares, Regions shall issue and deliver the consideration to which such holder of shares of FBOT Common Stock is entitled under this Article 3 (without interest) upon surrender by such holder of the certificate or certificates representing shares of FBOT Common Stock held by such holder. FBOT will establish an escrow account with an amount sufficient to satisfy the maximum aggregate payment that may be required to be paid to dissenting stockholders. Upon satisfaction of all claims of dissenting stockholders, the remaining escrowed amount, reduced by

payment of the fees and expenses of the escrow agent, will be returned to FBOT or the Surviving Corporation. 3.5 Fractional Shares. Notwithstanding any other provision of this Agreement, each holder of shares of FBOT Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of Regions Common Stock shall receive, in lieu thereof, cash (without interest) in an amount equal to a fractional part of a share of Regions Common Stock multiplied by the market value of one share of Regions Common Stock at the Effective Time. The market value of one share of Regions Common Stock at the Effective Time shall be the last sale price of Regions Common Stock at the close of regular trading on the Nasdaq NMS (as reported by The Wall Street Journal or, if not reported thereby, any other authoritative source agreed to by FBOT and Regions) on the last trading day preceding the Effective Time. No such holder will be entitled to dividends, voting rights, or any other rights as a stockholder in respect of any fractional shares. ARTICLE 4 EXCHANGE OF SHARES 4.1 Exchange Procedures. (a) As soon as reasonably practicable after the Effective Time, Regions and FBOT shall cause the exchange agent selected by Regions (the "Exchange Agent") to mail to the former stockholders of FBOT appropriate transmittal materials (which shall specify that delivery shall be effected, and risk of loss and title to the certificates theretofore representing shares of FBOT Common Stock shall pass, only upon proper delivery of such certificates to the Exchange Agent). After the Effective Time, each holder of shares of FBOT Common Stock (other than shares to be canceled pursuant to Section 3.3 of this Agreement or as to which dissenters' rights of appraisal as contemplated by Section 3.4 of this Agreement have been perfected and not withdrawn or forfeited under Section 5.12 of the TBCA) issued and outstanding at the Effective Time promptly upon surrender of the certificate or certificates representing such shares to the Exchange Agent, shall receive in exchange therefor the consideration provided in Section 3.1 of this Agreement, together with all undelivered dividends and other distributions in respect of such shares (without interest thereon) pursuant to Section 4.2 of this Agreement. To the extent required by Section 3.5 of this Agreement, each holder of shares of FBOT Common Stock issued and outstanding at the Effective Time also shall receive, upon surrender of the certificate or certificates A-7 74 representing such shares, cash in lieu of any fractional share of Regions Common Stock to which such holder may be otherwise entitled (without interest). Until so surrendered, each outstanding certificate of FBOT Common Stock shall be deemed for all purposes, other than as provided below with respect to the payment of dividends or other distributions payable to the holders of shares of Regions Common Stock, to represent the consideration into which the number of shares of FBOT Common Stock represented thereby prior to the Effective Time shall have been converted. Regions shall not be obligated to deliver the consideration to which any former holder of FBOT Common Stock is entitled as a result of the Merger until such holder surrenders such holder's certificate or certificates representing the shares of FBOT Common Stock for exchange as provided in this Section 4.1. The certificate or certificates of FBOT Common Stock so surrendered shall be duly endorsed as the Exchange Agent may require. Any other provision of this Agreement notwithstanding, neither the Surviving Corporation, FBOT, nor the Exchange Agent shall be liable to a holder of FBOT Common Stock for any amounts paid or property delivered in good faith to a public official pursuant to any applicable abandoned property Law. 4.2 Rights of Former FBOT Stockholders. At the Effective Time, the stock transfer books of FBOT shall be closed as to holders of FBOT Common Stock immediately prior to the Effective Time and no transfer of FBOT Common Stock by any such holder shall thereafter be made or recognized. Until surrendered for exchange in accordance with the provisions of Section 4.1 of this Agreement, each certificate theretofore representing shares of FBOT Common Stock (other than shares to be canceled pursuant to Section 3.3 of this Agreement or as to which dissenters' rights of appraisal as contemplated by Section 3.4 of this Agreement have been perfected and not withdrawn or forfeited under Section 5.12 of the TBCA) shall from and after the Effective Time represent for all purposes only the right to receive the consideration provided in Sections 3.1 and 3.5 of this Agreement in exchange therefor, subject, however, to the Surviving Corporation's obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time which have been declared or made by FBOT in respect of such shares of FBOT Common Stock in accordance with the terms of this Agreement and which remain unpaid at the Effective Time. To the extent permitted by Law, former stockholders of record of FBOT Common Stock at the Effective Time (other than holders of shares as to which dissenters' rights of appraisal as contemplated by Section 3.4 of this Agreement have been perfected and not withdrawn or forfeited under Section 5.12 of the TBCA) shall be entitled to vote after the Effective Time at any meeting of Regions stockholders the number of whole shares of Regions Common Stock into which their respective shares of FBOT Common Stock are converted, regardless of whether such holders have exchanged their certificates representing FBOT Common Stock for certificates representing Regions Common Stock in accordance with the

provisions of this Agreement. Whenever a dividend or other distribution is declared by Regions on the Regions Common Stock, the record date for which is at or after the Effective Time, the declaration shall include dividends or other distributions on all shares of Regions Common Stock issuable pursuant to this Agreement, but no dividend or other distribution payable to the holders of record of Regions Common Stock as of any time subsequent to the Effective Time shall be delivered to the holder of any certificate representing shares of FBOT Common Stock issued and outstanding at the Effective Time until such holder surrenders such certificate for exchange as provided in Section 4.1 of this Agreement. However, upon surrender of such FBOT Common Stock certificate, both the Regions Common Stock certificate (together with all such undelivered dividends or other distributions without interest) and any undelivered dividends and cash payments to be paid for fractional share interests (without interest) shall be delivered and paid with respect to each share represented by such certificate.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF FBOT FBOT hereby represents and warrants, except as specifically disclosed in a section of the FBOT Disclosure Memorandum corresponding to the relevant section of this Article 5, to Regions as follows:

5.1 Organization, Standing, and Power. FBOT is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Texas, and has the corporate power and authority to carry on its business as now conducted and to own, lease, and operate its Material Assets. FBOT is duly qualified or A-8 75 licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT.

5.2 Authority; No Breach of Agreement. (a) FBOT has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement, and the consummation of the transactions contemplated herein, including the Merger, have been duly and validly authorized by all necessary corporate action (including valid authorization and adoption of this Agreement by FBOT's duly constituted Board of Directors) in respect thereof on the part of FBOT, subject to the approval of this Agreement by the holders of a majority of the outstanding shares of FBOT Common Stock entitled to vote thereon, which is the only stockholder vote required for approval of this Agreement and consummation of the Merger by FBOT. Subject to such requisite stockholder approval, this Agreement represents a legal, valid, and binding obligation of FBOT, enforceable against FBOT in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought). (b) Neither the execution and delivery of this Agreement by FBOT, nor the consummation by FBOT of the transactions contemplated hereby, nor compliance by FBOT with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of FBOT's Articles of Incorporation or Bylaws, or (ii) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any FBOT Company under, any Contract or Permit of any FBOT Company, where such Default or Lien, or any failure to obtain such Consent, is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, or (iii) subject to receipt of the requisite Consents referred to in Section 9.1(b) of this Agreement, violate any Law or Order applicable to any FBOT Company or any of their respective Material Assets, which violation is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. (c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws, and other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation or both with respect to any employee benefit plans, or under the HSR Act, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by FBOT of the Merger and the other transactions contemplated in this Agreement.

5.3 Capital Stock. (a) The authorized capital stock of FBOT consists, as of the date of this Agreement, of 96,068,268 shares of FBOT Common Stock, of which, as of the date of this Agreement, (i) 1,737,864 shares were issued and outstanding, 34,487 shares held in treasury and (ii) no shares of FBOT Common Stock were issuable pursuant to outstanding awards under FBOT's Stock Plans, and not more than 1,737,864 shares of FBOT Common Stock will be issued and outstanding at the Effective Time. All of the issued and outstanding shares

of FBOT Common Stock are duly and validly issued and outstanding and are fully paid and, except as expressly provided otherwise under applicable Law, nonassessable under the TBCA. None of the outstanding shares of FBOT Common Stock has been issued in violation of any preemptive rights of the current or past stockholders of FBOT. A-9 76 (b) Except as set forth in Section 5.3(a) of this Agreement or Section 5.3(b) of the FBOT Disclosure Memorandum, there are no shares of capital stock or other equity securities of FBOT outstanding and no outstanding Rights relating to the capital stock of FBOT. 5.4 FBOT Subsidiaries. FBOT has disclosed in Section 5.4 of the FBOT Disclosure Memorandum all of the FBOT Subsidiaries as of the date of this Agreement. FBOT or one of its Subsidiaries owns all of the issued and outstanding shares of capital stock of each FBOT Subsidiary. No equity securities of any FBOT Subsidiary are or may become required to be issued (other than to another FBOT Company) by reason of any Rights, and there are no Contracts by which any FBOT Subsidiary is bound to issue (other than to another FBOT Company) additional shares of its capital stock or Rights or by which any FBOT Company is or may be bound to transfer any shares of the capital stock of any FBOT Subsidiary (other than to another FBOT Company). There are no Contracts relating to the rights of any FBOT Company to vote or to dispose of any shares of the capital stock of any FBOT Subsidiary. All of the shares of capital stock of each FBOT Subsidiary held by a FBOT Company are fully paid and, except as expressly provided otherwise under applicable Law, nonassessable under the applicable corporate or banking Law of the jurisdiction in which such Subsidiary is incorporated or organized and are owned by the FBOT Company, except as set forth in Section 5.4 of the FBOT Disclosure Memorandum, free and clear of any Lien. Each FBOT Subsidiary is either a bank, a limited liability company, or a corporation, and is duly organized, validly existing, and (if applicable) in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted. Each FBOT Subsidiary is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. Each FBOT Subsidiary that is a depository institution is an "insured depository institution" as defined in the Federal Deposit Insurance Act and applicable regulations thereunder, and the deposits in which are insured by the Bank Insurance Fund or Savings Association Insurance Fund to the fullest extent permitted by Law. 5.5 Financial Statements. FBOT has disclosed in Section 5.5 of the FBOT Disclosure Memorandum, and has delivered to Regions copies of, all FBOT Financial Statements prepared for periods ended prior to the date of this Agreement and will deliver to Regions copies of all FBOT Financial Statements prepared subsequent to the date of this Agreement. The FBOT Financial Statements (as of the dates thereof and for the periods covered thereby) (i) are or, if dated after the date of this Agreement, will be in accordance with the books and records of the FBOT companies, which are or will be, as the case may be, complete and correct and which have been or will have been, as the case may be, maintained in accordance with past business practices, and (ii) present or will present, as the case may be, fairly the consolidated financial position of the FBOT Companies as of the dates indicated and the consolidated results of operations, changes in stockholders' equity, and cash flows of the FBOT Companies for the periods indicated, in accordance with GAAP (subject to any exceptions as to consistency specified therein or as may be indicated in the notes thereto or, in the case of interim financial statements, to normal recurring year-end adjustments which were not or are not expected to be Material in amount or effect). 5.6 Absence of Undisclosed Liabilities. No FBOT Company has any Liabilities that are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, except Liabilities which are accrued or reserved against in the consolidated balance sheets of FBOT as of March 31, 2001, included in the FBOT Financial Statements or reflected in the notes thereto, Liabilities incurred in the ordinary course of business subsequent to March 31, 2001, and Liabilities to be incurred in connection with the transactions contemplated by this Agreement. No FBOT Company has incurred or paid any Liability since March 31, 2001, except for such Liabilities incurred or paid in the ordinary course of business consistent with past business practices and which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. 5.7 Absence of Certain Changes or Events. Since March 31, 2001, except as disclosed in the FBOT Financial Statements delivered prior to the date of this Agreement or as otherwise disclosed in the FBOT A-10 77 Disclosure Memorandum, there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. 5.8 Tax Matters. (a) Since December 31, 1994, all Tax Returns required to be filed by or on behalf of any of the FBOT Companies have been timely filed, or requests

for extensions have been timely filed, granted, and have not expired for periods ended on or before December 31, 2000, and all Tax Returns filed are complete and accurate in all Material respects. All Tax Returns for periods ending on or before the date of the most recent fiscal year end immediately preceding the Effective Time will be timely filed or requests for extensions will be timely filed. All Taxes shown on filed Tax Returns have been paid. There is no audit examination, deficiency, or refund Litigation with respect to any Taxes, that is reasonably likely to result in a determination that would have, individually or in the aggregate, a Material Adverse Effect on FBOT, except to the extent reserved against in the FBOT Financial Statements dated prior to the date of this Agreement. All Taxes due with respect to completed and settled examinations or concluded Litigation with respect to Taxes have been paid. (b) None of the FBOT Companies has executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due (excluding such statutes that relate to years currently under examination by the Internal Revenue Service or other applicable taxing authorities) that is currently in effect. (c) Adequate provision for any Material Taxes due or to become due for any of the FBOT Companies for the period or periods through and including the date of the respective FBOT Financial Statements has been made in accordance with GAAP and is reflected on such FBOT Financial Statements. (d) Each of the FBOT Companies is in Material compliance with, and its records contain the information and documents (including properly completed IRS Forms W-9) necessary to comply with, in all Material respects, applicable information reporting and Tax withholding requirements under federal, state, and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Internal Revenue Code. (e) None of the FBOT Companies has made any payments, is obligated to make any payments, or is a party to any contract, agreement, or other arrangement that could obligate it to make any payments that would be disallowed as a deduction under Section 280G or 162(m) of the Internal Revenue Code. (f) There are no Material Liens with respect to Taxes upon any of the Assets of the FBOT Companies. (g) There has not been an ownership change, as defined in Internal Revenue Code Section 382(g), of the FBOT Companies that occurred during or after any Taxable Period in which the FBOT Companies incurred a net operating loss that carries over to any Taxable Period ending after December 31, 2000. (h) After the date of this Agreement, no Material election with respect to Taxes will be made without the prior consent of Regions, which consent will not be unreasonably withheld. (i) No FBOT Company has or has had a permanent establishment in any foreign country, as defined in any applicable tax treaty or convention between the United States and such foreign country. (j) No FBOT Company has filed any consent under Section 341(f) of the Internal Revenue Code concerning collapsible corporations.

5.9 Assets. The FBOT Companies have good and marketable title, free and clear of all Liens, to all of their respective Assets other than such defects and liens which are not reasonably likely to have a Material Adverse Effect on FBOT. All tangible properties used in the businesses of the FBOT Companies are in good condition, reasonable wear and tear excepted, and are usable in the ordinary course of business consistent with FBOT's past practices, except as would not be reasonably likely to have a Material Adverse Effect on FBOT. A-11 78 All Assets which are Material to FBOT's business on a consolidated basis, held under leases or subleases by any of the FBOT Companies, are held under valid Contracts enforceable in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceedings may be brought), and each such Contract is in full force and effect. The FBOT Companies currently maintain insurance in amounts, scope and coverage reasonably necessary for their operations. None of the FBOT Companies has received notice from any insurance carrier that (i) such insurance will be canceled or that coverage thereunder will be Materially reduced or eliminated, or (ii) premium costs with respect to such policies of insurance will be substantially increased. The Assets of the FBOT Companies include all Material Assets required to operate the business of the FBOT Companies as presently conducted.

5.10 Environmental Matters. (a) Each FBOT Company, its Participation Facilities, and its Loan Properties are, and have been, in compliance with all Environmental Laws, except those instances of non-compliance which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. (b) There is no Litigation pending or, to the Knowledge of FBOT, threatened before any court, governmental agency, or authority, or other forum in which any FBOT Company or any of its Participation Facilities has been or, with respect to threatened Litigation, may reasonably be expected to be named as a defendant (i) for alleged noncompliance (including by any predecessor) with any Environmental Law or (ii) relating to the release into the environment of any Hazardous Material, whether or not occurring at, on, under, or involving a site owned, leased, or operated by any FBOT Company or any of its

Participation Facilities, except for such Litigation pending or threatened that is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. (c) There is no Litigation pending, or to the Knowledge of FBOT, threatened before any court, governmental agency, or board, or other forum in which any of its Loan Properties (or FBOT in respect of such Loan Property) has been or, with respect to threatened Litigation, may reasonably be expected to be named as a defendant or potentially responsible party (i) for alleged noncompliance (including by any predecessor) with any Environmental Law or (ii) relating to the release into the environment of any Hazardous Material, whether or not occurring at, on, under, or involving a Loan Property, except for such Litigation pending or threatened that is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. (d) To the Knowledge of FBOT, there is no reasonable basis for any Litigation of a type described in subsections (b) or (c), except such as is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. (e) To the Knowledge of FBOT, during the period of (i) any FBOT Company's ownership or operation of any of their respective current properties, (ii) any FBOT Company's participation in the management of any Participation Facility, or (iii) any FBOT Company's holding of a security interest in a Loan Property, there have been no releases of Hazardous Material in, on, under, or affecting (or potentially affecting) such properties, except such as are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. Prior to the period of (i) any FBOT Company's ownership or operation of any of their respective current properties, (ii) any FBOT Company's participation in the management of any Participation Facility, or (iii) any FBOT Company's holding of a security interest in a Loan Property, to the Knowledge of FBOT, there were no releases of Hazardous Material in, on, under, or affecting any such property, Participation Facility, or Loan Property, except such as are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. 5.11 Compliance with Laws. FBOT is duly registered as a bank holding company under the BHC Act. Each FBOT Company has in effect all Permits necessary for it to own, lease, or operate its Material Assets A-12 79 and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, and there has occurred no Default under any such Permit, other than Defaults which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. None of the FBOT Companies: (a) is in violation of any Material Laws, Orders, or Permits applicable to its business or employees conducting its business, except for violations which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT; and (b) has received any written notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any FBOT Company is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, (ii) threatening to revoke any Permits, the revocation of which is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, or (iii) requiring any FBOT Company (x) to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or (y) to adopt any Board resolution or similar undertaking, which restricts Materially the conduct of its business, or in any Material manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends. 5.12 Labor Relations. No FBOT Company is the subject of any Litigation asserting that it or any other FBOT Company has committed an unfair labor practice (within the meaning of the National Labor Relations Act or comparable state Law) or seeking to compel it or any other FBOT Company to bargain with any labor organization as to wages or conditions of employment, nor is any FBOT Company a party to or bound by any collective bargaining agreement, Contract, or other agreement or understanding with a labor union or labor organization, nor is there any strike or other labor dispute involving any FBOT Company, pending or, to the Knowledge of FBOT, threatened, or to the Knowledge of FBOT, is there any activity involving any FBOT Company's employees seeking to certify a collective bargaining unit or engaging in any other organization activity. 5.13 Employee Benefit Plans. (a) FBOT has disclosed in Section 5.13 of the FBOT Disclosure Memorandum, and has delivered or made available to Regions prior to the execution of this Agreement correct and complete copies in each case of, all FBOT Benefit Plans. For purposes of this Agreement, "FBOT Benefit Plans" means all Material written pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus, or other incentive plan, all other Material written employee programs or agreements, all medical, vision, dental, or other written health plans, all life insurance plans, and all other Material written employee benefit plans or fringe benefit plans, including written "employee benefit plans" as that

term is defined in Section 3(3) of ERISA, maintained by, sponsored in whole or in part by, or contributed to by, any FBOT Company for the benefit of employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries and under which employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate. Any of the FBOT Benefit Plans which is an "employee welfare benefit plan," as that term is defined in Section 3(1) of ERISA, or an "employee pension benefit plan," as that term is defined in Section 3(2) of ERISA, is referred to herein as a "FBOT ERISA Plan." Any FBOT ERISA Plan which is also subject to Section 412 of the Internal Revenue Code or Section 302 of ERISA, is referred to herein as a "FBOT Pension Plan." Neither FBOT nor any FBOT Company has an "obligation to contribute" (as defined in ERISA Section 4212) to a "multiemployer plan" (as defined in ERISA Sections 4001(a)(3) and 3(37)(A)). Each "employee pension benefit plan," as defined in Section 3(2) of ERISA, ever maintained by any FBOT Company, that was intended to qualify under Section 401(a) of the Internal Revenue Code is disclosed as such in Section 5.13 of the FBOT Disclosure Memorandum. (b) FBOT has delivered or made available to Regions prior to the execution of this Agreement correct and complete copies of the following documents: (i) all trust agreements or other funding A-13 80 arrangements for such FBOT Benefit Plans (including insurance contracts), and all amendments thereto, (ii) with respect to any such FBOT Benefit Plans or amendments, the most recent determination letters, and all Material rulings, Material opinion letters, Material information letters, or Material advisory opinions issued by the Internal Revenue Service, the United States Department of Labor, or the Pension Benefit Guaranty Corporation after December 31, 1994, (iii) annual reports or returns, audited or unaudited financial statements, actuarial valuations and reports, and summary annual reports prepared for any FBOT Benefit Plan with respect to the most recent plan year and (iv) the most recent summary plan descriptions and any Material modifications thereto. (c) All FBOT Benefit Plans are in compliance with the applicable terms of ERISA, the Internal Revenue Code, and any other applicable Laws, other than instances of noncompliance which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. Each FBOT ERISA Plan which is intended to be qualified under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service, and to the Knowledge of FBOT, there are no circumstances likely to result in revocation of any such favorable determination letter. Each trust created under any FBOT ERISA Plan has been determined to be exempt from Tax under Section 501(a) of the Internal Revenue Code and FBOT is not aware of any circumstance which will or could reasonably result in revocation of such exemption. With respect to each FBOT Benefit Plan to the Knowledge of FBOT, no event has occurred which will or could reasonably give rise to a loss of any intended Tax consequences under the Internal Revenue Code or to any Tax under Section 511 of the Internal Revenue Code that is reasonably likely, individually or in the aggregate, to have a Material Adverse Effect on FBOT. There is no Material pending or, to the Knowledge of FBOT, threatened Litigation relating to any FBOT ERISA Plan. (d) No FBOT Company has engaged in a transaction with respect to any FBOT Benefit Plan that, assuming the Taxable Period of such transaction expired as of the date of this Agreement, would subject any FBOT Company to a Material tax or penalty imposed by either Section 4975 of the Internal Revenue Code or Section 502(i) of ERISA in amounts which are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. Neither FBOT nor, any administrator or fiduciary of any FBOT Benefit Plan (or any agent of any of the foregoing) has engaged in any transaction, or acted or failed to act in any manner with respect to any FBOT Benefit Plan which could subject FBOT to any direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary, co-fiduciary, or other duty under ERISA, where such Liability, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect on FBOT. No oral or written representation or communication with respect to any aspect of the FBOT Benefit Plans has been made to employees of any FBOT Company which is not in conformity with the written or otherwise preexisting terms and provisions of such plans, where any Liability resulting from such non-conformity is reasonably likely to have a Material Adverse Effect on FBOT. (e) No FBOT Pension Plan has any "unfunded current liability," as that term is defined in Section 302(d)(8)(A) of ERISA, and the fair market value of the Assets of any such plan is equal to or exceeds the actuarial present value of all accrued benefits under such plans (whether vested or not), based upon the actuarial assumptions used to prepare the most recent actuarial reports for such plans and to the Knowledge of FBOT, since the date of the most recent actuarial valuation, no event has occurred which would be reasonably expected to change any such funded status in a way that is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. Neither any FBOT Pension Plan nor any "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently maintained by any FBOT Company, or the single-employer plan of any entity which is considered

one employer with FBOT under Section 4001 of ERISA or Section 414 of the Internal Revenue Code or Section 302 of ERISA (whether or not waived) (a "FBOT ERISA Affiliate") has an "accumulated funding deficiency" within the meaning of Section 412 of the Internal Revenue Code or Section 302 of ERISA. All required contributions with respect to any FBOT Pension Plan or any single-employer plan of an FBOT ERISA Affiliate have been timely made and there is no lien or expected to be a lien under Internal Revenue Code Section 412(n) or ERISA Section 302(f) or Tax under Internal Revenue Code A-14 81 Section 4971. No FBOT Company has provided, or is required to provide, security to an FBOT Pension Plan or to any single-employer plan of an FBOT ERISA Affiliate pursuant to Section 401(a)(29) of the Internal Revenue Code. All premiums required to be paid under ERISA Section 4006 have been timely paid by FBOT, except to the extent any failure to timely pay would not have a Material Adverse Effect on FBOT. (f) No Liability under Title IV of ERISA has been or is expected to be incurred by any FBOT Company with respect to any defined benefit plan currently or formerly maintained by any of them or by any FBOT ERISA Affiliate that has not been satisfied in full (other than Liability for Pension Benefit Guaranty Corporation premiums, which have been paid when due, except for Liabilities that, individually or in the aggregate, would not have a Material Adverse Effect on FBOT). (g) No FBOT Company has any obligations for retiree health and retiree life benefits under any of the FBOT Benefit Plans other than with respect to benefit coverage mandated by applicable Law. (h) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will, by themselves, (i) result in any payment (including, without limitation, severance, golden parachute, or otherwise) becoming due to any director or any employee of any FBOT Company from any FBOT Company under any FBOT Benefit Plan or otherwise, other than by operation of Law, (ii) increase any benefits otherwise payable under any FBOT Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit. 5.14 Material Contracts. Except as set forth in Section 5.14 of the FBOT Disclosure Memorandum, none of the FBOT Companies, nor any of their respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$50,000, (ii) any Contract relating to the borrowing of money by any FBOT Company or the guarantee by any FBOT Company of any such obligation (other than Contracts evidencing deposit liabilities, purchases of federal funds, fully-secured repurchase agreements, and Federal Home Loan Bank advances of depository institution Subsidiaries, trade payables, and Contracts relating to borrowings or guarantees made in the ordinary course of business), and (iii) any other Contract or amendment thereto that would be required to be filed as an exhibit to a Form 10-K filed by FBOT with the SEC as of the date of this Agreement if FBOT were required to file a Form 10-K with the SEC (together with all Contracts referred to in Sections 5.9 and 5.13(a) of this Agreement, the "FBOT Contracts"). With respect to each FBOT Contract: (i) the Contract is in full force and effect; (ii) no FBOT Company is in Default thereunder, other than Defaults which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT; (iii) no FBOT Company has repudiated or waived any Material provision of any such Contract; and (iv) no other party to any such Contract is, to the Knowledge of FBOT, in Default in any respect, other than Defaults which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, or has repudiated or waived any Material provision thereunder. Except for Federal Home Loan Bank advances, all of the indebtedness of any FBOT Company for money borrowed is prepayable at any time by such FBOT Company without penalty or premium. 5.15 Legal Proceedings. (a) There is no Litigation instituted or pending, or, to the Knowledge of FBOT, threatened against any FBOT Company, or against any Asset, interest, or right of any of them, that is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any FBOT Company, that are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. (b) Section 5.15(b) of the FBOT Disclosure Memorandum includes a summary report of all Litigation as of the date of this Agreement to which any FBOT Company is a party and which names a FBOT Company as a defendant or cross-defendant. A-15 82 5.16 Reports. Since December 31, 1996, or the date of organization if later, each FBOT Company has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with any Regulatory Authorities, except failures to file which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on FBOT. 5.17 Statements True and Correct. None of the information supplied or to be supplied by any FBOT Company or any Affiliate thereof regarding FBOT or such Affiliate for inclusion in the Registration Statement to be filed by Regions with the SEC will, when the Registration Statement

becomes effective, contain any untrue statement of a Material fact, or omit to state any Material fact required to be stated thereunder or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by any FBOT Company or any Affiliate thereof for inclusion in the Proxy Statement to be mailed to FBOT's stockholders in connection with the Stockholders' Meeting will, when first mailed to the stockholders of FBOT, contain any misstatement of Material fact, or omit to state any Material fact required to be stated thereunder or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Stockholders' Meeting, omit to state any Material fact required to be stated thereunder or necessary to correct any Material statement in any earlier communication with respect to the solicitation of any proxy for the Stockholders' Meeting. All documents that any FBOT Company or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions contemplated hereby will comply as to form in all Material respects with the provisions of applicable Law.

5.18 Tax and Regulatory Matters. No FBOT Company or any Affiliate thereof has taken or agreed to take any action, and FBOT has no Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, or (ii) Materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 9.1(b) of this Agreement. To the Knowledge of FBOT there exists no fact, circumstance, or reason why the requisite Consents referred to in Section 9.1(b) of this Agreement cannot be received in a timely manner.

5.19 Intellectual Property. All of the Intellectual Property rights of FBOT and the FBOT Subsidiaries are in full force and effect and, if applicable, constitute legal, valid, and binding obligations of the respective parties thereto, and there have not been, and, to the Knowledge of FBOT, there currently are not, any Defaults thereunder by FBOT or a FBOT Subsidiary. FBOT or a FBOT Subsidiary owns or is the valid licensee of all such Intellectual Property rights free and clear of all Liens or claims of infringement, except for such Liens or claims of infringement which would not reasonably be expected to have a Material Adverse Effect on FBOT. Neither FBOT nor any of the FBOT Subsidiaries nor, to the Knowledge of FBOT, their respective predecessors has infringed the Intellectual Property rights of others and, to the Knowledge of FBOT, none of the Intellectual Property rights as used in the business conducted by FBOT or the FBOT Subsidiaries infringes upon or otherwise violates the rights of any Person, nor has any Person asserted a claim of such infringement, in each case, except as would not reasonably be expected to have a Material Adverse Effect on FBOT. Neither FBOT nor any of the FBOT Subsidiaries is obligated to pay any royalties to any Person with respect to any such Intellectual Property other than in the ordinary course of business. FBOT or a FBOT Subsidiary owns or has the valid right to use all of the Intellectual Property rights which it is presently using, or in connection with performance of any Material Contract to which it is a party. No officer, director, or employee of FBOT or the FBOT Subsidiaries is party to any Contract which requires such officer, director, or employee to assign any interest in any Intellectual Property or keep confidential any trade secrets, proprietary data, customer information, or other business information or which restricts or prohibits such officer, director, or employee from engaging in activities competitive with any Person, in each case, other than with FBOT or any of the FBOT Subsidiaries.

5.20 State Takeover Laws. Subject to FBOT's right to alter its recommendation in accordance with the proviso set forth in the fourth sentence of Section 8.1 of this Agreement, each FBOT Company has taken all necessary action to exempt the transactions contemplated by this Agreement from any applicable "morato- A-16 83 rium," "control share," "fair price," "business combination," or other anti-takeover laws and regulations of the State of Texas (collectively, "Takeover Laws").

5.21 Charter Provisions. Each FBOT Company has taken all action so that the entering into of this Agreement and the consummation of the Merger and the other transactions contemplated by this Agreement do not and will not result in the grant of any rights to any Person under the Articles of Incorporation or Bylaws or, subject to FBOT's right to alter its recommendation in accordance with the proviso set forth in the fourth sentence of Section 8.1 of this Agreement, restrict or impair the ability of Regions to vote, or otherwise to exercise the rights of a stockholder with respect to, shares of any FBOT Company that may be directly or indirectly acquired or controlled by it.

5.22 Support Agreements. Each of the directors of FBOT has executed and delivered to Regions a Support Agreement in substantially the form attached as Exhibit 1 to this Agreement.

5.23 Derivatives. All interest rate swaps, caps, floors, option agreements, futures and forward contracts, and other similar risk management arrangements, whether entered into for FBOT's own account, or for the account of one or more the FBOT Subsidiaries or their customers, were entered into (i) in accordance with prudent business practices and all applicable Laws, and (ii) with counterparties believed to be financially responsible.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF REGIONS Regions hereby represents and warrants to FBOT as follows: 6.1 Organization, Standing, and Power. Regions is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Delaware, and has the corporate power and authority to carry on its business as now conducted and to own, lease, and operate its Material Assets. Regions is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions. 6.2 Authority; No Breach of Agreement. (a) Regions has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated herein, including the Merger, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of Regions. This Agreement represents a legal, valid, and binding obligation of Regions, enforceable against Regions in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought). (b) Neither the execution and delivery of this Agreement by Regions, nor the consummation by Regions of the transactions contemplated hereby, nor compliance by Regions with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of Regions' Certificate of Incorporation or Bylaws, (ii) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any Regions Company under, any Contract or Permit of any Regions Company, where such Default or Lien, or any failure to obtain such Consent, is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions, or (iii) subject to receipt of the requisite Consents referred to in Section 9.1(b) of this Agreement, violate any Law or Order applicable to any Regions Company or any of their respective Material Assets. A-17 84 (c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws, and rules of the NASD, and other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, or under the HSR Act, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by Regions of the Merger and the other transactions contemplated in this Agreement. 6.3 Capital Stock. The authorized capital stock of Regions consists, as of the date of this Agreement, of 500,000,000 shares of Regions Common Stock, of which 227,501,610 shares were issued and outstanding as of April 30, 2001. All of the issued and outstanding shares of Regions Common Stock are, and all of the shares of Regions Common Stock to be issued in exchange for shares of FBOT Common Stock upon consummation of the Merger, when issued in accordance with the terms of this Agreement, will be, duly and validly issued and outstanding and fully paid and, except as expressly provided otherwise under applicable Law, nonassessable under the DGCL. None of the outstanding shares of Regions Common Stock has been, and none of the shares of Regions Common Stock to be issued in exchange for shares of FBOT Common Stock upon consummation of the Merger will be, issued in violation of any preemptive rights of the current or past stockholders of Regions. 6.4 Regions Subsidiaries. Regions or one of its Subsidiaries owns all of the issued and outstanding shares of capital stock of each Regions Subsidiary. No equity securities of any Regions Subsidiary are or may become required to be issued (other than to another Regions Company) by reason of any Rights, and there are no Contracts by which any Regions Subsidiary is bound to issue (other than to another Regions Company) additional shares of its capital stock or Rights or by which any Regions Company is or may be bound to transfer any shares of the capital stock of any Regions Subsidiary (other than to another Regions Company). There are no Contracts relating to the rights of any Regions Company to vote or to dispose of any shares of the capital stock of any Regions Subsidiary. All of the shares of capital stock of each Regions Subsidiary held by a Regions Company are fully paid and, except as provided in statutes pursuant to which depository institution Subsidiaries are organized, except as expressly provided otherwise under applicable Law, nonassessable under the applicable corporate or banking Law of the jurisdiction in which such Subsidiary is incorporated or organized and are owned by the Regions Company free and clear of any Lien. Each Regions Subsidiary is either a

bank or a corporation, and is duly organized, validly existing, and (as to corporations) in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted. Each Regions Subsidiary is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions. Each Regions Subsidiary that is a depository institution is an "insured depository institution" as defined in the Federal Deposit Insurance Act and applicable regulations thereunder, and the deposits in which are insured by the Bank Insurance Fund or Savings Association Insurance Fund to the fullest extent permitted by Law.

6.5 SEC Filings; Financial Statements. (a) Regions has filed and made available to FBOT all forms, reports, and documents required to be filed by Regions with the SEC since January 1 of the second complete fiscal year preceding the date of this Agreement (collectively, the "Regions SEC Reports"). The Regions SEC Reports (i) at the time filed, complied in all Material respects with the applicable requirements of the 1933 Act and the 1934 Act, as the case may be, and (ii) did not at the time they were filed (or if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a Material fact or omit to state a Material fact required to be stated in such Regions SEC Reports or necessary in order to make the statements in such Regions SEC Reports, in light of the circumstances under which they were made, not misleading. Except for Regions Subsidiaries that are registered as a A-18 85 broker, dealer, or investment adviser or filings required due to fiduciary holdings of the Regions Subsidiaries, none of Regions Subsidiaries is required to file any forms, reports, or other documents with the SEC. (b) Each of the Regions Financial Statements (including, in each case, any related notes) contained in the Regions SEC Reports, including any Regions SEC Reports filed after the date of this Agreement until the Effective Time, complied or will comply as to form in all Material respects with the applicable published rules and regulations of the SEC with respect thereto, was or will be prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC), and fairly presented or will fairly present the consolidated financial position of Regions and its Subsidiaries as at the respective dates and the consolidated results of its operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be Material in amount or effect.

6.6 Absence of Undisclosed Liabilities. No Regions Company has any Liabilities that are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions, except Liabilities which are accrued or reserved against in the consolidated balance sheets of Regions as of March 31, 2001, included in the Regions Financial Statements or reflected in the notes thereto, Liabilities incurred in the ordinary course of business subsequent to March 31, 2001, and Liabilities to be incurred in connection with the transactions contemplated by the Agreement. No Regions Company has incurred or paid any Liability since March 31, 2001, except for such Liabilities incurred or paid in the ordinary course of business consistent with past business practice and which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions.

6.7 Absence of Certain Changes or Events. Since March 31, 2001, except as disclosed in the Regions Financial Statements delivered prior to the date of this Agreement, there have been no events, changes or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions.

6.8 Compliance with Laws. Regions is duly registered as a financial holding company under the BHC Act. Each Regions Company has in effect all Permits necessary for it to own, lease, or operate its Material Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions, and there has occurred no Default under any such Permit, other than Defaults which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions. None of the Regions Companies: (a) is in violation of any Laws, Orders, or Permits applicable to its business or employees conducting its business, except for violations which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions; and (b) has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any Regions Company is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on

Regions, (ii) threatening to revoke any Permits, the revocation of which is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions, or (iii) requiring any Regions Company (x) to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or (y) to adopt any Board resolution or similar undertaking, which restricts Materially the conduct of its business, or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends. 6.9 Legal Proceedings. There is no Litigation instituted or pending, or, to the Knowledge of Regions, threatened against any Regions Company, or against any Asset, employee benefit plan, interest, or right of any A-19 86 of them, that is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any Regions Company, that are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions. 6.10 Reports. Since December 31, 1996, or the date of organization if later, each Regions Company has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with any Regulatory Authorities, except failures to file which are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on Regions. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all Material respects with all applicable Laws. 6.11 Statements True and Correct. None of the information supplied or to be supplied by any Regions Company or any Affiliate thereof regarding Regions or such Affiliate for inclusion in the Registration Statement to be filed by Regions with the SEC will, when the Registration Statement becomes effective, contain any untrue statement of a Material fact, or omit to state any Material fact required to be stated thereunder or necessary to make the statements therein not misleading. None of the information supplied or to be supplied by any Regions Company or any Affiliate thereof for inclusion in the Proxy Statement to be mailed to FBOT's stockholders in connection with the Stockholders' Meeting, will, when first mailed to the stockholders of FBOT, contain any misstatement of Material fact, or omit to state any Material fact required to be stated thereunder or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Stockholders' Meeting, omit to state any Material fact required to be stated thereunder or necessary to correct any Material statement in any earlier communication with respect to the solicitation of any proxy for the Stockholders' Meeting. All documents that any Regions Company or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions contemplated hereby will comply as to form in all Material respects with the provisions of applicable Law. 6.12 Tax and Regulatory Matters. No Regions Company or any Affiliate thereof has taken or agreed to take any action, and Regions has no Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, or (ii) Materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 9.1(b) of this Agreement. To the Knowledge of Regions there exists no fact, circumstance, or reason why the requisite Consents referred to in Section 9.1(b) of this Agreement cannot be received in a timely manner. 6.13 Derivatives. All interest rate swaps, caps, floors, option agreements, futures and forward contracts, and other similar risk management arrangements, whether entered into for Regions' own account, or for the account of one or more of the Regions Subsidiaries or their customers, were entered into (i) in accordance with prudent business practices and all applicable Laws, and (ii) with counterparties believed to be financially responsible. ARTICLE 7 CONDUCT OF BUSINESS PENDING CONSUMMATION 7.1 Affirmative Covenants of Both Parties. Unless the prior written consent of the other Party shall have been obtained, and except as otherwise expressly contemplated herein, each Party shall and shall cause each of its Subsidiaries to (i) operate its business only in the usual, regular, and ordinary course, (ii) use its reasonable efforts to preserve intact its business organization and Assets and maintain its rights and franchises, (iii) use its reasonable efforts to maintain its current employee relationships, and (iv) take no action which would (a) adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby, or (b) adversely affect the ability of any Party to perform its covenants and agreements under this Agreement; provided, that the foregoing shall not prevent any Regions Company from discontinuing or disposing of any of its Assets or business, or from acquiring or agreeing to acquire any other Person or A-20 87 any Assets thereof, if such action is, in the reasonable good faith judgment of Regions, desirable in the conduct of the business of Regions and its Subsidiaries. 7.2 Negative Covenants of FBOT. From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, except as specifically

contemplated by this Agreement, FBOT covenants and agrees that it will not do or agree or commit to do, or permit any of its Subsidiaries to do or agree or commit to do, any of the following without the prior written consent of Regions, which consent shall not be unreasonably withheld: (a) amend the Articles of Incorporation, Bylaws, or other governing instruments of any FBOT Company; or (b) incur, guarantee, or otherwise become responsible for, any additional debt obligation or other obligation for borrowed money (other than indebtedness of a FBOT Company to another FBOT Company) in excess of an aggregate of \$500,000 (for the FBOT Companies on a consolidated basis), except in the ordinary course of business consistent with past practices (which shall include entry into repurchase agreements or other fully secured securities), or impose, or suffer the imposition, on any Asset of any FBOT Company of any Material Lien, except in the ordinary course of business consistent with past practices; or (c) except as contemplated by Section 7.1 of this Agreement, repurchase, redeem, or otherwise acquire or exchange (other than exchanges in the ordinary course under employee benefit plans), directly or indirectly, any shares, or any securities convertible into any shares, of the capital stock of any FBOT Company, or declare or pay any dividend or make any other distribution in respect of FBOT's capital stock[]; provided that FBOT may (to the extent legally able to do so), but shall not be obligated to declare and pay regular quarterly cash dividends on the FBOT Common Stock in an amount per share and with the usual and regular record and payment dates as disclosed in Section 7.2(c) of the FBOT Disclosure Memorandum, and provided, that, notwithstanding the provisions of Section 1.3 of this Agreement, the Parties shall cooperate in selecting the Effective Time to ensure that, with respect to the quarterly period in which the Effective Time occurs, the holders of FBOT Common Stock do not become entitled to receive both a dividend in respect of their FBOT Common Stock and a dividend in respect of their Regions Common Stock or fail to be entitled to receive any dividends[]; or (d) except for this Agreement or pursuant to the exercise of Rights outstanding as of the date of this Agreement and pursuant to the terms thereof in existence on the date of this Agreement, (i) issue, sell, pledge, encumber, authorize the issuance of, (ii) enter into any Contract to issue, sell, pledge, encumber, or authorize the issuance of, or (iii) otherwise permit to become outstanding, any additional shares of FBOT Common Stock or any capital stock of any FBOT Company, or any stock appreciation rights, or any option, warrant, conversion, or other right to acquire any such stock, or any security convertible into any such stock; or (e) adjust, split, combine, or reclassify any capital stock of any FBOT Company or issue or authorize the issuance of any other securities in respect of or in substitution for shares of FBOT Common Stock (other than upon the exercise of existing Rights), or sell, lease, mortgage, or otherwise dispose of or otherwise encumber (i) any shares of capital stock of any FBOT Subsidiary (unless any such shares of stock are sold or otherwise transferred to another FBOT Company), or (ii) any Asset other than in the ordinary course of business for reasonable and adequate consideration and other than dispositions in the ordinary course of business consistent with past practice; or (f) (i) grant any increase in compensation or benefits to the employees, officers, or directors of any FBOT Company, except as required by Law, (ii) pay any severance or termination pay or any bonus other than pursuant to written policies or written Contracts in effect on the date of this Agreement, (iii) enter into or amend any severance agreements with officers of any FBOT Company, (iv) grant any increase in fees or other increases in compensation or other benefits to directors of any FBOT Company; or (v) voluntarily accelerate the vesting of any stock options or other stock-based compensation or employee benefits; or A-21 88 (g) enter into or amend any employment Contract between any FBOT Company and any Person (unless such amendment is required by Law) that the FBOT Company does not have the unconditional right to terminate without Liability (other than Liability for services already rendered and in accordance with the FBOT Benefit Plans), at any time on or after the Effective Time; or (h) adopt any new employee benefit plan of any FBOT Company or make any Material change in or to any existing employee benefit plans of any FBOT Company other than any such change that is required by Law or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan; or (i) make any significant change in any Tax or accounting methods, Material elections, or systems of internal accounting controls, except as may be appropriate to conform to changes in Tax Laws or regulatory accounting requirements or GAAP; or (j) commence any Litigation other than as deemed necessary or advisable in the good faith judgment of management for the prudent operation of its business or settle any Litigation involving any Liability of any FBOT Company for Material money damages or restrictions upon the operations of any FBOT Company; or (k) except in the ordinary course of business, modify, amend, or terminate any Material Contract or waive, release, compromise, or assign any Material rights or claims; or (l) except in the ordinary course of business, modify, amend, or terminate any Material Contract or waive, release, compromise, or assign any Material rights or claims. 7.3 Adverse Changes in Condition. Each Party agrees to give written notice

promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Subsidiaries which (i) is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on it, or (ii) would cause or constitute a Material breach of any of its representations, warranties, or covenants contained herein, and to use its reasonable efforts to prevent or promptly to remedy the same.

7.4 Reports. Each Party and its Subsidiaries shall file all reports required to be filed by it with Regulatory Authorities between the date of this Agreement and the Effective Time and shall deliver to the other Party copies of all such reports promptly after the same are filed.

ARTICLE 8 ADDITIONAL AGREEMENTS

8.1 Registration Statement; Proxy Statement; Stockholder Approval. As soon as reasonably practicable after execution of this Agreement, Regions shall file the Registration Statement with the SEC, and shall use its reasonable efforts to cause the Registration Statement to become effective under the 1933 Act and take any action required to be taken under the applicable state Blue Sky or securities Laws in connection with the issuance of the shares of Regions Common Stock upon consummation of the Merger. FBOT shall furnish all information concerning it and the holders of its capital stock as Regions may reasonably request for inclusion in the Registration Statement. FBOT shall call a Stockholders' Meeting, to be held as soon as reasonably practicable after the Registration Statement is declared effective by the SEC, for the purpose of voting upon approval of this Agreement and such other related matters as it deems appropriate. In connection with the Stockholders' Meeting, (i) FBOT shall prepare and file with the SEC a Proxy Statement and mail such Proxy Statement to its stockholders, (ii) the Parties shall furnish to each other all information concerning them that they may reasonably request in connection with such Proxy Statement, (iii) the Board of Directors of FBOT shall recommend to its stockholders the approval of the matters submitted for approval, and (iv) the Board of Directors and officers of FBOT shall use its reasonable efforts to obtain such stockholders' approval, provided that FBOT may withdraw, modify, or change in an adverse manner to Regions its recommendations if the Board of Directors of FBOT, after having consulted with and based upon the advice of outside counsel, determines in good faith that the failure to so withdraw, modify, or change its recommendation could A-22 89 reasonably constitute a breach of the fiduciary duties of FBOT's Board of Directors under applicable Law. In addition, nothing in this Section 8.1 or elsewhere in this Agreement shall prohibit accurate disclosure by FBOT of information that is required to be disclosed in the Registration Statement or the Proxy Statement or in any other document required to be filed with the SEC (including, without limitation, a Solicitation/Recommendation Statement on Schedule 14D-9) or otherwise required to be publicly disclosed by applicable Law or regulations or rules of the NASD.

8.2 Applications. As soon as reasonably practicable after the execution of this Agreement, Regions shall prepare and file, and FBOT shall cooperate in the preparation and, where appropriate, filing of, applications with all Regulatory Authorities having jurisdiction over the transactions contemplated by this Agreement seeking the requisite Consents necessary to consummate the transactions contemplated by this Agreement. Regions shall use all reasonable efforts to obtain the requisite Consents of all Regulatory Authorities as soon as reasonably practicable after the filing of the appropriate applications. Regions will promptly furnish to FBOT copies of applications filed with all Regulatory Authorities and copies of written communications received by Regions from any Regulatory Authorities with respect to the transactions contemplated hereby.

8.3 Filings with State Offices. Upon the terms and subject to the conditions of this Agreement, Regions shall execute and file the Delaware Certificate of Merger with the Secretary of State of the State of Delaware and the Texas Articles of Merger with the Secretary of State of the State of Texas in connection with the Closing.

8.4 Agreement as to Efforts to Consummate. Subject to the terms and conditions of this Agreement, each Party agrees to use, and to cause its Subsidiaries to use, its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable after the date of this Agreement, the transactions contemplated by this Agreement, including, without limitation, using its reasonable efforts to lift or rescind any Order adversely affecting its ability to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Article 9 of this Agreement; provided, that nothing herein shall preclude either Party from exercising its rights under this Agreement. Each Party shall use, and shall cause each of its Subsidiaries to use, its reasonable efforts to obtain as promptly as practicable all Consents necessary or desirable for the consummation of the transactions contemplated by this Agreement.

8.5 Investigation and Confidentiality. (a) Prior to the Effective Time, each Party shall keep the other Party advised of all Material developments relevant to its business and to consummation of the Merger and shall permit the other Party to make or cause to be made such investigation of the business and properties of it and its Subsidiaries and of their respective financial and legal conditions as the other

Party reasonably requests, provided that such investigation shall be reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations. No investigation by a Party shall affect the representations and warranties of the other Party. (b) Each Party shall, and shall cause its advisers and agents to, maintain the confidentiality of all confidential information furnished to it by the other Party concerning its and its Subsidiaries' businesses, operations, and financial positions to the extent required by, and in accordance with confidentiality agreements between the Parties, and shall not use such information for any purpose except in furtherance of the transactions contemplated by this Agreement. If this Agreement is terminated prior to the Effective Time, each Party shall promptly return or certify the destruction of all documents and copies thereof, and all work papers containing confidential information received from the other Party. (c) Each Party agrees to give the other Party notice as soon as practicable after any determination by it of any fact or occurrence relating to the other Party which it has discovered through the course of its investigation and which represents, or is reasonably likely to represent, either a Material breach of any representation, warranty, covenant, or agreement of the other Party or which has had or is reasonably A-23 90 likely to have a Material Adverse Effect on the other Party; provided, however, that the giving of such notice shall not be dispositive of the occurrence of such breach or a Material Adverse Effect. (d) Neither Party nor any of their respective Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of its customers, jeopardize the attorney-client or similar privilege with respect to such information or contravene any Law, rule, regulation, Order, judgment, decree, fiduciary duty, or agreement entered into prior to the date of this Agreement. The Parties will use their reasonable efforts to make appropriate substitute disclosure arrangements, to the extent practicable, in circumstances in which the restrictions of the preceding sentence apply. 8.6 Press Releases. Prior to the Effective Time, Regions and FBOT shall consult with each other as to the form and substance of any press release Materially related to this Agreement or any other transaction contemplated hereby; provided, that nothing in this Section 8.6 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by Law. 8.7 No Solicitation. Except with respect to this Agreement and the transactions contemplated hereby, FBOT agrees that it shall not, and shall use its reasonable efforts to cause its officers, directors, agents, Affiliates, and Representatives not to, directly or indirectly, initiate, solicit, encourage or knowingly facilitate (including by way of furnishing confidential information) any inquiries or the making of any Acquisition Proposal. Notwithstanding anything herein to the contrary, FBOT and its Board of Directors shall be permitted (i) to the extent applicable, to comply with Rule 14d-9 and Rule 14e-2 promulgated under the 1934 Act with regard to an Acquisition Proposal, (ii) to engage in any discussions or negotiations with, or provide any information to, any Person in response to an unsolicited bona fide written Acquisition Proposal by any such Person, if and only to the extent that (a) FBOT's Board of Directors concludes in good faith and consistent with its fiduciary duties to FBOT's stockholders under applicable Law that such Acquisition Proposal could reasonably be expected to result in a Superior Proposal, (b) prior to providing any information or data to any Person in connection with an Acquisition Proposal by any such Person, FBOT's Board of Directors receives from such Person an executed confidentiality agreement containing terms at least as stringent as those contained in the FBOT Confidentiality Agreement, and (c) prior to providing any information or data to any Person or entering into discussions or negotiations with any Person, FBOT's Board of Directors notifies Regions promptly of such inquiries, proposals, or offers received by, any such information requested from, or any such discussions or negotiations sought to be initiated or continued with, any of its Representatives indicating, in connection with such notice, the name of such Person and the Material terms and conditions of any inquiries, proposals or offers. FBOT agrees that it will promptly keep Regions informed of the status and terms of any such proposals or offers and the status and terms of any such discussions or negotiations. FBOT agrees that it will, and will cause its officers, directors and Representatives to, immediately cease and cause to be terminated any activities, discussions, or negotiations existing as of the date of this Agreement with any parties conducted heretofore with respect to any Acquisition Proposal. FBOT agrees that it will use reasonable best efforts to promptly inform its directors, officers, key employees, agents, and Representatives of the obligations undertaken in this Section 8.7. Nothing in this Section 8.7 shall (i) permit FBOT to terminate this Agreement (except as specifically provided in Article 10 of this Agreement) or (ii) affect any other obligation of Regions or FBOT under this Agreement. 8.8 Tax Treatment. Each of the Parties undertakes and agrees to use its reasonable efforts to cause the Merger, and to take no action which would cause the Merger not, to qualify for treatment as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code for federal income tax purposes. 8.9 Agreement of Affiliates. FBOT has

disclosed in Section 8.9 of the FBOT Disclosure Memorandum each Person whom it reasonably believes may be deemed an "affiliate" of FBOT for purposes of Rule 145 under the 1933 Act. FBOT shall use its reasonable efforts to cause each such Person to deliver to Regions not later than the Effective Time, a written agreement, in substantially the form of Exhibit 3, providing that such Person will not sell, pledge, transfer, or otherwise dispose of the shares of FBOT Common Stock held by such Person except as contemplated by such agreement or by this Agreement and will not sell, pledge, transfer, or otherwise dispose of the shares of Regions Common Stock to be received by such Person upon consummation of the Merger except in compliance with applicable provisions of the 1933 Act and the rules and regulations thereunder. Shares of Regions Common Stock issued to such affiliates of FBOT in exchange for shares of FBOT Common Stock shall not be transferable, regardless of whether each such affiliate has provided the written agreement referred to in this Section 8.9 (and Regions shall be entitled to place restrictive legends upon certificates for shares of Regions Common Stock issued to affiliates of FBOT pursuant to this Agreement to enforce the provisions of this Section 8.9), except as provided herein. Regions shall not be required to maintain the effectiveness of the Registration Statement under the 1933 Act for the purposes of resale of Regions Common Stock by such affiliates.

8.10 Employee Benefits and Contracts. Following the Effective Time, Regions shall provide generally to officers and employees of the FBOT Companies, who at or after the Effective Time become employees of a Regions Company ("Continuing Employees"), employee benefits under employee benefit plans (other than stock option or other plans involving the potential issuance of Regions Common Stock except as set forth in this Section 8.10), on terms and conditions which when taken as a whole are substantially similar to those currently provided by the Regions Companies to their similarly situated officers and employees. For purposes of participation and vesting (but not accrual of benefits) under such employee benefit plans, (i) service under any qualified defined benefit plans of FBOT shall be treated as service under Regions' qualified defined benefit plans, (ii) service under any qualified defined contribution plans of FBOT shall be treated as service under Regions' qualified defined contribution plans, and (iii) service under any other employee benefit plans of FBOT shall be treated as service under any similar employee benefit plans maintained by Regions. Regions shall cause the Regions welfare benefit plans that cover the Continuing Employees after the Effective Time to (i) waive any waiting period and restrictions and limitations for preexisting conditions or insurability, and (ii) cause any deductible, co-insurance, or maximum out-of-pocket payments made by the Continuing Employees under FBOT's welfare benefit plans to be credited to such Continuing Employees under the Regions welfare benefit plans, so as to reduce the amount of any deductible, co-insurance, or maximum out-of-pocket payments payable by the Continuing Employees under the Regions welfare benefit plans. The continued coverage of the Continuing Employees under the employee benefits plans maintained by FBOT and/or any FBOT Subsidiary immediately prior to the Effective Time during a transition period shall be deemed to provide the Continuing Employees with benefits that are no less favorable than those offered to other employees of Regions and its Subsidiaries, provided that after the Effective Time there is no Material reduction (determined on an overall basis) in the benefits provided under the FBOT employee benefit plans. Regions also shall cause FBOT and its Subsidiaries to honor all employment, severance, consulting, and other compensation Contracts disclosed in Section 8.10 of the FBOT Disclosure Memorandum to Regions between any FBOT Company and any current or former director, officer, or employee thereof, and all provisions for vested benefits or other vested amounts earned or accrued through the Effective Time under the FBOT Benefit Plans. Regions shall be responsible for the fees related to the termination of the FBOT Benefit Plans.

8.11 Indemnification. (a) From and after the Effective Time, in the event of any threatened or actual claim, action, suit, proceeding, or investigation, whether civil, criminal, or administrative, including, without limitation, any such claim, action, suit, proceeding or investigation in which any person who is now, or has been at any time prior to the date of this Agreement, or who becomes prior to the Effective Time, a director or officer of FBOT or any FBOT Subsidiary (the "Indemnified Parties") is, or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he is or was a director, officer, or employee of FBOT, any of the FBOT Subsidiaries, or any of their respective predecessors, or (ii) this Agreement or any of the transactions contemplated hereby, whether in any case asserted or arising before or after the Effective Time, Regions shall indemnify and hold harmless, as and to the fullest extent permitted by Law, each such Indemnified Party against any Liability (including reasonable attorneys' fees and expenses in advance of the final disposition of any claim, suit, proceeding, or investigation to each Indemnified Party to the fullest extent permitted by Law upon receipt of any undertaking required by applicable Law), judgments, fines, and amounts paid in settlement in connection with any such threatened or actual claim, action, suit, proceeding, or investigation, and in the event of any

A-25 92 such threatened or actual claim, action, suit, proceeding, or investigation (whether asserted or arising before or after the Effective Time), the Indemnified Parties may retain counsel reasonably satisfactory to them; provided, however, that (a) Regions shall have the right to assume the defense thereof and upon such assumption Regions shall not be liable to any Indemnified Party for any legal expenses of other counsel or any other expenses subsequently incurred by any Indemnified Party in connection with the defense thereof, except that if Regions elects not to assume such defense or counsel for the Indemnified Parties reasonably advises the Indemnified Parties that there are issues which raise conflicts of interest between Regions and the Indemnified Parties, the Indemnified Parties may retain counsel reasonably satisfactory to them, and Regions shall pay the reasonable fees and expenses of such counsel for the Indemnified Parties, (b) Regions shall not be liable for any settlement effected without its prior written consent (which consent shall not be unreasonably withheld), and (c) Regions shall have no obligation hereunder to any Indemnified Party when and if a court of competent jurisdiction shall ultimately determine, and such determination shall have become final and nonappealable, that indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable Law. Regions' obligations under this Section 8.11(a) continue in full force and effect for a period of six years after the Effective Time; provided, however, that all rights to indemnification in respect of any claim (a "Claim") asserted or made within such period shall continue until the final disposition of such Claim. (b) Regions agrees that all rights to indemnification and all limitations on Liability existing in favor of the directors, officers, and employees of FBOT and its Subsidiaries (the "Covered Parties") as provided in their respective Articles of Incorporation, Bylaws, or similar governing instruments as in effect as of the date of this Agreement with respect to matters occurring prior to the Effective Time shall survive the Merger and shall continue in full force and effect, and shall be honored by such entities or their respective successors as if they were the indemnifying party thereunder, without any amendment thereto, for a period of six years after the Effective Time; provided, however, that all rights to indemnification in respect of any Claim asserted or made within such period shall continue until the final disposition of such Claim; provided, further, however, that nothing contained in this Section 8.11(b) shall be deemed to preclude the liquidation, consolidation, or merger of FBOT or any FBOT Subsidiary, in which case all of such rights to indemnification and limitations on Liability shall be deemed to so survive and continue notwithstanding any such liquidation, consolidation, or merger. Without limiting the foregoing, in any case in which approval by Regions is required to effectuate any indemnification, Regions shall direct, at the election of the Indemnified Party, that the determination of any such approval shall be made by independent counsel mutually agreed upon between Regions and the Indemnified Party. (c) Regions, from and after the Effective Time, will directly or indirectly cause the persons who served as directors or officers of FBOT at or before the Effective Time to be covered by FBOT's existing directors' and officers' liability insurance policy (provided that Regions may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are not less advantageous than such policy). Such insurance coverage, shall commence at the Effective Time and will be provided for a period of no less than three years after the Effective Time. (d) If Regions or any of its successors or assigns shall consolidate with or merge into any other Person and shall not be the continuing or surviving Person of such consolidation or merger or shall transfer all or substantially all of its Assets to any Person, then and in each case, proper provision shall be made so that the successors and assigns of Regions shall assume the obligations set forth in this Section 8.11. (e) The provisions of this Section 8.11 are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party and his or her heirs and representatives. 8.12 Exemption from Liability Under Section 16(b). FBOT shall take all such steps as may be required to cause the transactions contemplated by Section 3.1 of this Agreement and any other dispositions of FBOT equity securities (including derivative securities) in connection with this Agreement by each individual who is a director or officer of FBOT to be exempt under Rule 16b-3 promulgated under the 1934 Act. A-26 93 ARTICLE 9 CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE 9.1 Conditions to Obligations of Each Party. The respective obligations of each Party to perform this Agreement and to consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by both Parties pursuant to Section 11.6 of this Agreement: (a) Stockholder Approval. The stockholders of FBOT shall have approved this Agreement, and the consummation of the transactions contemplated hereby, as and to the extent required by Law and by the provisions of any governing instruments. (b) Regulatory Approvals. All Consents of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the Merger shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired. No Consent obtained from any Regulatory Authority which is necessary to consummate the transactions

contemplated hereby shall be conditioned or restricted in a manner (excluding requirements relating to the raising of additional capital or the disposition of Assets or deposits) which in the reasonable good faith judgment of the Board of Directors of Regions would so Materially adversely impact the economic or business benefits of the transactions contemplated by this Agreement so as to render inadvisable the consummation of the Merger. (c) Consents and Approvals. Each Party shall have obtained any and all Consents required for consummation of the Merger (other than those referred to in Section 9.1(b) of this Agreement) or for the preventing of any Default under any Contract or Permit of such Party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on such Party after the Effective Time and no Consent obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner which in the reasonable good faith judgment of the Board of Directors of Regions would so Materially adversely impact the economic or business benefits of the transactions contemplated by this Agreement so as to render inadvisable the consummation of the Merger. (d) Legal Proceedings. No court or governmental or Regulatory Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced, or entered any Law or Order (whether temporary, preliminary, or permanent) which is then in effect which prohibits, restrains, or makes illegal consummation of the transactions contemplated by this Agreement. (e) Registration Statement. The Registration Statement shall be effective under the 1933 Act, no stop orders suspending the effectiveness of the Registration Statement shall have been issued, and no action, suit, proceeding, or investigation by the SEC to suspend the effectiveness thereof shall have been initiated and be continuing. (f) Tax Opinion. Each Party shall have received a written opinion from Alston & Bird LLP in a form reasonably satisfactory to such Party (the "Tax Opinion"), dated the date of the Effective Time, substantially to the effect that, (i) the Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, (ii) no gain or loss will be recognized by holders of FBOT Common Stock who exchange all of their FBOT Common Stock solely for Regions Common Stock pursuant to the Merger (except with respect to any cash received in lieu of a fractional share interest in Regions Common Stock), (iii) the tax basis of the Regions Common Stock received (including fractional shares deemed received and redeemed) by holders of FBOT Common Stock who exchange all of their FBOT Common Stock solely for Regions Common Stock in the Merger will be the same as the tax basis of the FBOT Common Stock surrendered in exchange for the Regions Common Stock (reduced by an amount allocable to a fractional share interest in Regions Common Stock deemed received and redeemed), and (iv) the holding period of the Regions Common Stock received (including fractional shares deemed received and redeemed) by holders who exchange all of their FBOT Common Stock solely for Regions Common Stock in the Merger will be the same as the holding period of the FBOT A-27 94 Common Stock surrendered in exchange therefor, provided that such FBOT Common Stock is held as a capital Asset at the Effective Time. In rendering such Tax Opinions, such counsel shall be entitled to rely upon representations of officers of FBOT and Regions reasonably satisfactory in form and substance to such counsel.

9.2 Conditions to Obligations of Regions. The obligations of Regions to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by Regions pursuant to Section 11.6(a) of this Agreement: (a) Representations and Warranties. For purposes of this Section 9.2(a), representations and warranties of FBOT set forth in this Agreement shall be accurate as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which speak as of the date of this Agreement or some other date shall speak only as of such date). The representations and warranties of FBOT set forth in Section 5.3 of this Agreement shall be true and correct (except for inaccuracies which are de minimis in amount). The representations and warranties of FBOT set forth in Sections 5.18, 5.20, and 5.21 of this Agreement shall be true and correct in all Material respects. There shall not exist inaccuracies in the representations and warranties of FBOT set forth in this Agreement (including the representations and warranties set forth in Sections 5.3, 5.18, 5.20, and 5.21 of this Agreement) such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a Material Adverse Effect on FBOT; provided that, for purposes of this sentence only, those representations and warranties which are qualified by references to "Material," "Material Adverse Effect," or variations thereof, or to the "Knowledge" of FBOT or to a matter being "known" by FBOT shall be deemed not to include such qualifications. (b) Performance of Agreements and Covenants. Each and all of the agreements and covenants of FBOT to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all Material respects. (c) Certificates. FBOT shall have delivered to Regions (i) a

certificate, dated as of the Effective Time and signed on FBOT's behalf by its duly authorized officers, to the effect that the conditions set forth in Sections 9.2(a) and 9.2(b) of this Agreement have been satisfied, and (ii) certified copies of resolutions duly adopted by (1) FBOT's Board of Directors evidencing the taking of all corporate action necessary to authorize the execution, delivery, and performance of this Agreement, and the consummation of the transactions contemplated hereby, and (2) FBOT's stockholders evidencing the approval of this Agreement, all in such reasonable detail as Regions and its counsel shall request.

9.3 Conditions to Obligations of FBOT. The obligations of FBOT to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by FBOT pursuant to Section 11.6(b) of this Agreement:

(a) **Representations and Warranties.** For purposes of this Section 9.3(a), the representations and warranties of Regions set forth in this Agreement shall be accurate as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which speak as of the date of this Agreement or some other date shall speak only as of such date). The representations and warranties of Regions set forth in Section 6.3 of this Agreement shall be true and correct (except for inaccuracies which are de minimis in amount). The representations and warranties of Regions set forth in Section 6.12 of this Agreement shall be true and correct in all Material respects. There shall not exist inaccuracies in the representations and warranties of Regions set forth in this Agreement (including the representations and warranties set forth in Sections 6.3 and 6.12 of this Agreement) such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a Material Adverse Effect on Regions; provided that, for purposes of this sentence only, those representations and warranties which are qualified by references to "Material," "Material Adverse Effect," or variations thereof, or to the A-28 95 "Knowledge" of Regions or to a matter being "known" by Regions shall be deemed not to include such qualifications.

(b) **Performance of Agreements and Covenants.** Each and all of the agreements and covenants of Regions to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all Material respects.

(c) **Certificates.** Regions shall have delivered to FBOT (i) a certificate, dated as of the Effective Time and signed on Regions' behalf by its duly authorized officers, to the effect that the conditions set forth in Sections 9.3(a) and 9.3(b) of this Agreement have been satisfied, and (ii) certified copies of resolutions duly adopted by Regions' Board of Directors evidencing the taking of all corporate action necessary to authorize the execution, delivery, and performance of this Agreement, and the consummation of the transactions contemplated hereby, all in such reasonable detail as FBOT and its counsel shall request.

ARTICLE 10 TERMINATION

10.1 Termination. Notwithstanding any other provision of this Agreement, and notwithstanding the approval of this Agreement by the stockholders of FBOT, this Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time:

(a) By mutual consent of the Board of Directors of Regions and the Board of Directors of FBOT; or

(b) By the Board of Directors of either Party (provided that the terminating Party is not then in breach of any representation or warranty contained in this Agreement under the applicable standard set forth in Section 9.2(a) of this Agreement in the case of FBOT and Section 9.3(a) of this Agreement in the case of Regions or in Material breach of any covenant or other agreement contained in this Agreement) in the event of an inaccuracy of any representation or warranty of the other Party contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such inaccuracy and which inaccuracy would provide the terminating Party the ability to refuse to consummate the Merger under the applicable standard set forth in Section 9.2(a) of this Agreement in the case of FBOT and Section 9.3(a) of this Agreement in the case of Regions; or

(c) By the Board of Directors of either Party (provided that the terminating Party is not then in breach of any representation or warranty contained in this Agreement under the applicable standard set forth in Section 9.2(a) of this Agreement in the case of FBOT and Section 9.3(a) in the case of Regions or in Material breach of any covenant or other agreement contained in this Agreement) in the event of a Material breach by the other Party of any covenant or agreement contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach; or

(d) By the Board of Directors of either Party in the event (i) any Consent of any Regulatory Authority required for consummation of the Merger and the other transactions contemplated hereby shall have been denied by final nonappealable action of such authority, or (ii) the stockholders of FBOT fail to vote their approval of this Agreement at the Stockholders' Meeting where this Agreement was presented to such stockholders for approval and voted upon; or

(e) By the Board of Directors of either Party in the event that the Merger shall not have been consummated by March 31, 2002, if the failure to consummate

the transactions contemplated hereby on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section 10.1(e).

10.2 Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to Section 10.1 of this Agreement, this Agreement shall become void and have no effect, and none of A-29 96 Regions, FBOT, any of their respective Subsidiaries, or any of the officers or directors of any of them, shall have any Liability of any nature whatsoever hereunder or in conjunction with the transactions contemplated hereby, except that (i) the provisions of Section 8.5(b) of this Agreement, this Section 10.2, Section 10.3, and Article 11 of this Agreement shall survive any such termination and abandonment, and (ii) a termination of this Agreement shall not relieve the breaching Party from Liability for an uncured willful breach of a representation, warranty, covenant, or agreement of such Party contained in this Agreement. The Stock Option Agreement shall be governed by its terms as to its termination.

10.3 Non-Survival of Representations and Covenants. The respective representations, warranties, obligations, covenants, and agreements of the Parties shall not survive the Effective Time, except for those covenants and agreements which by their terms apply in whole or in part after the Effective Time.

ARTICLE 11 MISCELLANEOUS

11.1 Definitions. (a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings: "Acquisition Proposal" with respect to a Party shall mean any tender offer or exchange offer or any proposal for a merger, acquisition of all of the stock or Assets of, or other business combination involving such Party or any of its Subsidiaries or the acquisition of a substantial equity interest in, or a substantial portion of the Assets of, such Party or any of its Subsidiaries. "Affiliate" of a Person shall mean any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person. "Agreement" shall mean this Agreement and Plan of Merger, including the Exhibits delivered pursuant hereto and incorporated herein by reference. "Assets" of a Person shall mean all of the assets, properties, businesses, and rights of such Person of every kind, nature, character, and description, whether real, personal, or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any Affiliate of such Person and wherever located. "Average Closing Price" shall mean the average of the daily last sales prices of Regions Common Stock as reported on the Nasdaq NMS (as reported by The Wall Street Journal or, if not reported thereby, another authoritative source agreed to by FBOT and Regions) for the five consecutive full trading days in which such shares are traded on the Nasdaq NMS following the mailing of the Proxy Statement for the Stockholders' Meeting. "BHC Act" shall mean the federal Bank Holding Company Act of 1956, as amended. "Confidentiality Agreement" shall mean that certain Confidentiality Agreement, dated March 23, 2001, by and between FBOT and Regions. "Consent" shall mean any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit. "Contract" shall mean any written or oral agreement, arrangement, commitment, contract, indenture, instrument, lease, understanding, or undertaking of any kind or character to which any Person is a party or that is binding on any Person or its capital stock, Assets, or business. "Default" shall mean (i) any breach or violation of or default under any Contract, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both A-30 97 would constitute a breach or violation of or default under any Contract, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right to terminate or revoke, change the current terms of, or renegotiate, or to accelerate, increase, or impose any Liability under, any Contract, Order, or Permit, where, in any such event, such Default is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on a Party. "Delaware Certificate of Merger" shall mean the certificate of merger to be executed by Regions and filed with the Secretary of State of the State of Delaware, relating to the Merger as contemplated by Section 1.1 of this Agreement. "DGCL" shall mean the Delaware General Corporation Law. "Environmental Laws" shall mean all Laws relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface, or subsurface strata) and which are administered, interpreted, or enforced by the United States Environmental Protection Agency and state and local agencies with jurisdiction over, and including common law in respect of, pollution or protection of the environment, including the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. 9601 et seq. ("CERCLA"), the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq., and other Laws relating to emissions, discharges, releases, or threatened releases of any Hazardous Material, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of any Hazardous Material. "ERISA" shall mean the Employee Retirement Income Security Act of 1974,

as amended. "Exhibits" 1 and 2, inclusive, shall mean the Exhibits so marked, copies of which are attached to this Agreement. Such Exhibits are hereby incorporated by reference herein and made a part hereof, and may be referred to in this Agreement and any other related instrument or document without being attached hereto. "FBOT Common Stock" shall mean the \$1.00 par value common stock of FBOT. "FBOT Companies" shall mean, collectively, FBOT and all FBOT Subsidiaries. "FBOT Disclosure Memorandum" shall mean the written information entitled "FBOT Disclosure Memorandum" delivered prior to the execution of this Agreement to Regions describing in reasonable detail the matters contained therein and, with respect to each disclosure made therein, specifically referencing each Section or subsection of this Agreement under which such disclosure is being made. Information disclosed with respect to one Section or subsection shall not be deemed to be disclosed for any other Section or subsection of this Agreement. The inclusion of any matter in this document shall not be deemed an admission or otherwise to imply that any such matter is Material for purposes of this Agreement. "FBOT Financial Statements" shall mean (i) the consolidated statements of condition (including related notes and schedules, if any) of FBOT as of March 31, 2001, and as of December 31, 2000, and 1999, and the related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) for the three months ended March 31, 2001 and for each of the three years ended December 31, 2000, 1999, and 1998, included in the FBOT Disclosure Memorandum, and (ii) the consolidated statements of condition of FBOT (including related notes and schedules, if any) and related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) with respect to periods ended subsequent to March 31, 2001. "FBOT Stock Plans" shall mean the existing stock option and other stock-based compensation plans of FBOT, including, without limitation, the stock option plans and programs of any Persons acquired by FBOT or a FBOT Subsidiary. A-31 98 "FBOT Subsidiaries" shall mean the Subsidiaries of FBOT, which shall include the FBOT Subsidiaries described in Section 5.4 of this Agreement and any corporation, bank, savings association, or other organization acquired as a Subsidiary of FBOT in the future and owned by FBOT at the Effective Time. "GAAP" shall mean generally accepted accounting principles, consistently applied during the periods involved. "Hazardous Material" shall mean (i) any hazardous substance, hazardous material, hazardous waste, regulated substance, or toxic substance (as those terms are defined by any applicable Environmental Laws), and (ii) any chemicals, pollutants, contaminants, petroleum, petroleum products that are or become regulated under any applicable local, state, or federal Law (and specifically shall include asbestos requiring abatement, removal, or encapsulation pursuant to the requirements of governmental authorities and any polychlorinated biphenyls). "HSR Act" shall mean Section 7A of the Clayton Act, as added by Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder. "Intellectual Property" shall mean copyrights, patents, trademarks, service marks, service names, trade names, applications therefor, technology rights and licenses, computer software (including any source or object codes therefor or documentation relating thereto), trade secrets, franchises, know-how, inventions and other intellectual property rights. "Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. "Investment Company" shall have the meaning set forth in the Investment Company Act. "Knowledge" as used with respect to a Person (including references to such Person being aware of a particular matter) shall mean the personal knowledge of the chairman, president, or chief financial officer of such Person. "Law" shall mean any code, law, ordinance, regulation, rule, or statute applicable to a Person or its Assets, Liabilities, or business, including those promulgated, interpreted, or enforced by any Regulatory Authority. "Liability" shall mean any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost, or expense (including costs of investigation, collection, and defense), claim, deficiency, or guaranty of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise. "Lien" shall mean any mortgage, pledge, reservation, restriction (other than a restriction on transfers arising under the Securities Laws), security interest, or claim, lien, or encumbrance of any nature whatsoever of, on, or with respect to any property or property interest, other than (i) Liens for property Taxes not yet due and payable, and (ii) for depository institution Subsidiaries of a Party, pledges to secure deposits, and other Liens incurred in the ordinary course of the banking business. "Litigation" shall mean any action, arbitration, cause of action, claim, complaint, criminal prosecution, demand letter, governmental or other examination or investigation, hearing, inquiry, administrative or other proceeding, or notice (written or oral) by any Person alleging potential Liability, but shall not include regular, periodic examinations of depository institutions and their Affiliates by Regulatory Authorities. "Loan Property" shall mean any property owned, leased, or operated by the Party in question or by any of its Subsidiaries or in which such Party or

Subsidiary holds a security or other interest (including an interest in a fiduciary capacity), and, where required by the context, includes the owner or operator of such property, but only with respect to such property. A-32 99 "Material" for purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; provided that any specific monetary amount stated in this Agreement shall determine materiality in that instance. "Material Adverse Effect" on a Party shall mean an event, change, or occurrence which, individually or together with any other event, change, or occurrence, has a Material adverse impact on (i) the financial condition, results of operations, or business of such Party and its Subsidiaries, taken as a whole, or (ii) the ability of such Party to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement, provided that "Material Adverse Effect" shall not be deemed to include the impact of (a) changes in banking and similar Laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in GAAP or regulatory accounting principles generally applicable to banks, investment banks, broker-dealers, and their holding companies, (c) actions and omissions of a Party (or any of its Subsidiaries) taken with the prior informed consent of the other Party in contemplation of the transactions contemplated hereby, (d) general economic or market conditions or the securities industry in general, and (e) this Agreement or the announcement thereof. "NASD" shall mean the National Association of Securities Dealers, Inc. "Nasdaq NMS" shall mean the National Market System of The Nasdaq Stock Market. "1933 Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. "1934 Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. "Texas Articles of Merger" shall mean the Articles of Merger executed by Regions and filed with the Secretary of State of the State of Texas relating to the Merger as contemplated by Section 1.1 of this Agreement. "Order" shall mean any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, ruling, or writ of any federal, state, local, or foreign or other court, arbitrator, mediator, tribunal, administrative agency, or Regulatory Authority. "Participation Facility" shall mean any facility or property in which the Party in question or any of its Subsidiaries participates in the management, as such term is defined in CERCLA (including, but not limited to, participating in a fiduciary capacity), and, where required by the context, said term means the owner or operator of such facility or property, but only with respect to such facility or property. "Party" shall mean either FBOT or Regions, and "Parties" shall mean both FBOT and Regions. "Permit" shall mean any federal, state, local, and foreign governmental approval, authorization, certificate, easement, filing, franchise, license, or permit from governmental authorities that is required for the operation of a Party's respective businesses. "Person" shall mean a natural person or any legal, commercial, or governmental entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, group acting in concert, or any person acting in a representative capacity. "Proxy Statement" shall mean the proxy statement used by FBOT to solicit the approval of its stockholders of the transactions contemplated by this Agreement, which shall include the prospectus of Regions relating to the issuance of the Regions Common Stock to holders of FBOT Common Stock. A-33 100 "Reasonable Efforts" shall mean the reasonable best efforts of a Party, but shall not require any Party to take any commercially unreasonable action. "Regions Common Stock" shall mean the \$.625 par value common stock of Regions. "Regions Companies" shall mean, collectively, Regions and all Regions Subsidiaries. "Regions Financial Statements" shall mean (i) the consolidated statements of condition (including related notes and schedules, if any) of Regions as of March 31, 2001 and as of December 31, 2000 and 1999, and the related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) for the three months ended March 31, 2001 and for each of the three years ended December 31, 2000, 1999, and 1998, as filed by Regions in SEC Documents, and (ii) the consolidated statements of condition of Regions (including related notes and schedules, if any) and related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) included in SEC Documents filed with respect to periods ended subsequent to March 31, 2001. "Regions Subsidiaries" shall mean the Subsidiaries of Regions and any corporation, bank, savings association, or other organization acquired as a Subsidiary of Regions in the future and owned by Regions at the Effective Time. "Registration Statement" shall mean the Registration Statement on Form S-4, or other appropriate form, including any pre-effective or post-effective amendments or supplements thereto, filed with the SEC by Regions under the 1933 Act with respect to the shares of Regions Common Stock to be issued to the stockholders of FBOT in connection with the transactions contemplated by this Agreement. "Regulatory Authorities" shall mean, collectively, the Federal Trade Commission, the United States Department of Justice, the Board of the Governors of the Federal Reserve System, the Office of the Comptroller of the

Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the Internal Revenue Service, all state regulatory agencies having jurisdiction over the Parties and their respective Subsidiaries, the NASD, and the SEC. "Representative" shall mean any investment banker, financial advisor, attorney, accountant, consultant, or other representative of a Person. "Rights" shall mean, with respect to any Person, securities, or obligations convertible into or exercisable for, or giving any Person any right to subscribe for or acquire, or any options, calls, or commitments relating to, or any stock appreciation right or other instrument the value of which is determined in whole or in part by reference to the market price or value of, shares of capital stock of such Person. "SEC" shall mean the United States Securities and Exchange Commission. "SEC Documents" shall mean all forms, proxy statements, registration statements, reports, schedules, and other documents filed, or required to be filed, by a Party or any of its Subsidiaries with the SEC. "Securities Laws" shall mean the 1933 Act, the 1934 Act, the Investment Company Act, the Investment Advisers Act, the Trust Indenture Act of 1939, as amended, and the rules and regulations of any Regulatory Authority promulgated thereunder. "Stockholders' Meeting" shall mean the meeting of the stockholders of FBOT to be held pursuant to Section 8.1 of this Agreement, including any adjournment or adjournments thereof. "Subsidiaries" shall mean all those corporations, banks, associations, or other entities of which the entity in question owns or controls 50% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 50% or more of the outstanding equity securities is owned directly or indirectly by its parent; provided, there shall not be included A-34 101 any such entity acquired through foreclosure or any such entity the equity securities of which are owned or controlled in a fiduciary capacity. "Superior Proposal" means, with respect to FBOT, any written Acquisition Proposal made by a Person other than Regions which is for (i) (a) a merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution, or similar transaction involving FBOT as a result of which either (1) FBOT's stockholders prior to such transaction (by virtue of their ownership of FBOT's shares) in the aggregate cease to own at least 50% of the voting securities of the entity surviving or resulting from such transaction (or the ultimate parent entity thereof) or (2) the individuals comprising the Board of Directors of FBOT prior to such transaction do not constitute a majority of the board of directors of such ultimate parent entity, (b) a sale, lease, exchange, transfer, or other disposition of at least 50% of the Assets of FBOT and its Subsidiaries, taken as a whole, in a single transaction or a series of related transactions, or (c) the acquisition, directly or indirectly, by a Person of beneficial ownership of 25% or more of the common stock of FBOT whether by merger, consolidation, share exchange, business combination, tender, or exchange offer or otherwise, and (ii) which is otherwise on terms which the Board of Directors of FBOT in good faith concludes (after consultation with its financial advisors and outside counsel), taking into account, among other things, all legal, financial, regulatory, and other aspects of the proposal and the Person making the proposal, (a) would, if consummated, result in a transaction that is more favorable to its stockholders (in their capacities as stockholders), from a financial point of view, than the transactions contemplated by this Agreement, and (b) is reasonably capable of being completed. "Support Agreement" shall mean the various support agreements, each in substantially the form of Exhibit 1. "Surviving Corporation" shall mean Regions as the surviving corporation resulting from the Merger. "Tax" or "Taxes" shall mean all federal, state, local, and foreign taxes, levies, imposts, duties, or other like assessments, including income, gross receipts, excise, employment, sales, use, transfer, license, payroll, franchise, severance, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, imposed or required to be withheld by the United States or any state, local, or foreign government or subdivision or agency thereof, including any related interest and penalties, or additions thereto. "Tax Return" shall mean any report, return, information return, or other information required to be supplied to a taxing authority in connection with Taxes, including any return of an affiliated or combined or unitary group that includes a Party or its Subsidiaries. "Taxable Period" shall mean any period prescribed by any governmental authority, including the United States or any state, local, or foreign government or subdivision or agency thereof for which a Tax Return is required to be filed or Tax is required to be paid. "TBCA" shall mean the Texas Business Corporation Act. A-35 102 (b) The terms set forth below shall have the meanings ascribed thereto in the referenced sections: Claim..... Section 8.11(a) Closing..... Section 1.2 Continuing Employees..... Section 8.10 Covered Parties..... Section 8.11(b) Effective Time..... Section 1.3 Exchange Agent..... Section 4.1 Exchange Ratio..... Section

3.1(b) FBOT Benefit Plans..... Section 5.13(a) FBOT Contracts.....
 Section 5.14(a) FBOT ERISA Affiliate..... Section 5.13(e) FBOT ERISA
 Plan..... Section 5.13(a) FBOT Options..... Section 3.6(a) FBOT
 Pension Plan..... Section 5.13(a) Indemnified Parties..... Section 8.11(a)
 Merger..... Section 1.1 FBOT SEC Reports..... Section 5.5(a)
 Regions SEC Reports..... Section 6.5(a) Takeover Laws..... Section
 5.20 Tax Opinion..... Section 9.1(f) (c) Any singular term in this Agreement shall be
 deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes," or
 "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." 11.2
 Expenses. (a) Except as otherwise provided in this Section 11.2, each of the Parties shall bear and pay all direct costs
 and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including
 filing, registration, and application fees, printing fees, and fees and expenses of its own financial or other consultants,
 investment bankers, accountants, and counsel, except that Regions shall bear and pay the filing fees payable in
 connection with the Registration Statement and the Proxy Statement and one half of the printing costs incurred in
 connection with the printing of the Registration Statement and the Proxy Statement. (b) Nothing contained in this
 Section 11.2 shall constitute or shall be deemed to constitute liquidated damages for the willful breach by a Party of
 the terms of this Agreement or otherwise limit the rights of the nonbreaching Party. 11.3 Brokers and Finders. Each of
 the Parties represents and warrants that except for SAMCO Capital Markets, a Division of Service Asset Management
 Company and Hofer & Arnett, Inc., each as to FBOT, neither it nor any of its officers, directors, employees, or
 Affiliates has employed any broker or finder or incurred any Liability for any financial advisory fees, investment
 bankers' fees, brokerage fees, commissions, or finders' fees in connection with this Agreement or the transactions
 contemplated hereby. In the event of a claim by any broker or finder based upon his, her, or its representing or being
 retained by or allegedly representing or being retained by FBOT or Regions, each of FBOT and Regions, as the case
 may be, agrees to indemnify and hold the other Party harmless of and from any Liability in respect of any such claim.
 11.4 Entire Agreement. Except as otherwise expressly provided herein, this Agreement (including the FBOT
 Disclosure Memorandum) constitutes the entire agreement between the Parties with respect to the transactions
 contemplated hereunder and supersedes all prior arrangements or understandings with respect A-36 103 thereto,
 written or oral, other than the Confidentiality Agreement, which shall remain in effect. Nothing in this Agreement
 expressed or implied, is intended to confer upon any Person, other than the Parties or their respective successors, any
 rights, remedies, obligations, or liabilities under or by reason of this Agreement other than as provided for in Sections
 8.9 and 8.11 of this Agreement. 11.5 Amendments. To the extent permitted by Law, this Agreement may be amended
 by a subsequent writing signed by each of the Parties upon the approval of the Boards of Directors of each of the
 Parties, whether before or after stockholder approval of this Agreement has been obtained; provided, that the
 provisions of this Agreement relating to the manner or basis in which shares of FBOT Common Stock will be
 exchanged for Regions Common Stock or cash shall not be amended after the Stockholders' Meeting without the
 requisite approval of the holders of the issued and outstanding shares of FBOT Common Stock entitled to vote
 thereon. 11.6 Waivers. (a) Prior to or at the Effective Time, Regions, acting through its Board of Directors, chief
 executive officer, chief financial officer, or other authorized officer, shall have the right to waive any Default in the
 performance of any term of this Agreement by FBOT, to waive or extend the time for the compliance or fulfillment by
 FBOT of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the
 obligations of Regions under this Agreement, except any condition which, if not satisfied, would result in the violation
 of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of Regions except
 that any unfulfilled conditions shall be deemed to have been waived at the Effective Time. (b) Prior to or at the
 Effective Time, FBOT, acting through its Board of Directors, chief executive officer, chief financial officer, or other
 authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by
 Regions, to waive or extend the time for the compliance or fulfillment by Regions of any and all of its obligations
 under this Agreement, and to waive any or all of the conditions precedent to the obligations of FBOT under this
 Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver
 shall be effective unless in writing signed by a duly authorized officer of FBOT except that any unfulfilled conditions
 shall be deemed to have been waived at the Effective Time. (c) The failure of any Party at any time or times to require
 performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the

same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement. 11.7 Assignment. Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective successors and assigns. A-37 104 11.8 Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered: FBOT: First Bancshares of Texas, Inc. 2001 Kirby Drive Suite 808 Houston, Texas 77019 Telecopy Number: (713) 521-3296 Attention: W. Allen Gage Chairman of the Board, President and Chief Executive Officer Copy to Counsel: Bracewell & Patterson 711 Louisiana Street, Suite 2900 Houston, Texas 77002-2781 Telecopy Number: (713) 222-3256 Attention: William T. Luedke IV Regions: Regions Financial Corporation 417 North 20th Street Birmingham, Alabama 35203 Telecopy Number: (205) 326-7571 Attention: Richard D. Horsley Vice Chairman and Executive Financial Officer Copy to Counsel: Regions Financial Corporation 417 North 20th Street Birmingham, Alabama 35203 Telecopy Number: (205) 326-7751 Attention: Samuel E. Upchurch, Jr. General Counsel 11.9 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without regard to any applicable principles of conflicts of Laws, except to the extent that the Laws of the State of Texas relate to the consummation of the Merger. 11.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. 11.11 Captions. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. 11.12 Interpretations. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. No Party to this Agreement shall be considered the draftsman. The Parties acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by all Parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of the Parties. A-38 105 11.13 Enforcement of Agreement. The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. 11.14 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable. IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf and its corporate seal to be hereunto affixed and attested by officers thereunto as of the day and year first above written. ATTEST: FIRST BANCSHARES OF TEXAS, INC By: /s/ MARY MELVILLE By: /s/ W. ALLEN GAGE -----
----- Mary Melville W. Allen Gage Corporate Secretary Chairman of the Board, President and Chief Executive Officer [CORPORATE SEAL] ATTEST: FIRST BANCSHARES OF TEXAS, INC. By: /s/ SAMUEL E. UPCHURCH, JR. By: /s/ CARL E. JONES, JR. -----
----- Samuel E. Upchurch, Jr. Carl E. Jones, Jr. Corporate Secretary President and Chief Executive Officer [CORPORATE SEAL] A-39 106 APPENDIX B [HOEFER & ARNETT, INCORPORATED LETTERHEAD] October 1, 2001 Members of the Board of Directors First Bancshares of Texas, Inc. 2001 Kirby, Suite 808 Houston, Texas 77019 Members of the Board: You have requested our opinion as investment bankers as to the fairness, from a financial point of view, to the shareholders of First Bancshares of Texas, Inc., Houston, Texas ("FBOT") of the terms of the proposed merger of FBOT with and into Regions Financial Corporation, Birmingham, Alabama ("Regions") in accordance with the terms and conditions of the Agreement and Plan of Merger, dated August

3, 2001 (the "Agreement"). Pursuant to the Agreement, and subject to the terms and conditions therein, each share of FBOT Common Stock, excluding shares held by any FBOT Company or any Regions Company, in each case other than in a fiduciary capacity or as a result of debts previously contracted, issued and outstanding at the Effective Time shall be converted into .589 of a share of Regions Common Stock (subject to adjustment as set forth in the following proviso, the "Exchange Ratio"); provided that (i) in the event the Average Closing Price is greater than \$36.00, the Exchange Ratio shall be equal to the quotient (rounded to the nearest thousandth) obtained by dividing (A) the product of \$36.00 and the Exchange Ratio (as then in effect) by (B) the Average Closing Price and (ii) in the event the Average Closing Price is less than \$26.00, the Exchange Ratio shall be equal to the quotient (rounded to the nearest thousandth) obtained by dividing (A) the product of \$26.00 and the Exchange Ratio (as then in effect) by (B) the Average Closing Price. As part of its investment banking business, Hoefer & Arnett, Incorporated is regularly engaged in the valuation of bank, bank holding company and thrift securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. We have not previously provided investment banking and financial advisory services to FBOT. In arriving at our opinion, we have reviewed and analyzed, among other things, the following: (i) the Agreement and Plan of Merger dated August 2, 2001; (ii) Annual Reports to Shareholders of FBOT for the years ended December 31, 1999 and December 31, 2000, Quarterly reports of condition and income for the quarters ended June 30, 2000, September 30, 2000, December 31, 2000, March 31, 2001 and June 30, 2001; (iii) financial statements for Regions included in its Annual Reports on Form 10-K for the years ended December 31, 1999 and December 31, 2000, Quarterly reports on Form 10-Q for June 30, 2000, September 30, 2000, December 31, 2000, March 31, 2001 and June 30, 2001; (iv) certain other publicly available financial and other information concerning FBOT and Regions; and (v) the nature and terms of certain other merger and acquisition transactions we believe relevant to our inquiry. We have held discussions with senior management of FBOT concerning its past and current operations, financial condition and prospects, as well as the results of regulatory examinations. We have conducted such other financial studies, analyses and investigations, as we deemed appropriate for purposes of this opinion. In conducting our review, we have relied upon and assumed the accuracy and completeness of the financial and other information provided to us or publicly available, and we have not assumed any responsibility for independent verification of the same. We have relied upon the management of FBOT as to the reasonableness of the financial and operating forecasts, projections (and the assumptions and bases therefor) provided to us, and we have assumed that such forecasts and projections reflect the best currently available estimates and judgments of the management of FBOT. We have also assumed, without assuming any responsibility for the independent verification of same, that the aggregate allowance for loan losses for FBOT and Regions is adequate to cover such losses. We have not made or obtained any evaluations or B-1 107 appraisals of the property of FBOT or Regions, nor have we examined any individual loan credit files. For purposes of this opinion, we have assumed that the transaction will have the tax, accounting and legal effects described in the Agreement and assumed the accuracy of the disclosures set forth in the Agreement. Our opinion as expressed herein is limited to the fairness, from a financial point of view, to the holders of shares of common stock of FBOT of the terms of the proposed merger of FBOT with and into Regions and does not address FBOT's underlying business decision to proceed with the transaction. We have considered such financial and other factors as we have deemed appropriate under the circumstances, including among others the following: (i) the historical and current financial position and results of operations of FBOT and Regions, including interest income, interest expense, net interest income, net interest margin, provision for loan losses, non-interest income, non-interest expense, earnings, dividends, internal capital generation, book value, intangible assets, return on assets, return on shareholders' equity, capitalization, the amount and type of non-performing assets, loan losses and the reserve for loan losses, all as set forth in the financial statements for FBOT and Regions; (ii) the assets and liabilities of FBOT and Regions, including the loan, investment and mortgage portfolios, deposits, other liabilities, historical and current liability sources and costs and liquidity; and (iii) the nature and terms of certain other merger and acquisition transactions involving banks and bank holding companies. We have also taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and our knowledge of the banking industry generally. Our opinion is necessarily based upon conditions as they exist and can be evaluated on the date hereof and the information made available to us through the date hereof. Based upon and subject to the foregoing, we are of the opinion as investment bankers that, as of the date hereof, the terms of the proposed merger of FBOT with and into Regions are fair, from a financial point of view, to the holders of shares of

common stock of FBOT. Our opinion is directed to the Board of Directors of FBOT for its information and assistance in connection with its consideration of the financial terms of the transaction contemplated by the Agreement and does not constitute a recommendation to any shareholder of FBOT as to how such shareholder should vote on the proposed transaction. We hereby consent to the reference to our firm in the proxy statement related to the transaction and to the inclusion of our opinion as an exhibit to the proxy statement related to the transaction. Very truly yours, Hoefer & Arnett, Incorporated

B-2 108 APPENDIX C VERNON'S TEXAS STATUTES AND CODES ANNOTATED
BUSINESS CORPORATION ACT PART FIVE ARTICLE 5.11. RIGHTS OF DISSENTING SHAREHOLDERS IN THE EVENT OF CERTAIN CORPORATE ACTIONS A. Any shareholder of a domestic corporation shall have the right to dissent from any of the following corporate actions: (1) Any plan of merger to which the corporation is a party if shareholder approval is required by Article 5.03 or 5.16 of this Act and the shareholder holds shares of a class or series that was entitled to vote thereon as a class or otherwise; (2) Any sale, lease, exchange or other disposition (not including any pledge, mortgage, deed of trust or trust indenture unless otherwise provided in the articles of incorporation) of all, or substantially all, the property and assets, with or without good will, of a corporation if special authorization of the shareholders is required by this Act and the shareholders hold shares of a class or series that was entitled to vote thereon as a class or otherwise; (3) Any plan of exchange pursuant to Article 5.02 of this Act in which the shares of the corporation of the class or series held by the shareholder are to be acquired. B. Notwithstanding the provisions of Section A of this Article, a shareholder shall not have the right to dissent from any plan of merger in which there is a single surviving or new domestic or foreign corporation, or from any plan of exchange, if: (1) the shares held by the shareholder are part of a class or series, shares of which are on the record date fixed to determine the shareholders entitled to vote on the plan of merger or plan of exchange: (a) listed on a national securities exchange; (b) listed on the Nasdaq Stock Market (or successor quotation system) or designated as a national market security on an interdealer quotation system by the National Association of Securities Dealers, Inc., or successor entity; or (c) held of record by not less than 2,000 holders; (2) the shareholder is not required by the terms of the plan of merger or plan of exchange to accept for the shareholder's shares any consideration that is different than the consideration (other than cash in lieu of fractional shares that the shareholder would otherwise be entitled to receive) to be provided to any other holder of shares of the same class or series of shares held by such shareholder; and (3) the shareholder is not required by the terms of the plan of merger or the plan of exchange to accept for the shareholder's shares any consideration other than: (a) shares of a domestic or foreign corporation that, immediately after the effective time of the merger or exchange, will be part of a class or series, shares of which are: (i) listed, or authorized for listing upon official notice of issuance, on a national securities exchange; (ii) approved for quotation as a national market security on an interdealer quotation system by the National Association of Securities Dealers, Inc., or successor entity; or (iii) held of record by not less than 2,000 holders; (b) cash in lieu of fractional shares otherwise entitled to be received; or C-1 109 (c) any combination of the securities and cash described in Subdivisions (a) and (b) of this subsection. ARTICLE 5.12. PROCEDURE FOR DISSENT BY SHAREHOLDERS AS TO SAID CORPORATE ACTIONS A. Any shareholder of any domestic corporation who has the right to dissent from any of the corporate actions referred to in Article 5.11 of this Act may exercise that right to dissent only by complying with the following procedures: (1)(a) With respect to proposed corporate action that is submitted to a vote of shareholders at a meeting, the shareholder shall file with the corporation, prior to the meeting, a written objection to the action, setting out that the shareholder's right to dissent will be exercised if the action is effective and giving the shareholder's address, to which notice thereof shall be delivered or mailed in that event. If the action is effected and the shareholder shall not have voted in favor of the action, the corporation, in the case of action other than a merger, or the surviving or new corporation (foreign or domestic) or other entity that is liable to discharge the shareholder's right of dissent, in the case of a merger, shall, within ten (10) days after the action is effected, deliver or mail to the shareholder written notice that the action has been effected, and the shareholder may, within ten (10) days from the delivery or mailing of the notice, make written demand on the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, for payment of the fair value of the shareholder's shares. The fair value of the shares shall be the value thereof as of the day immediately preceding the meeting, excluding any appreciation or depreciation in anticipation of the proposed action. The demand shall state the number and class of the shares owned by the shareholder and the fair value of the shares as estimated by the shareholder. Any shareholder failing to make demand within the ten (10) day period shall be bound by the action. (b) With respect to proposed corporate action that is approved pursuant to Section A of Article 9.10 of this Act, the corporation, in the case of action other than a merger,

and the surviving or new corporation (foreign or domestic) or other entity that is liable to discharge the shareholder's right of dissent, in the case of a merger, shall, within ten (10) days after the date the action is effected, mail to each shareholder of record as of the effective date of the action notice of the fact and date of the action and that the shareholder may exercise the shareholder's right to dissent from the action. The notice shall be accompanied by a copy of this Article and any articles or documents filed by the corporation with the Secretary of State to effect the action. If the shareholder shall not have consented to the taking of the action, the shareholder may, within twenty (20) days after the mailing of the notice, make written demand on the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, for payment of the fair value of the shareholder's shares. The fair value of the shares shall be the value thereof as of the date the written consent authorizing the action was delivered to the corporation pursuant to Section A of Article 9.10 of this Act, excluding any appreciation or depreciation in anticipation of the action. The demand shall state the number and class of shares owned by the dissenting shareholder and the fair value of the shares as estimated by the shareholder. Any shareholder failing to make demand within the twenty (20) day period shall be bound by the action. (2) Within twenty (20) days after receipt by the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, of a demand for payment made by a dissenting shareholder in accordance with Subsection (1) of this Section, the corporation (foreign or domestic) or other entity shall deliver or mail to the shareholder a written notice that shall either set out that the corporation (foreign or domestic) or other entity accepts the amount claimed in the demand and agrees to pay that amount within ninety (90) days after the date on which the action was effected, and, in the case of shares represented by certificates, upon the surrender of the certificates duly endorsed, or shall contain an estimate by the corporation (foreign or domestic) or other entity of the fair value of the shares, together with an offer to pay the amount of that estimate within ninety (90) days after the date on which the action was effected, upon receipt of notice within sixty (60) days after that date from the shareholder that the shareholder agrees to accept that amount and, in the case of shares represented by certificates, upon the surrender of the certificates duly endorsed. C-2 110 (3) If, within sixty (60) days after the date on which the corporate action was effected, the value of the shares is agreed upon between the shareholder and the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, payment for the shares shall be made within ninety (90) days after the date on which the action was effected and, in the case of shares represented by certificates, upon surrender of the certificates duly endorsed. Upon payment of the agreed value, the shareholder shall cease to have any interest in the shares or in the corporation. B. If, within the period of sixty (60) days after the date on which the corporate action was effected, the shareholder and the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, do not so agree, then the shareholder or the corporation (foreign or domestic) or other entity may, within sixty (60) days after the expiration of the sixty (60) day period, file a petition in any court of competent jurisdiction in the county in which the principal office of the domestic corporation is located, asking for a finding and determination of the fair value of the shareholder's shares. Upon the filing of any such petition by the shareholder, service of a copy thereof shall be made upon the corporation (foreign or domestic) or other entity, which shall, within ten (10) days after service, file in the office of the clerk of the court in which the petition was filed a list containing the names and addresses of all shareholders of the domestic corporation who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the corporation (foreign or domestic) or other entity. If the petition shall be filed by the corporation (foreign or domestic) or other entity, the petition shall be accompanied by such a list. The clerk of the court shall give notice of the time and place fixed for the hearing of the petition by registered mail to the corporation (foreign or domestic) or other entity and to the shareholders named on the list at the addresses therein stated. The forms of the notices by mail shall be approved by the court. All shareholders thus notified and the corporation (foreign or domestic) or other entity shall thereafter be bound by the final judgment of the court. C. After the hearing of the petition, the court shall determine the shareholders who have complied with the provisions of this Article and have become entitled to the valuation of and payment for their shares, and shall appoint one or more qualified appraisers to determine that value. The appraisers shall have power to examine any of the books and records of the corporation the shares of which they are charged with the duty of valuing, and they shall make a determination of the fair value of the shares upon such investigation as to them may seem proper. The appraisers shall also afford a reasonable opportunity to the parties interested to submit to them pertinent evidence as to the value of the shares. The appraisers shall also have such power and authority as may be conferred on Masters in Chancery by the Rules of Civil Procedure or by the order of their appointment. D. The appraisers shall determine the fair value of the shares of the shareholders adjudged by the court to be entitled to

payment for their shares and shall file their report of that value in the office of the clerk of the court. Notice of the filing of the report shall be given by the clerk to the parties in interest. The report shall be subject to exceptions to be heard before the court both upon the law and the facts. The court shall by its judgment determine the fair value of the shares of the shareholders entitled to payment for their shares and shall direct the payment of that value by the existing, surviving, or new corporation (foreign or domestic) or other entity, together with interest thereon, beginning 91 days after the date on which the applicable corporate action from which the shareholder elected to dissent was effected to the date of such judgment, to the shareholders entitled to payment. The judgment shall be payable to the holders of uncertificated shares immediately but to the holders of shares represented by certificates only upon, and simultaneously with, the surrender to the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, of duly endorsed certificates for those shares. Upon payment of the judgment, the dissenting shareholders shall cease to have any interest in those shares or in the corporation. The court shall allow the appraisers a reasonable fee as court costs, and all court costs shall be allotted between the parties in the manner that the court determines to be fair and equitable. E. Shares acquired by the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, pursuant to the payment of the agreed value of the shares or pursuant to payment of the judgment entered for the value of the shares, as in this Article provided, shall, in the case of a merger, be C-3 111 treated as provided in the plan of merger and, in all other cases, may be held and disposed of by the corporation as in the case of other treasury shares. F. The provisions of this Article shall not apply to a merger if, on the date of the filing of the articles of merger, the surviving corporation is the owner of all the outstanding shares of the other corporations, domestic or foreign, that are parties to the merger. G. In the absence of fraud in the transaction, the remedy provided by this Article to a shareholder objecting to any corporate action referred to in Article 5.11 of this Act is the exclusive remedy for the recovery of the value of his shares or money damages to the shareholder with respect to the action. If the existing, surviving, or new corporation (foreign or domestic) or other entity, as the case may be, complies with the requirements of this Article, any shareholder who fails to comply with the requirements of this Article shall not be entitled to bring suit for the recovery of the value of his shares or money damages to the shareholder with respect to the action. ARTICLE 5.13. PROVISIONS AFFECTING REMEDIES OF DISSENTING SHAREHOLDERS A. Any shareholder who has demanded payment for his shares in accordance with either Article 5.12 or 5.16 of this Act shall not thereafter be entitled to vote or exercise any other rights of a shareholder except the right to receive payment for his shares pursuant to the provisions of those articles and the right to maintain an appropriate action to obtain relief on the ground that the corporate action would be or was fraudulent, and the respective shares for which payment has been demanded shall not thereafter be considered outstanding for the purposes of any subsequent vote of shareholders. B. Upon receiving a demand for payment from any dissenting shareholder, the corporation shall make an appropriate notation thereof in its shareholder records. Within twenty (20) days after demanding payment for his shares in accordance with either Article 5.12 or 5.16 of this Act, each holder of certificates representing shares so demanding payment shall submit such certificates to the corporation for notation thereon that such demand has been made. The failure of holders of certificated shares to do so shall, at the option of the corporation, terminate such shareholder's rights under Articles 5.12 and 5.16 of this Act unless a court of competent jurisdiction for good and sufficient cause shown shall otherwise direct. If uncertificated shares for which payment has been demanded or shares represented by a certificate on which notation has been so made shall be transferred, any new certificate issued therefor shall bear similar notation together with the name of the original dissenting holder of such shares and a transferee of such shares shall acquire by such transfer no rights in the corporation other than those which the original dissenting shareholder had after making demand for payment of the fair value thereof. C. Any shareholder who has demanded payment for his shares in accordance with either Article 5.12 or 5.16 of this Act may withdraw such demand at any time before payment for his shares or before any petition has been filed pursuant to Article 5.12 or 5.16 of this Act asking for a finding and determination of the fair value of such shares, but no such demand may be withdrawn after such payment has been made or, unless the corporation shall consent thereto, after any such petition has been filed. If, however, such demand shall be withdrawn as hereinbefore provided, or if pursuant to Section B of this Article the corporation shall terminate the shareholder's rights under Article 5.12 or 5.16 of this Act, as the case may be, or if no petition asking for a finding and determination of fair value of such shares by a court shall have been filed within the time provided in Article 5.12 or 5.16 of this Act, as the case may be, or if after the hearing of a petition filed pursuant to Article 5.12 or 5.16, the court shall determine that such shareholder is not entitled to the relief provided by those articles, then, in any such case, such shareholder and all

persons claiming under him shall be conclusively presumed to have approved and ratified the corporate action from which he dissented and shall be bound thereby, the right of such shareholder to be paid the fair value of his shares shall cease, and his status as a shareholder shall be restored without prejudice to any corporate proceedings which may have been taken during the interim, and such shareholder shall be entitled to receive any dividends or other distributions made to shareholders in the interim. C-4 112 PART II INFORMATION NOT REQUIRED IN PROSPECTUS ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS Article Tenth of the Certificate of Incorporation of the Registrant provides: "(a) The corporation shall indemnify its officers, directors, employees, and agents to the full extent permitted by the General Corporation Law of Delaware. (b) No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages, for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit." Section 145 of the Delaware General Corporation law empowers the Registrant to indemnify its officers and directors under certain circumstances. The pertinent provisions of that statute read as follows: "(a) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. "(b) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request II-1 113 of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper. "(c) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. "(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (3) by the stockholders. "(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be

indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate. "(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. II-2 114 "(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under this section. "(h) For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. "(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section. "(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. "(k) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees)." The Registrant has purchased a directors' and officers' liability insurance contract which provides, within stated limits, reimbursement either to a II-3 115 director or officer whose actions in his capacity result in liability, or to the Registrant, in the event it has indemnified the director or officer. Major exclusions from coverage include libel, slander, personal profit based on inside information, illegal payments, dishonesty, accounting of securities profits in violation of Section 16(b) of the Securities Exchange Act of 1934 and acts within the scope of the Pension Reform Act of 1974. ITEM 21. EXHIBITS. EXHIBIT NUMBER DESCRIPTION ----- 2.1 -- Agreement and Plan of Merger, dated as of August 3, 2001, by and between First Bancshares of Texas, Inc. and Regions Financial Corporation -- included as Appendix A to the Proxy Statement/Prospectus. 4.1 -- Certificate of Incorporation of Regions Financial Corporation -- incorporated by reference from S-4 Registration Statement of Regions Financial Corporation, file no. 333-86975. 4.2 -- By-laws of Regions Financial Corporation -- incorporated by reference from S-4 Registration Statement of Regions Financial Corporation, file no. 333-86975. 5. -- Form of opinion re: legality. 8. -- Form of opinion re: tax matters. 23.1 -- Consent of Ernst & Young LLP. 23.2 -- Consent of Lange, Simpson, Robinson & Somerville LLP - to be included in Exhibit 5. 23.3 -- Consent of Alston & Bird LLP - to be included in Exhibit 8. 23.4 -- Consent of Hereford, Lynch, Sellars & Kirkham, P.C.. 23.5 -- Consent of Hoefer & Arnett Incorporated. 24.1 -- Power of Attorney. 99. -- Form of proxy. ITEM 22. UNDERTAKINGS. A. 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. B. 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 II-4 116 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. C.(1) The undersigned Registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form. (2) The Registrant undertakes that every prospectus: (i) that is filed pursuant to paragraph (1) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment 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. D. The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request. E. The undersigned Registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective. II-5 117 SIGNATURES Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Birmingham, State of Alabama on this the 3rd day of October, 2001. REGISTRANT: REGIONS FINANCIAL CORPORATION BY: /s/ Richard D. Horsley
----- Richard D. Horsley Vice Chairman of the Board and Executive Financial Officer Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated. SIGNATURE TITLE DATE ----- * -----
Chairman, President and Chief October 3, 2001 Carl E. Jones, Jr. Executive Officer and Director (principal executive officer) /s/ Richard D. Horsley ----- Vice Chairman of the Board and October 3, 2001 Richard D. Horsley Executive Financial Officer and Director (principal financial officer) * ----- Executive Vice President and October 3, 2001 D. Bryan Jordan Comptroller (principal accounting officer) 118 *
----- Director October 3, 2001 Sheila S. Blair * ----- Director October 3, 2001 James B. Boone, Jr. * ----- Director October 3, 2001 James S.M. French * ----- Director October 3, 2001 Olin B. King * ----- Director October 3, 2001 Allen C Morgan, Jr. ----- Director Michael W. Murphy * ----- Director October 3, 2001 Henry E. Simpson ----- Director Lee J. Styslinger, Jr. * ----- Director October 3, 2001 W. Woodrow Stewart * ----- Director October 3, 2001 John H. Watson * ----- Director October 3, 2001 C. Kemmons Wilson, Jr. * By /s/ Richard D. Horsley as attorney-in-fact October 3, 2001 pursuant to a power of attorney. 13 119 INDEX TO EXHIBITS EXHIBIT NUMBER DESCRIPTION -----
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