

**CORPORATE
ACCESS,
INC.**

1116-D Thomasville Road . Mount Vernon Square . Tallahassee, Florida 32303

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Merger

1.)

G.S.B. Investments, Inc.
(CORPORATE NAME & DOCUMENT #)

2.)

(CORPORATE NAME & DOCUMENT #)

3.)

(CORPORATE NAME & DOCUMENT #)

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SPECIAL INSTRUCTIONS

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ARTICLES OF MERGER
Merger Sheet

MERGING: -----

G.S.B. INVESTMENTS, INC., a FL corp., #F74661

INTO

COMPASS FLORIDA GAINESVILLE, INC., a Florida corporation,
P98000003131.

File date: January 15, 1998

Corporate Specialist: Susan Payne



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

January 16, 1998

Corporate Access, Inc.

Tallahassee, FL

SUBJECT: COMPASS FLORIDA GAINESVILLE, INC.
Ref. Number: P98000003131

We have received your document for COMPASS FLORIDA GAINESVILLE, INC. and check(s) totaling \$70.00. However, the enclosed document has not been filed and is being returned to you for the following reason(s):

The typed or printed name of the person signing for G.S.B. INVESTMENTS, INC. should be indicated beneath or opposite the signature.

Any exhibit that is referred to as being attached should be attached. I have marked the appropriate pages, however, the filing party should ensure that each exhibit is attached by double checking the document. If the exhibits are part of the agreement and have nothing to do with the plan and are not to be attached to this document, the reference "attached or attached hereto" should be removed in all appropriate places. You may also want to make a statement that the schedules which are also not included are part of the agreement and are not related to the provisions of the plan of merger.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 487-6901.

Susan Payne
Senior Section Administrator

Letter Number: 098A00002520

*Susan,
I need the 15th
file date
Corrected*

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ARTICLES OF MERGER
OF
G.S.B. INVESTMENTS, INC.
WITH AND INTO
COMPASS FLORIDA GAINESVILLE, INC.

Pursuant to Section 607.1105 of the Florida Statutes, as amended, G.S.B. Investments, Inc., a Florida corporation ("GSB"), and Compass Florida Gainesville, Inc., a Florida corporation ("Compass Florida"), hereby file the following Articles of Merger for the purpose of merging GSB into Compass Florida (the "Merger"):

FIRST: The Agreement and Plan of Merger, as amended ("Plan of Merger"), pursuant to which GSB will merge with and into Compass Florida, is attached hereto as Exhibit 1.

SECOND: The effective date of the Merger shall be January 15, 1998.

THIRD: The Plan of Merger was approved and adopted by the shareholders of GSB on December 4, 1997, and by the sole shareholder of Compass Florida on January 12, 1998, in the manner prescribed by the Florida Statutes, as amended.

Dated: January 13, 1998.

**COMPASS FLORIDA GAINESVILLE, INC., a
Florida corporation**



Garrett R. Hegel, Chief Financial Officer

G.S.B. INVESTMENTS, INC., a Florida corporation

By: Carl Walls CARL WALLS, PRESIDENT
Its: PRES.

Exhibit 1

Agreement and Plan of Merger

The exhibits and schedules to the Agreement and Plan of Merger filed as Exhibit 1 to these Articles of Merger are not included, as they are not related to the provisions of the plan of merger.

AGREEMENT AND PLAN OF MERGER

BY AND BETWEEN

COMPASS BANCSHARES, INC.

AND

G.S.B. INVESTMENTS, INC.

Dated as of July 8, 1997

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- B. Exchange Agent Agreement
- C. Pooling of Interest Criteria
- D. Voting Agreement and Irrevocable Proxy
- E. Opinion of Counsel for the Company and the Bank
- F. Opinion of Counsel for Compass and Compass Florida
- G. Compass Florida Representations Certificate
- H. Noncompetition Agreement
- I. Release
- J. Release
- K. Shareholder Representation
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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER ("Agreement") dated as of July 8, 1997, by and between Compass Bancshares, Inc. a Delaware corporation ("Compass"), and G.S.B. Investments, Inc., a Florida corporation ("Company").

WHEREAS, Compass desires to affiliate with the Company and its wholly owned subsidiary, Gainesville State Bank, a Florida banking corporation (the "Bank"), and the Company and the Bank desire to affiliate with Compass in the manner provided in this Agreement;

WHEREAS, Compass and the Company believe that the Merger (as defined herein) of the Company with an existing or to-be-formed subsidiary ("Compass Florida") of Compass incorporated under the laws of the State of Florida to be added as a party to this Agreement after the date hereof in the manner provided by, and subject to the terms and conditions set forth in, this Agreement and all exhibits, schedules and supplements hereto is desirable and in the best interests of their respective institutions and shareholders; and

WHEREAS, the respective boards of directors of the Company and Compass have approved this Agreement and the proposed transactions substantially on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I.

THE MERGER

SECTION 1.1 The Merger. Upon the terms and subject to the conditions hereof, and in accordance with the Florida Business Corporation Act (the "FBCA"), the Company shall be merged with and into Compass Florida (the "Merger") as soon as practicable following the satisfaction or waiver, if permissible, of the conditions set forth in Article VII hereof but not prior to January 1, 1998. Following the Merger, Compass Florida shall continue as the surviving corporation (the "Surviving Corporation") and the separate corporate existence of the Company shall cease. Compass shall not be deemed a party to the Merger for the purposes of Section 607.1106(i)(a) of the FBCA.

SECTION 1.2 Effective Time. The Merger shall be consummated by the filing by the Florida Department of State, of Articles of Merger in the form required by and executed in accordance with the relevant provisions of the FBCA, and by the issuance of a Certificate of

Merger by the Florida Department of State. (The date of such issuance and filing or such other time and date as may be specified in the Articles and Certificate of Merger, shall be the "Effective Time").

SECTION 1.3 Certain Effects of the Merger. The Merger shall have the effects set forth in Section 607.1106 of the FBCA.

SECTION 1.4 Certificate of Incorporation and By-Laws. The Articles of Incorporation and the By-Laws of Compass Florida, in each case as in effect at the Effective Time, shall be the Articles of Incorporation and By-Laws of the Surviving Corporation.

SECTION 1.5 Directors and Officers. The directors and officers of Compass Florida at the Effective Time shall be the directors and officers of the Surviving Corporation and shall hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided in the Articles of Incorporation and By-Laws of the Surviving Corporation, or as otherwise provided by law.

SECTION 1.6 Conversion of Shares.

(a) Each share of the Company's common stock, par value \$.10 per share ("Company Common Stock" or "Shares"), issued and outstanding immediately prior to the Effective Time ("Common Shares Outstanding"), other than Dissenting Shares (as defined in Section 2.1), shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and represent the right to receive the consideration payable as set forth below (the "Merger Consideration") to the holder of record thereof, without interest thereon, upon surrender of the certificate representing such Share. For the purpose of determining the number of Shares issued and outstanding, the number of Shares issued and outstanding shall be increased by the number and class of Shares that may be acquired upon the exercise or conversion of any warrant, option, convertible debenture or other security entitling the holder thereof to acquire Shares which is in effect or outstanding prior to the Effective Time. At the Closing (as defined in Section 1.9), the Company shall calculate and certify to Compass the Common Shares Outstanding.

(b) (i) Each holder of Company Common Stock for each share of Company Common Stock so held shall receive Merger Consideration equal to the quotient of 1,650,000 shares of Compass common stock, \$2.00 par value per share ("Compass Common Stock") less such number of shares of Compass Common Stock ("Option Shares") issued to the holders of Convertible Securities (as defined in Section 6.13) pursuant to Section 6.13 and the Agreements Regarding Convertible Securities, divided by the Common Shares Outstanding.

(ii) The aggregate number of shares of Compass Common Stock to be exchanged for each Share shall be adjusted appropriately to reflect any stock dividends or splits

with respect to Compass Common Stock, when the record date or payment occurs prior to the Effective Time.

(iii) If prior to the Effective Time, Compass (A) is acquired, (B) executes a definitive agreement to be acquired, or (C) is the subject of a formal tender offer pursuant to the filing of a Form 14D-1 with the Securities and Exchange Commission, then in such event, subject to the satisfaction or waiver of the conditions set forth in Article VII, the parties agree that completion of the Merger and the transactions contemplated herein will be assured.

(c) Compass will not issue any certificates for any fractional shares of Compass Common Stock otherwise issuable pursuant to the Merger. In lieu of issuing such fractional shares, Compass shall pay cash to any holder of Shares otherwise entitled to receive such fractional share. Such cash payment shall be based on the average closing sale price of Compass Common Stock as reported by the National Association of Securities Dealers, Inc. National Market System for the 20 days of trading immediately prior to the 10th trading day prior to the Closing.

(d) Each share of capital stock of Compass Florida issued and outstanding immediately before the Effective Time shall not be converted or exchanged by virtue of the Merger and shall remain outstanding as one share of capital stock of the Surviving Corporation.

SECTION 1.7 Shareholders' Meeting. Unless the Agreement is terminated in accordance with Article VIII prior to the date thereof, the Company, acting through its Board of Directors, shall, in accordance with applicable law:

(a) duly call, give notice of, convene and hold a meeting (the "Shareholders' Meeting") of its shareholders as soon as practicable for the purpose of approving and adopting this Agreement;

(b) require no greater than the minimum vote required by applicable law of each class of the Shares in order to approve the Merger;

(c) include in the Proxy Statement (defined in paragraph (d) below) the unanimous recommendation of its Board of Directors that the shareholders of the Company vote in favor of the approval and adoption of this Agreement; and

(d) use its best efforts (i) to obtain and furnish the information required to be included by it in the Proxy Statement and cause the Proxy Statement to be mailed to its shareholders at the earliest practicable time following the date of this Agreement, (ii) to obtain the approval and adoption of the Merger by shareholders holding at least the minimum number of Shares of each class of the Shares entitled to vote at the Shareholders' Meeting to approve the Merger under applicable law, and (iii) to obtain the ratification by shareholders holding at least a majority of the Shares entitled to vote at the Shareholders' Meeting of all amendments

to the Company's Articles of Incorporation increasing the authorized capital stock, the issuance of the Company's outstanding Shares and all acts of the Company's Board of Directors and officers related thereto. The letter to shareholders, notice of meeting, proxy statement and form of proxy to be distributed to shareholders in connection with the Merger shall be in form and substance reasonably satisfactory to Compass, and are collectively referred to herein as the "Proxy Statement."

SECTION 1.8 Registration of the Compass Common Stock.

(a) Compass shall file a registration statement (the "Registration Statement") with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended ("Securities Act"), covering the shares of Compass Common Stock to be issued to Company shareholders in the Merger.

(b) Within 30 days after the date hereof, the Company shall enter into and shall use its best efforts to cause each Company shareholder identified on Schedule 1.8(b) who is an "affiliate" (as defined in SEC Rule 405) of the Company to enter into with Compass a written agreement in substantially the form of Exhibit A ~~attached hereto~~.

SECTION 1.9 Closing. Upon the terms and subject to the conditions hereof, as soon as practicable after the vote of the shareholders of the Company in favor of the approval and adoption of this Agreement has been obtained, and the satisfaction or waiver, if permissible, of the conditions set forth in Article VII hereof, the Company and Compass Florida shall execute and deliver the Articles of Merger as described in Section 1.2, and the parties hereto shall take all such other and further actions as may be required by law to make the Merger effective. Prior to the filing referred to in this Section, a closing (the "Closing") will be held at the office of Balch & Bingham LLP in Birmingham, Alabama (or such other place as the parties may agree) for the purpose of confirming all of the foregoing.

ARTICLE II.

DISSENTING SHARES; EXCHANGE OF SHARES

SECTION 2.1 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, Shares which are issued and outstanding immediately prior to the Effective Time and which are held by shareholders who have not voted such shares in favor of the Merger and who shall have delivered a written demand for payment of the fair value of such shares within the time and in the manner provided in Section 607.302 of the FBCA (the "Dissenting Shares") shall not be converted into or be exchangeable for the right to receive the Merger Consideration provided in Section 1.6 of this Agreement, unless and until such holder shall have failed to perfect or shall have effectively withdrawn or lost his right to appraisal and payment under the FBCA. If any such holder shall have so failed to perfect or shall have effectively withdrawn

or lost such right, such holder's Shares shall thereupon be deemed to have been converted into and to have become exchangeable for, at the Effective Time, the right to receive the Merger Consideration without any interest thereon.

SECTION 2.2 Exchange of Shares.

(a) Compass shall deliver to Continental Stock Transfer & Trust Company, New York, New York (the "Exchange Agent"), pursuant to an exchange agent agreement in substantially the form ~~attached hereto~~ as Exhibit B (the "Exchange Agreement"), prior to the Effective Time cash in an aggregate amount estimated to be sufficient to make the cash payments in lieu of fractional shares of Compass Common Stock pursuant to Section 1.6 hereof and to make the appropriate cash payments, if any, to holders of Dissenting Shares (such amounts being hereinafter referred to as the "Exchange Fund"). The Company agrees to execute and deliver the Exchange Agreement. The Exchange Agent shall, pursuant to irrevocable instructions jointly given by the Company and Compass, promptly make the payments in lieu of fractional shares out of the Exchange Fund upon surrender of Shares in accordance with Section 2.2(b). Payments to dissenting shareholders shall be made as required by Section 607.1302 of the FBCA. The Exchange Fund shall not be used for any other purpose, except as provided in this Agreement.

(b) Promptly after the Effective Time, the Exchange Agent shall mail to each record holder of an outstanding certificate or certificates which as of the Effective Time represented Shares (the "Certificates"), a form letter of transmittal approved by the Company and Compass (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Certificates for payment therefor. Upon surrender to the Exchange Agent of a Certificate, together with such letter of transmittal duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor cash and Compass Common Stock in the amount provided in Section 1.6, and such Certificate shall forthwith be canceled. Compass shall provide the Exchange Agent with certificates for Compass Common Stock, as requested by the Exchange Agent, in the amounts provided in Section 1.6 hereof. No interest will be paid or accrued on the cash payable upon surrender of the Certificate. No dividend will be disbursed with respect to the shares of Compass Common Stock until the holder's Shares are surrendered in exchange therefor. If payment or delivery of Compass Common Stock is to be made to a person other than the person in whose name the Certificate surrendered is registered, it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such payment shall pay any transfer or other taxes required by reason of the payment and delivery of Compass Common Stock to a person other than the registered holder of the Certificate surrendered or establish to the satisfaction of the Surviving Corporation that such tax has been paid or is not applicable. Until surrendered in accordance with the provisions of this Section 2.2, each Certificate (other than Certificates representing Dissenting Shares) shall

represent for all purposes the right to receive the Merger Consideration without any interest thereon.

(c) After the Effective Time, the stock transfer ledger of the Company shall be closed and there shall be no transfers on the stock transfer books of the Company of the Shares which were outstanding immediately prior to such time of filing. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall be promptly presented to the Exchange Agent and exchanged as provided in this Article II.

(d) Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains unclaimed by the shareholders of the Company for six months after the Effective Time shall be paid to Compass, and the holders of Shares not theretofore presented to the Exchange Agent shall look to Compass only, and not the Exchange Agent, for the payment of any Merger Consideration in respect of such shares.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby makes the representations and warranties set forth in this Article III to Compass. The Company has delivered to Compass the Schedules to this Agreement referred to in this Article III prior to the date hereof. The Company agrees at the Closing to provide Compass and Compass Florida with supplemental Schedules reflecting any changes thereto between the date of such Schedules and the date of the Closing.

SECTION 3.1 Organization and Qualification. The Company is a Florida corporation and a bank holding company under the Bank Holding Company Act of 1956, as amended, and is duly organized, validly existing and whose status is active under the laws of the State of Florida and all laws, rules, and regulations applicable to bank holding companies. The Bank is a Florida banking corporation, duly organized, validly existing and whose status is active under the laws of the State of Florida. Each of the Company and its Subsidiaries (as defined in Section 10.15(a)) has all requisite corporate power and authority to carry on its business as now being conducted and to own, lease and operate its properties and assets as now owned, leased or operated. Except as set forth on Schedule 3.1, the Company does not own or control any Affiliate (as defined in Section 3.17) other than the Bank. True and correct copies of the Articles of Incorporation or Association and Bylaws of the Company and its Subsidiaries, with all amendments thereto through the date of this Agreement, have been delivered by the Company to Compass. The Company's Subsidiaries are duly qualified or licensed to do business and are in good standing in the State of Florida. The nature of the business of the Company and its Subsidiaries and their respective activities, as currently conducted, do not require them to be qualified to do business in any jurisdiction other than the State of Florida.

SECTION 3.2 Company Capitalization. As of the date hereof, the authorized capital stock of the Company consists solely of (a) 4,000,000 shares of Company Common Stock, of which 598,771 shares are issued and outstanding, and none of which are held in treasury. Except as set forth on Schedule 3.2, there are no outstanding subscriptions, options, convertible securities, rights, warrants, calls, or other agreements or commitments of any kind issued or granted by, or binding upon, the Company or its Subsidiaries to purchase or otherwise acquire any security of or equity interest in the Company or its Subsidiaries. Except as set forth on Schedule 3.2, there are no outstanding subscriptions, options, rights, warrants, calls, convertible securities or other agreements or commitments obligating the Company to issue any shares of the Company, or to the knowledge of the Company, irrevocable proxies or any agreements restricting the transfer of or otherwise relating to shares of its capital stock of any class. All of the Shares that have been issued have been duly authorized, validly issued and are fully paid and non-assessable, and are free of preemptive rights. There are no restrictions applicable to the payment of dividends on the Shares except pursuant to the FBCA and applicable banking laws and regulations and all dividends declared prior to the date hereof have been paid.

SECTION 3.3 Subsidiary Capitalization; Other Securities. All of the issued and outstanding shares of the capital stock of the Company's Subsidiaries (i) are duly authorized, validly issued, fully paid and nonassessable, (ii) except as referred to in Schedule 3.3 are free and clear of any liens, claims, security interests and encumbrances of any kind, and (iii) there are no irrevocable proxies with respect to such shares and there are no outstanding or authorized subscriptions, options, warrants, calls, rights, or other agreements or commitments of any kind restricting the transfer of, requiring the issuance or sale of, or otherwise relating to any of such shares of capital stock to any person. The Company owns, directly, all of the issued and outstanding capital stock of its Subsidiaries. Set forth on Schedule 3.3 hereto is a list of all equity ownership by the Company or its Subsidiaries for the account of the Company or its Subsidiaries in any other person other than the Bank (the "Other Securities"). The Company or its Subsidiaries own each Other Security free and clear of any lien, encumbrance, security interest or charge. The Other Securities represent less than five percent of the outstanding equity securities of each such person.

SECTION 3.4 Authority Relative to the Agreement. The Company has all requisite corporate power and authority, and, except for the approval by the Company's shareholders, no further proceedings on the part of the Company are necessary to consummate the actions contemplated hereby which have been duly and validly authorized by its Board of Directors. This Agreement has been duly executed and delivered by the Company and is a duly authorized, valid, legally binding and enforceable obligation of the Company, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and general equitable principles, and subject to such shareholder approvals and such approval of regulatory agencies and other governmental authorities having authority over the Company as may be required by statute or regulation. The execution, delivery and performance of this Agreement and the consummation of the transactions

contemplated hereby will not conflict with, or result in any violation or breach of or default under the respective Articles of Incorporation or Association or By-Laws of the Company or its Subsidiaries.

SECTION 3.5 No Violation. Except as set forth on Schedule 3.5, neither the execution, delivery nor performance of this Agreement in its entirety, nor the consummation of all of the transactions contemplated hereby, following the receipt of such approvals as may be required from the Company's shareholders, the SEC, the Federal Deposit Insurance Corporation ("FDIC"), the Board of Governors of the Federal Reserve System ("FRB"), and Florida Department of Banking and Finance ("Department") will (i) violate (with or without the giving of notice or the passage of time), any law, order, writ, judgment, injunction, award, decree, rule, statute, ordinance or regulation applicable to the Company or its Subsidiaries or (ii) be in conflict with, result in a breach or termination of any provision of cause the acceleration of the maturity of any debt or obligation pursuant to, constitute a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any security interest, lien, charge or other encumbrance upon any property or assets of the Company or its Subsidiaries pursuant to, any terms, conditions or provisions of any note, license, instrument, indenture, mortgage, deed of trust or other agreement or understanding (involving payments by the Company in excess of \$25,000) or any other material restriction of any kind or character, to which the Company or its Subsidiaries is a party or by which any of their assets or properties are subject or bound. Except as set forth on Schedule 3.5, there are no proceedings pending or, to the knowledge of the Company or its Subsidiaries, threatened, against the Company, its Subsidiaries or involving the Shares, at law or in equity or before or by any foreign, federal, state, municipal or other governmental court, department, commission, board, bureau, agency, instrumentality or other person which may result in liability to Compass or Compass Florida upon the consummation of the transactions contemplated hereby or which would prevent or delay such consummation. Except as set forth in Schedule 3.5, or as contemplated hereby, none of the corporate existence, business organization, assets, licenses, permits, authorizations or contracts (involving payments by the Company in excess of \$25,000) of the Company and its Subsidiaries will be terminated or materially impaired by reason of the execution, delivery or performance by the Company of this Agreement or consummation by the Company of the transactions contemplated hereby, assuming the receipt of required shareholder and regulatory approvals.

SECTION 3.6 Consents and Approvals. The Company's Board of Directors (at a meeting called and duly held) has unanimously determined that the Merger is fair to the Company's shareholders and has unanimously resolved to recommend approval and adoption of this Agreement by the Company's shareholders. Except as described in Schedule 3.6 hereto, no prior consent, approval or authorization of, or declaration, filing or registration with any person, domestic or foreign, is required of the Company in connection with the execution, delivery and performance by the Company of this Agreement and the transactions contemplated hereby or the resulting change of control of its Subsidiaries, except the filing of the Articles of Merger under the FBCA, and such approvals as may be required from the SEC, the FRB, the

FDIC and the Department and holders of Shares under the FBCA and except for consents under agreements where the failure to obtain the same will not involve payments by the Company in excess of \$25,000.

SECTION 3.7 Regulatory Reports. Except as set forth on Schedule 3.7, the Company and its Subsidiaries have filed all reports, registrations and statements, together with any amendments required to be made thereto, that are required to be filed with the FRB, the Department, the FDIC, or any other regulatory authority having jurisdiction over any such persons, other than plans, reports or information listed on Schedule 3.7.

SECTION 3.8 SEC Status; Securities Issuances. The Company is not subject to the registration provisions of Section 12 of the Exchange Act nor the rules and regulations of the SEC promulgated under Section 12 of the Exchange Act, other than anti-fraud provisions of such act. All issuances of securities by the Company and its Subsidiaries have been registered under the Securities Act, the Florida Securities Investor Protection Act, the National Bank Act, the Florida Banking Act, and all other applicable laws or were exempt from any such registration requirements.

SECTION 3.9 Financial Statements. The Company has provided Compass with a true and complete copy of the audited consolidated statement of financial position of the Company and its Subsidiaries as of December 31, 1996, and the related consolidated statements of income, shareholders' equity and changes in cash flows for the years ended December 31, 1996 and 1995 of the Company's Subsidiaries, and the consolidated statements of financial position of the Company and its Subsidiaries as of March 31, 1997, and the related consolidated statements of income, shareholders' equity and changes in cash flows for the three-month period ended March 31, 1997, and promptly following their availability the Company will provide Compass with consolidated statements of financial position of the Company and its Subsidiaries as of June 30 and September 30, 1997 and the related consolidated statements of income, shareholders' equity and changes in cash flow for the six-and nine-month period ended June 30 and September 30, 1997 (such consolidated statements of financial position and the related consolidated statements of income, shareholders' equity and changes in cash flows are collectively referred to herein as the "Consolidated Financial Statements"), (collectively, with the Consolidated Financial Statements and the notes and schedules thereto, referred to as the "Financial Statements"). Except as described in the notes to the Consolidated Financial Statements, the Consolidated Financial Statements, including the consolidated statement of financial position and the related consolidated statements of income, shareholders' equity and changes in cash flows (including the related notes thereto) of the Company and its Subsidiaries, fairly present the financial position of the Company and its Subsidiaries as of the dates thereof and the results of operations and changes in consolidated financial position of the Company and its Subsidiaries for the periods then ended, in conformity with Generally Accepted Accounting Principles ("GAAP") applied on a basis consistent with prior periods (subject, in the case of the unaudited interim financial statements, to normal year-end adjustments and the fact that they do not contain all of the footnote disclosures required by GAAP), except as otherwise noted therein,

and the accounting records underlying the Consolidated Financial Statements fairly reflect in all material respects the transactions of the Company and its Subsidiaries. As of their dates, the Consolidated Financial Statements conformed, or will conform when delivered, in all material respects with all applicable rules and regulations promulgated by the FRB, the Department, and the FDIC. Neither the Company nor its Subsidiaries have any liabilities or obligations of a type which should be included in or reflected on the Financial Statements if prepared in accordance with GAAP, whether related to tax or non-tax matters, accrued or contingent, due or not yet due, liquidated or unliquidated, or otherwise, except as and to the extent disclosed or reflected in the Financial Statements. The Company will provide Compass with the unaudited consolidated and unconsolidated statements of financial position of the Company and its Subsidiaries as of the end of each month hereafter, prepared on a basis consistent with prior periods and promptly following their availability, the Company will provide Compass with the Reports of Condition and Statements of Income ("Call Reports") of its Subsidiaries for all periods ending after April 30, 1997. The Company and its Subsidiaries have no off balance sheet liabilities associated with financial derivative products or potential liabilities associated with financial derivative products.

SECTION 3.10 Absence of Certain Changes. Except as and to the extent set forth on Schedule 3.10, since March 31, 1997 (the "Balance Sheet Date") neither the Company nor any of its Subsidiaries has:

- (a) made any amendment to its Articles of Incorporation or Association or Bylaws or changed the character of its business in any material manner;
- (b) suffered any Material Adverse Effect (as defined in Section 10.15(b));
- (c) entered into any agreement, commitment or transaction except in the ordinary course of business and consistent with prudent banking practices;
- (d) except in the ordinary course of business and consistent with prudent banking practices, incurred, assumed or become subject to, whether directly or by way of any guarantee or otherwise, any obligations or liabilities (absolute, accrued, contingent or otherwise);
- (e) permitted or allowed any of its property or assets to be subject to any mortgage, pledge, lien, security interest, encumbrance, restriction or charge of any kind (other than statutory liens not yet delinquent) except in the ordinary course of business and consistent with prudent banking practices;
- (f) except in the ordinary course of business and consistent with prudent banking practices, canceled any debts, waived any claims or rights, or sold, transferred, or otherwise disposed of any of its properties or assets;

(g) disposed of or permitted to lapse any rights to the use of any trademark, service mark, trade name or copyright, or disposed of or disclosed to any person other than its employees or agents, any trade secret not theretofore a matter of public knowledge;

(h) except as set forth on Schedule 3.10 and except for regular salary increases granted in the ordinary course of business within the Company's or its Subsidiaries' 1997 budgets and consistent with prior practices, and except for the pro rata payment as of the Effective Time of any bonus earned by any employee of the Company or the Bank pursuant to bonus plans in place as of the date hereof and which are described on Schedule 3.10, granted any increase in compensation or paid or agreed to pay or accrue any bonus, percentage compensation, service award, severance payment or like benefit to or for the credit of any director, officer, employee or agent, or entered into any employment or consulting contract or other agreement with any director, officer or employee or adopted, amended or terminated any pension, employee welfare, retirement, stock purchase, stock option, stock appreciation rights, termination, severance, income protection, golden parachute, savings or profit-sharing plan (including trust agreements and insurance contracts embodying such plans), any deferred compensation, or collective bargaining agreement, any group insurance contract or any other incentive, welfare or employee benefit plan, program or agreement maintained by the Company or its Subsidiaries, for the directors, employees or former employees of the Company or its Subsidiaries ("Employee Benefit Plan");

(i) directly or indirectly declared, set aside or paid any dividend or made any distribution in respect to its capital stock or redeemed, purchased or otherwise acquired, or arranged for the redemption, purchase or acquisition of, any shares of its capital stock or other of its securities, except for dividends paid to the Company by its Subsidiaries;

(j) organized or acquired any capital stock or other equity securities or acquired any equity or ownership interest in any person (except through settlement of indebtedness, foreclosure, the exercise of creditors' remedies or in a fiduciary capacity, the ownership of which does not expose the Company or its Subsidiaries to any liability from the business, operations or liabilities of such person);

(k) issued, reserved for issuance, granted, sold or authorized the issuance of any shares of its capital stock or subscriptions, options, warrants, calls rights or commitments of any kind relating to the issuance or sale of or conversion into shares of its capital stock;

(l) made any or acquiesced with any change in any accounting methods, principles or practices;

(m) except for the transactions contemplated by this Agreement or as otherwise permitted hereunder, entered into any transaction, or entered into, modified or amended any contract or commitment, other than in the ordinary course of business and consistent with prudent banking practices; or

(n) agreed, whether in writing or otherwise, to take any action the performance of which would change the representations contained in this Section 3.10 in the future so that any such representation would not be true in all material respects as of the Closing.

SECTION 3.11 Company Indebtedness. The Company has delivered to Compass true and complete copies of all loan documents ("Company Loan Documents") related to indebtedness of the Company and its Subsidiaries, other than deposits and federal funds advances ("Company Indebtedness"), and made available to Compass all material correspondence concerning the status of Company Indebtedness.

SECTION 3.12 Litigation. Except as set forth on Schedule 3.12, there are no actions, suits, claims, investigations, reviews or other proceedings pending or, to the knowledge of the Company or its Subsidiaries, threatened against the Company or any of its Subsidiaries or involving any of their respective properties or assets, at law or in equity or before or by any foreign, federal, state, municipal, or other governmental court, department, commission, board, bureau, agency, or other instrumentality or person or any board of arbitration or similar entity ("Proceeding"). The Company will notify Compass immediately in writing of any Proceedings against the Company or its Subsidiaries.

SECTION 3.13 Tax Matters. The Company and its Subsidiaries have duly filed all tax returns required to be filed by them involving a tax liability or other material potential detriment for failure to file (the "Filed Returns"). The Company and its Subsidiaries have paid, or have established adequate reserves for the payment of, all federal income taxes and all state and local income taxes and all franchise, property, sales, employment, foreign or other taxes required to be paid with respect to the periods covered by the Filed Returns. With respect to the periods for which returns have not yet been filed, the Company and its Subsidiaries have established adequate reserves determined in accordance with GAAP for the payment of all federal income taxes and all state and local income taxes and all franchise, property, sales, employment, foreign or other taxes. Except as described in Schedule 3.13, the Company and its Subsidiaries have no direct or indirect liability for the payment of federal income taxes, state and local income taxes, and franchise, property, sales, employment or other taxes in excess of amounts paid or reserves established. Except as set forth on Schedule 3.13, the Company has not entered into any tax sharing agreement or other agreement regarding the allocation of the tax liability of the Company or the Bank or similar arrangement with its other Subsidiaries. Set forth on Schedule 3.13 are the dates of filing of all Filed Returns for all fiscal years since and including January 1, 1990 and any amendments thereto which relate to federal or state income or franchise taxes. Neither the Company nor its Subsidiaries have filed any Internal Revenue Service ("IRS") Forms 1139 (Application for Tentative Refund). Except as set forth on Schedule 3.13, there are no pending questions raised in writing by the IRS or other taxing authority for taxes or assessments of the Company or its Subsidiaries, nor are there any outstanding agreements or waivers extending the statutory period of limitation applicable to any tax return of the Company or its Subsidiaries for any period. The Company and its Subsidiaries

have withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over. For the purposes of this Agreement, the term "tax" shall include all federal, state and local taxes and related governmental charges and any interest or penalties payable in connection with the payment of taxes.

SECTION 3.14 Employee Benefit Plans. With respect to all employee benefit plans and programs in which employees of the Company or its Subsidiaries participate the following are true and correct:

(a) Schedule 3.14(a) lists each "employee welfare benefit plan" (as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) maintained by the Company or its Subsidiaries or to which the Company or its Subsidiaries contribute or are required to contribute, including any multiemployer welfare plan (such employee welfare benefit plans being hereinafter collectively referred to as the "Welfare Benefit Plans") and sets forth (i) the amount of any liability of the Company or its Subsidiaries for contributions more than thirty days past due with respect to each Welfare Benefit Plan as of the date hereof and as of the end of any subsequent month ending prior to the Closing and (ii) the annual cost attributable to each of the Welfare Benefit Plans; no Welfare Benefit Plan provides for continuing benefits or coverage for any participant, beneficiary or former employee after such participant's or former employee's termination of employment except as may be required by Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and Sections 601-608 of ERISA;

(b) Schedule 3.14(b) lists each "employee pension benefit plan" (as defined in Section 3(2) of ERISA and not exempted under Section 4(b) or 201 of ERISA) maintained by the Company or its Subsidiaries or to which the Company or its Subsidiaries contribute or are required to contribute, including any multiemployer plan (as defined in Section 3(37) of ERISA) (such employee pension benefit plans being hereinafter collectively referred to as the "Pension Benefit Plans");

(c) Schedule 3.14(c) lists each deferred compensation plan, bonus plan, stock option plan, employee stock purchase plan, restricted stock, excess benefit plan, incentive compensation, stock bonus, cash bonus, severance pay, golden parachute, life insurance, all nonqualified deferred compensation arrangements, rabbi trusts, cafeteria plans, dependent care plans, all unfunded plans and any other employee benefit plans or programs, agreements, arrangements or commitments not required under a previous subsection to be listed (other than normal policies concerning holidays, vacations and salary continuation during short absences for illness or other reasons) maintained by the Company or its Subsidiaries (referred to as "Other Programs");

(d) Except as set forth on Schedule 3.14(d), all of the Pension Benefit Plans and Welfare Benefit Plans and any related trust agreements or annuity contracts (or any other funding instruments) and all Other Programs comply currently, and have complied in the past

in all material respects, both as to form and operation, with the provisions of ERISA, the Code and with all other applicable laws, rules and regulations governing the establishment and operation of the Pension Benefit Plans, Welfare Benefit Plans and all Other Programs; all necessary governmental approvals relating to the establishment of the Pension Benefit Plans have been obtained; and with respect to each Pension Benefit Plan that is intended to be tax-qualified under Section 401(a) or 403(a) of the Code, a favorable determination letter as to the qualification under the Code of each such Pension Benefit Plan and each material amendment thereto has been issued by the Internal Revenue Service (and nothing has occurred since the date of the last such determination letter which resulted in, or is likely to result in the revocation of such determination);

(e) Except as set forth on Schedule 3.14(e), each Welfare Benefit Plan, each Pension Benefit Plan and each Other Program has been administered in compliance in all material respects with the requirements of the Code, ERISA and all other applicable laws, and all reports and disclosures required by ERISA, the Code and any other applicable laws with respect to each Welfare Benefit Plan, each Pension Benefit Plan and each Other Program have been timely filed;

(f) On and after January 1, 1975, neither the Company, any Company Subsidiary nor any plan fiduciary of any Welfare Benefit Plan or Pension Benefit Plan has engaged in any transaction in violation of Section 406 of ERISA (for which transaction no exemption exists under Section 408 of ERISA) or in any "prohibited transaction" as defined in Section 4975(c)(1) of the Code (for which no exemption exists under Section 4975(c)(2) or 4975(d) of the Code);

(g) Neither the Company, its Subsidiaries nor any corporation or other trade or business controlled by or under common control with the Company (as determined under Sections 414(b) and 414(c) of the Code) ("Common Control Entity") is, or has been within the past five years, a contributing sponsor (as defined in Section 4001(a)(13) of ERISA) of a Pension Benefit Plan subject to the provisions of Title IV of ERISA, nor has the Company, any Company Subsidiary or a Common Control Entity maintained or participated in any employee pension benefit plan (defined in Section 3(2) of ERISA) subject to the provision of Title IV of ERISA. In addition, neither the Company, nor any Company Subsidiary nor a Common Control Entity (i) is a party to a collective bargaining agreement, (ii) has maintained or contributed to, or has participated in or agreed to participate in, a multi-employer plan (as defined in Section 3(37) of ERISA), or (iii) has made a complete or partial withdrawal from a multi-employer plan (as defined in Section 3(37) of ERISA) so as to incur withdrawal liability as defined in Section 4201 of ERISA (without regard to subsequent reduction or waiver of such liability under Section 4207 or 4208 of ERISA);

(h) Except as set forth on Schedule 3.14(h), true and complete copies of each written, and a written description of each unwritten, Welfare Benefit Plan, Pension Benefit Plan and Other Program, related trust agreements or annuity contracts (or any other funding

instruments), summary plan descriptions, the most recent determination letter issued by the Internal Revenue Service with respect to each Pension Benefit Plan, the most recent application for a determination letter from the Internal Revenue Service with respect to each Pension Benefit Plan and Annual Reports on Form 5500 Series filed with any governmental agency for each Welfare Benefit Plan, Pension Benefit Plan and Other Program for the two most recent plan years, have been furnished to Compass;

(i) All Welfare Benefit Plans, Pension Benefit Plans, and Other Programs related trust agreements or annuity contracts (or any other funding instruments), are legally valid and binding and in full force and effect and there are no promised increases in benefits (whether expressed, implied, oral or written) under any of these plans nor any obligations, commitments or understandings to continue any of these plans, (whether expressed, implied, oral or written) except as required by Section 4980B of the Code and Sections 601-608 of ERISA;

(j) There are no claims pending with respect to, or under, any Pension Benefit Plan, Welfare Benefit Plan or any Other Program, other than routine claims for plan benefits, and there are no disputes or litigation pending or threatened with respect to any such plans;

(k) No action has been taken, nor has there been a failure to take any action that would subject any person or entity to any liability for any income, excise or other tax or penalty in connection with any Pension Benefit Plan, Welfare Benefit Plan or any Other Program, other than for income taxes due with respect to benefits paid; and

(l) Except as otherwise set forth in Schedule 3.14(l), neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated hereby will (i) result in any payment to be made by the Company or any Company Subsidiary (including, without limitation, severance, unemployment compensation, golden parachute (defined in Section 280G of the Code), or otherwise) becoming due to any employee, director or consultant, or (ii) increase any benefits otherwise payable under any Welfare Benefit Plan, Pension Benefit Plan, or any Other Program.

SECTION 3.15 Employment Matters. Except as disclosed on Schedules 3.14 and 3.15, neither the Company nor any Company Subsidiary is a party to any oral or written contracts or agreements granting benefits or rights to employees or any collective bargaining agreement or to any conciliation agreement with the Department of Labor, the Equal Employment Opportunity Commission or any federal, state or local agency which requires equal employment opportunities or affirmative action in employment. There are no unfair labor practice complaints pending against the Company or any Company Subsidiary before the National Labor Relations Board and no similar claims pending before any similar state, local or foreign agency. To the knowledge of the Company, there is no activity or proceeding of any labor organization (or representative) thereof or employee group to organize any employees of the Company or any Company Subsidiary, nor of any strikes, slowdowns, work stoppages, lockouts, or threats thereof by or with respect to any such employees. The Company and its

Subsidiaries are in compliance in all material respects with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and neither the Company nor its Subsidiaries are engaged in any unfair labor practice.

SECTION 3.16 Leases, Contracts and Agreements. Except as set forth on Schedule 3.16 there are no leases, subleases, licenses, contracts and agreements to which the Company or any Company Subsidiary is a party or by which the Company or any Company Subsidiary is bound which obligate or may obligate the Company or any Company Subsidiary in the aggregate for an amount in excess of \$25,000 over the entire term of any such agreement or related contracts of a similar nature which in the aggregate obligate or may obligate the Company or any of its Subsidiaries in the aggregate for an amount in excess of \$25,000 over the entire term of such related contracts (the "Contracts"). The Company has delivered to Compass true and correct copies of all Contracts. For the purposes of this Agreement, the Contracts shall be deemed not to include loans made by, repurchase agreements made by, spot foreign exchange transactions of, bankers acceptances of, agreements with Bank customers for trust services, or deposits by the Company or its Subsidiaries, but does include unfunded loan commitments (as of the end of the most recent month preceding the date of this Agreement, and which will be updated as of the end of the month preceding the Effective Time) and letters of credit issued by the Company or its Subsidiaries where the borrowers' total direct and indirect indebtedness to its Subsidiaries is in excess of \$25,000. Except as set forth in Schedule 3.16, no participations or loans have been sold which have buy back, recourse or guaranty provisions which create contingent or direct liabilities of the Company or its Subsidiaries. All of the Contracts are legal, valid and binding obligations of the Company or its Subsidiaries, as the case may be, and to the knowledge of the Company and its Subsidiaries, the other parties to the Contracts enforceable in accordance with their terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and to general equitable principles, and are in full force and effect. Except as described in Schedule 3.16, all rent and other payments by the Company and its Subsidiaries under the Contracts are current, there are no existing defaults by the Company or its Subsidiaries under the Contracts and, to the knowledge of the Company and its Subsidiaries, no termination, condition or other event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a default. The Company and each of its Subsidiaries has a good and valid leasehold interest in each parcel of real property leased by it free and clear of all mortgages, pledges, liens, encumbrances and security interests.

SECTION 3.17 Related Company Transactions. Except as set forth on Schedule 3.17, there are no agreements, instruments, commitments, extensions of credit, tax sharing or allocation agreements or other contractual agreements of any kind between or among the Company, whether on its own behalf or in its capacity as trustee or custodian for the funds of any employee benefit plan (as defined in ERISA), and any of its Affiliates (including its Subsidiaries). The term "Affiliate" as used in this Agreement means, with respect to any person, any person that, directly or indirectly, controls, is controlled by, or is under common control with, such person in question. For the purposes of this definition, "control" (including,

with correlative meaning, the terms "controlled by" and "under common control with") as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

SECTION 3.18 Compliance with Laws. To the knowledge of the Company and its Subsidiaries, except as set forth on Schedule 3.18, neither the Company nor any of its Subsidiaries is in default in respect to or is in violation of (i) any judgment, order, writ, injunction or decree of any court or (ii) any statute, law, ordinance, rule, order or regulation of any governmental department, commission, board, bureau, agency or instrumentality, federal, state or local, including (for purposes of illustration and not limitation) capital and FRB reserve requirements, capital ratios and loan limitations of the FRB, the FDIC or the Department; and the consummation of the transactions contemplated by this Agreement will not constitute such a default or violation as to the Company or any of its Subsidiaries. To the knowledge of the Company and its Subsidiaries, the Company and its Subsidiaries have all permits, licenses, and franchises from governmental agencies required to conduct their businesses as they are now being conducted.

SECTION 3.19 Insurance. The Company and its Subsidiaries have in effect the insurance coverage (including fidelity bonds) described in Schedule 3.19 and have had similar insurance in force for the last 5 years. There have been no claims under such bonds within the last 5 years and neither the Company nor its Subsidiaries is aware of any facts which would form the basis of a claim under such bonds. Neither the Company nor its Subsidiaries has any reason to believe that the existing fidelity coverage would not be renewed by its carrier on substantially the same terms.

SECTION 3.20 Loans. Each loan reflected as an asset in the Financial Statements is the legal, valid and binding obligation of the obligor of each loan, enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and to general equitable principles; provided, however, that no representation or warranty is made as to the collectibility of such loans. The Company's Subsidiaries do not have in their portfolios any loan exceeding their legal lending limit, and except as disclosed on Schedule 3.20, the Company's Subsidiaries have no known significant delinquent, substandard, doubtful, loss, nonperforming or problem loans as those terms are defined by regulatory agencies with jurisdiction over the Bank or by the Bank's written policies to the extent such written policies are consistent with all applicable laws and regulations.

SECTION 3.21 Fiduciary Responsibilities. The Company and its Subsidiaries have performed in all material respects all of their respective duties as a trustee, custodian, guardian or as an escrow agent in a manner which complies in all respects with all applicable laws, regulations, orders, agreements, instruments and common law standards.

SECTION 3.22 Patents, Trademarks and Copyrights. Except as set forth in Schedule 3.22, neither the Company nor its Subsidiaries require the use of any material patent, patent application, invention, process, trademark (whether registered or unregistered), trademark application, trade name, service mark, copyright, or any material trade secret for the business or operations of the Company or its Subsidiaries. The Company and its Subsidiaries own or are licensed or otherwise have the right to use the items listed in Schedule 3.22.

SECTION 3.23 Environmental Compliance. Except as set forth in Schedule 3.23:

(a) To the knowledge of the Company and its Subsidiaries, the Company, its Subsidiaries and any property owned or operated by any of them are in compliance in all material respects with all applicable Environmental Laws (as defined in Section 10.15(c)) and have obtained and are in compliance with all permits, licenses and other authorizations (individually a "Permit," and collectively, "Permits") required under any Environmental Law. There is no past or present event, condition or circumstance that could reasonably be expected to (1) interfere with the conduct of the business of the Company or its Subsidiaries in the manner now conducted relating to such entity's compliance with Environmental Laws, (2) constitute a material violation of any Environmental Law or (3) have a Material Adverse Effect upon the Company or any Company Subsidiary;

(b) Neither the Company nor any Subsidiary currently leases, operates, owns or exercises managerial functions at nor has formerly leased, operated, owned, or exercised managerial functions at any facility or real property that, to the knowledge of the Company or any Company Subsidiary, is subject to any actual, potential or threatened Proceeding under any Environmental Law;

(c) There are no Proceedings pending or, to the knowledge of the Company or any Company Subsidiary, threatened against the Company or any Company Subsidiary under any Environmental Law, or relating to the release, threatened release, management, treatment, storage or disposal of, or exposure to Polluting Substances (as defined in Section 10.13(d)), and neither the Company nor any Company Subsidiary has received any notice (whether from any regulatory body or private person) of any claim under, or violation, or potential or threatened violation of, any Environmental Law;

(d) To the knowledge of the Company and its Subsidiaries, there are no actions or Proceedings pending or, to the knowledge of the Company or any Company Subsidiary, threatened under any Environmental Law involving the release or threat of release of any Polluting Substances at, on or under any property where Polluting Substances generated by the Company or any Company Subsidiary have been disposed, treated or stored;

(e) There is no Property for which the Company or any Company Subsidiary is or was required to obtain any Permit under an Environmental Law to construct, demolish, renovate, occupy, operate, or use such Property or any portion of it;

(f) Neither the Company nor any Company Subsidiary has generated any Polluting Substances for which it was required under an Environmental Law to execute any waste disposal manifest or receipt;

(g) To the knowledge of the Company and its Subsidiaries, there has been no release of Polluting Substances at or under any Property in violation of any Environmental Laws or which would require any remediation or report or notification (other than annual reports of routine, non-incident specific, where such annual reports are required by applicable Environmental Laws) to any governmental or regulatory authority;

(h) To the knowledge of the Company and its Subsidiaries, there are no underground or above ground storage tanks on or under any Property which are not in compliance with Environmental Laws and any Property previously containing such tanks has been remediated for any releases in compliance with all Environmental Laws;

(i) To the knowledge of the Company and its Subsidiaries, there is no asbestos containing material present in any Controlled Property (as defined below) or any Collateral Property (as defined below);

(j) The Company and its Subsidiaries have complied in all material respects with the guidelines issued by the FDIC on February 25, 1993 and the rules and regulations of any other governmental authority with jurisdiction over the Company and its Subsidiaries that directs banks to implement programs to reduce the potential for banks to incur liability under, or to assess the compliance of borrowers or Collateral Property with, Environmental Laws; and

(k) For purposes of this Section 3.23, Section 3.25 and Section 6.10, "Property" includes (1) any property (whether real or personal) which the Company or any Company Subsidiary currently or in the past has leased, operated or owned or managed in any manner including without limitation any property acquired by foreclosure or deed in lieu thereof ("Controlled Property") and (2) property now held as security for a loan or other indebtedness by the Company or any Company Subsidiary or property currently proposed as security for loans or other credit the Company or any Company Subsidiary is currently evaluating whether to extend or has committed to extend ("Collateral Property").

SECTION 3.24 Regulatory Actions. Except as set forth on Schedule 3.24, there are no actions or proceedings pending or, to the knowledge of the Company and its Subsidiaries, threatened against the Company or its Subsidiaries by or before the FRB, the FDIC, the Department, the Environmental Protection Agency, the Florida Department of Environmental Protection, or any other nation or government, any state or political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government. Except as set forth on Schedule 3.24, neither the Company nor any of its Subsidiaries are subject to a formal or informal agreement, memorandum of understanding, enforcement action with or any type of financial assistance by any regulatory authority having

jurisdiction over such entity. Neither the Company nor any of its Subsidiaries have taken or agreed to take any action or has knowledge of any fact or circumstance that would materially impede or delay receipt of any required regulatory approval. Except as set forth in Schedule 3.24, the Company and its Subsidiaries have not received or been made aware of any complaints or inquiries under the Community Reinvestment Act, the Fair Housing Act, the Equal Credit Opportunity Act or any other state or federal anti-discrimination fair lending law and, to the knowledge of the Company and its Subsidiaries, there is no fact or circumstance that would form the basis of any such complaint or inquiry.

SECTION 3.25 Title to Properties; Encumbrances. Except as set forth on Schedule 3.25, the Company and each of its Subsidiaries has unencumbered, good, legal, and marketable title to all its properties and assets, real and personal, including, without limitation, all the properties and assets reflected in the Financial Statements except for those properties and assets disposed of for fair market value in the ordinary course of business and consistent with prudent banking practice since the date of the Financial Statements. Except as set forth on Schedule 3.25, the Company has a title policy in full force and effect from a title insurance company which, to the best of Company's knowledge, is solvent, insuring good and marketable title to all real property owned by the Company and its Subsidiaries in favor of the Company or its Subsidiaries, whichever is applicable. The Company has made available to Compass all of the files and information in the possession of the Company or its Subsidiaries concerning such properties, including any title exceptions which might affect indefeasible title or value of such property. The Company and its Subsidiaries each hold good and legal title or good and valid leasehold rights to all assets that are necessary for them to conduct their respective businesses as they are currently being conducted. Except as set forth on Schedule 3.25, the Company owns or leases all furniture, equipment, art and other property used to transact business presently located on its premises. Except as set forth on Schedule 3.25 and to the knowledge of the Company with respect to Collateral Property, no Property has been deed recorded or otherwise been identified in public records or should have been recorded or so identified as containing Polluting Substances.

SECTION 3.26 Shareholder List. The Company has provided to Compass prior to the date of this Agreement a list of the holders of Shares and the holders of any outstanding warrant, option, convertible debenture or other security entitling the holder thereof to acquire Shares as of June 15, 1997 containing the names, addresses and number of Shares or such other securities held of record, which is accurate in all respects as of such date, and the Company will promptly, and in any event prior to the mailing of the Proxy Statement, advise Compass of any significant changes thereto.

SECTION 3.27 Proxy Statement. None of the information supplied or to be supplied by the Company or its Subsidiaries, or, to the knowledge of the Company or its Subsidiaries, any of their respective directors, officers, employees or agents for inclusion in:

- (a) the Proxy Statement; or

- (b) any registration statement or other documents to be filed with the SEC or any regulatory or governmental agency or authority in connection with the transactions contemplated hereby, at the respective times such documents are filed, and, with respect to the Proxy Statement, when first mailed to the shareholders of Company;

will be false or misleading with respect to any material fact, or omit to state any material fact necessary in order 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 Shareholders' Meeting, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting. All documents that the Company or any of its Subsidiaries is responsible for filing with any regulatory or governmental agency in connection with the Merger will comply in all material respects with the provisions of applicable law.

SECTION 3.28 Dissenting Shareholders. The Company and its Subsidiaries, and their respective directors, have no knowledge of any plan or intention on the part of any Company shareholders to make written demand for payment of the fair value of such Shares in the manner provided in Section 607.1302 of the FBCA.

SECTION 3.29 Section 368 Representations.

(a) To the knowledge of the Company and its Subsidiaries, there is no plan or intention by any Company shareholder who is anticipated to receive one percent (1%) or more of the total Merger Consideration ("1% Shareholder") and, to the knowledge of the Company, its Subsidiaries, and their respective directors, there is no plan or intention by any of the remaining Company shareholders, to sell or otherwise dispose of shares of Compass Common Stock received pursuant to the Merger that would reduce all such shareholders' holdings to a number of shares having a total fair market value at the Effective Time of less than fifty percent (50%) of the total fair market value of all of the Company's capital stock outstanding immediately prior to the Effective Time. For purposes of this Section 3.29, shares of the Company's capital stock surrendered by dissenting shareholders and shares of the Company's capital stock sold, redeemed or otherwise disposed of prior or subsequent to and as a part of the overall transaction contemplated by the Merger will be considered to be capital stock of the Company outstanding immediately prior to the Merger.

(b) The Company will use its best efforts to obtain from the holders of the Company's capital stock who will receive 50% or more of the shares of the Compass Common Stock to be received pursuant to the Merger, a representation in the form of Exhibit K as of the date thereof that they have no plan or intention to sell or otherwise dispose of the shares of Compass Common Stock to be received pursuant to the Merger. The Company has set forth on Schedule 3.29 all knowledge of the Company and its Subsidiaries and their respective directors

about the plans or intentions of any other Company shareholders to sell or otherwise dispose of the Compass Common Stock to be received pursuant to the Merger.

(c) Neither Compass nor Compass Florida will assume any debts or obligations of the holders of the Shares as part of the Merger.

(d) To the knowledge of the Company and its Subsidiaries, except as set forth on Schedule 3.29, there have not been any sales or redemptions of the Company's capital stock in contemplation of the Merger. Schedule 3.29 sets forth all transactions of record in the capital stock of the Company since December 31, 1996.

(e) The liabilities of the Company assumed by Compass as a part of the Merger and the liabilities to which the transferred assets of the Company are subject were incurred by the Company in the ordinary course of its business.

(f) The Company will pay its own expenses (which shall not include any filing fees or printing expenses related to the Registration Statement and Proxy Statement), and the Company will not pay the individual expenses of any shareholders, which are incurred in connection with the Merger.

(g) The Company has not disposed of any assets (either as a dividend or otherwise) constituting more than 10% of the fair market value of all of its assets (ignoring any liabilities) at any time either during the past twelve months or in contemplation of the Merger.

(h) The Company is not an investment company as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.

(i) The Company is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of Section 368(a)(3)(A) of the Code.

SECTION 3.30 Employee Stock Options. Except as set forth on Schedule 3.30, there are no Company employee stock option plans or provisions in any other plan, program, or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of the Company or any Company Subsidiary.

SECTION 3.31 Accounting Matters. Neither the Company nor any of its affiliates has knowingly taken or agreed to take any action that would prevent Compass from accounting for the business combination to be effected by the Merger as a pooling of interests, including, without limitation, any action inconsistent with the provisions of the Pooling of Interest Criteria set forth on Exhibit C hereto.

SECTION 3.32 Representations Not Misleading. No representation or warranty by the Company in this Agreement, nor any exhibit or schedule furnished to, or other information

required to be provided to, Compass or Compass Florida by the Company or its Subsidiaries under and pursuant to, this Agreement, contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF COMPASS

Compass hereby makes the representations and warranties set forth in this Article IV to the Company.

SECTION 4.1 Organization and Authority.

(a) Compass is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to conduct its business as now conducted, to own, lease and operate its properties and assets as now owned, leased or operated and to enter into and carry out its obligations under this Agreement.

(b) Compass is a bank holding company under the Bank Holding Company Act of 1956, as amended, and in good standing under all laws, rules and regulations applicable to bank holding companies. Compass is duly qualified or licensed and in good standing in each jurisdiction which requires such qualification where it owns or leases properties or conducts business.

(c) Compass Bank, as defined in Section 6.2 hereof, is a Florida banking corporation, duly organized, validly existing and in good standing under the laws of the State of Florida. Compass Bank has all requisite corporate power and authority to conduct its business as now conducted and to own, lease and operate its properties and assets as now owned, leased or operated. Compass Bank is duly qualified or licensed and in good standing in each jurisdiction which requires such qualification where it owns or leases properties or conducts business.

SECTION 4.2 Authority Relative to Agreement. Compass has full corporate power and authority and no further corporate proceedings on the part of Compass are necessary to execute and deliver this Agreement and to consummate the transactions contemplated hereby, all of which have been duly and validly authorized by Compass' Board of Directors. This Agreement has been duly executed and delivered by Compass and is a duly authorized, valid, legally binding and enforceable obligation of Compass, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights

generally and general equitable principles, and subject to such shareholder approvals and such approval of regulatory agencies and other governmental authorities having authority over Compass as may be required by statute or regulation. Compass is not in violation of or default under its Certificate of Incorporation or By-Laws or any agreement document or instrument under which Compass is obligated or bound, or any law, order, judgment, injunction, award, decree, statute, rule, ordinance or regulation applicable to Compass or any of its Subsidiaries, the violation or breach of which could have a Material Adverse Effect on Compass and its Subsidiaries taken as a whole. Except as set forth on Schedule 4.2, neither the execution, delivery nor performance of this Agreement in its entirety, nor the consummation of all the transactions contemplated hereby, following the receipt of such approvals as may be required from the SEC, the FRB, the FDIC, and the Department will (i) violate (with or without the giving of notice or passage of time), any law, order, writ, judgment, injunction, award, decree, rule, statute, ordinance or regulation applicable to Compass and its Subsidiaries, or (ii) be in conflict with, result in a breach or termination of any provision of, cause the acceleration of the maturity of any debt or obligation pursuant to, constitute a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any security interest, lien, charge or other encumbrance upon any property or assets of Compass pursuant to, any terms, conditions or provisions of any note, license, instrument, indenture, mortgage, deed of trust or other agreement or understanding or any other restriction of any kind or character, to which Compass is a party or by which any of its assets or properties are bound. Except as set forth on Schedule 4.2, there are no proceedings pending or, to the knowledge of Compass, threatened, against Compass, at law or in equity or before any foreign, federal, state, municipal or other governmental court, department, commission, board, bureau, agency, instrumentality or other person which may result in liability to the Company on the consummation of the transactions contemplated hereby or which would prevent or delay such consummation. Except as set forth in Schedule 4.2, or as contemplated hereby, the corporate existence, business, organization, assets, licenses, permits, authorizations and contracts of Compass will not be terminated or impaired by reason of the execution, delivery or performance by Compass of this Agreement or consummation by Compass of the transactions contemplated hereby, assuming receipt of the required regulatory approvals.

(b) Compass Florida has full corporate power and authority and no further corporate proceedings on the part of Compass Florida are necessary to execute and deliver this Agreement and to consummate the transactions contemplated hereby, all of which have been duly and validly authorized by Compass Florida's Board of Directors. This Agreement has been duly executed and delivered by Compass Florida and is a duly authorized, valid, legally binding and enforceable obligation of Compass Florida, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and general equitable principles, and subject to such shareholder approvals and such approval of regulatory agencies and other governmental authorities having authority over Compass Florida as may be required by statute or regulation. Compass Florida is not in violation of or default under its Certificate of Incorporation or By-Laws or any agreement document or instrument under which Compass Florida is obligated or bound, or any law, order, judgment, injunction,

award, decree, statute, rule, ordinance or regulation applicable to Compass Florida, the violation or breach of which could have a Material Adverse Effect on Compass Florida. Except as set forth on Schedule 4.2, neither the execution, delivery nor performance of this Agreement in its entirety, nor the consummation of all the transactions contemplated hereby, following the receipt of such approvals as may be required from the SEC, the FRB, the FDIC, and the Department will (i) violate (with or without the giving of notice or passage of time), any law, order, writ, judgment, injunction, award, decree, rule, statute, ordinance or regulation applicable to Compass Florida, or (ii) be in conflict with, result in a breach or termination of any provision of, cause the acceleration of the maturity of any debt or obligation pursuant to, constitute a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any security interest, lien, charge or other encumbrance upon any property or assets of Compass Florida pursuant to, any terms, conditions or provisions of any note, license, instrument, indenture, mortgage, deed of trust or other agreement or understanding or any other restriction of any kind or character, to which Compass Florida is a party or by which any of its assets or properties are bound. Except as set forth on Schedule 4.2, there are no proceedings pending or, to the knowledge of Compass Florida, threatened, against Compass Florida, at law or in equity or before any foreign, federal, state, municipal or other governmental court, department, commission, board, bureau, agency, instrumentality or other person which may result in liability to the Company on the consummation of the transactions contemplated hereby or which would prevent or delay such consummation. Except as set forth in Schedule 4.2, or as contemplated hereby, the corporate existence, business, organization, assets, licenses, permits, authorizations and contracts of Compass Florida will not be terminated or impaired by reason of the execution, delivery or performance by Compass Florida of this Agreement or consummation by Compass Florida of the transactions contemplated hereby, assuming receipt of the required regulatory approvals.

SECTION 4.3 Financial Reports. Compass has previously furnished the Company a true and complete copy of (i) the 1996 Annual Report to Shareholders, which report (the "Compass 1996 Annual Report") which includes, among other things, consolidated balance sheets of Compass and its Subsidiaries as of December 31, 1996 and 1995, the related consolidated statements of income, shareholders' equity and cash flows for the years ended December 31, 1996, 1995 and 1994 and (ii) Compass' quarterly report on Form 10-Q for the quarter ended March 31, 1997 (the "Quarterly Report") which reports include among other things unaudited balance sheets of Compass and its Subsidiaries as of March 31, 1997 and December 31, 1996, and the related unaudited consolidated statements of income and cash flows for the three month period ending March 31, 1997 and 1996. The financial statements contained in the Compass 1996 Annual Report and such Quarterly Report have been prepared in conformity with GAAP applied on a basis consistent with prior periods. The consolidated balance sheets of Compass and its subsidiaries as of December 31, 1996 and 1995 contained in the Compass 1996 Annual Report fairly present the consolidated financial condition of Compass and its Subsidiaries as of the dates thereof, and the related consolidated statements of income, shareholders' equity and cash flows of Compass and its Subsidiaries contained therein fairly present the results of operations and cash flows thereof for the fiscal years then ended. The

unaudited consolidated financial statements of Compass and its Subsidiaries as of March 31, 1997 and 1996, contained in Compass' Quarterly Report, fairly present the financial condition, the results of the operations and changes in cash flows thereof as at such dates and for the periods indicated. For the purposes of this Agreement, all financial statements referred to in this Section 4.3 shall be deemed to include any notes to such financial statements. For a period of thirty-six months immediately preceding the filing of the Registration Statement, Compass has filed all of the material required to be filed pursuant to Sections 13(a), 14 and 15(d) of the Exchange Act (the "Compass SEC Filings"). None of the information contained in the Compass SEC Filings is false or misleading with respect to any material fact, or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

SECTION 4.4 Capitalization. The shares of Compass Common Stock to be issued pursuant to this Agreement, when so issued, will be duly and validly authorized and issued, fully paid and nonassessable, and not issued in violation of any preemptive rights. As of June 15, 1997, Compass had 64,152,295 shares of common stock, \$2.00 per share par value, issued and outstanding. None of the shares of Compass Common Stock to be issued pursuant to this Agreement will be subject to any lien, charge, encumbrance, claim, rights of others, mortgage, pledge or security interest, and none will be subject to any agreements or understandings among any persons with respect to the voting or transfer of such shares of Compass Common Stock except as contemplated hereby. All such shares issued as part of the Merger Consideration will be qualified for inclusion in the NASDAQ National Market System as of the Effective Time except as otherwise contemplated herein.

SECTION 4.5 Consents and Approvals. No prior consent, approval or authorization of or declaration, filing or registration with any person, domestic or foreign, is required of or by Compass in connection with the execution, delivery and performance by Compass of this Agreement and the transactions contemplated hereby or the resulting change in control of the Company and its Subsidiaries, except the filing of Articles of Merger under the FBCA, and such approvals as may be required from the SEC, the FRB, the Department and the FDIC.

SECTION 4.6 Proxy Statement. None of the information supplied or to be supplied by Compass, or, to the best knowledge of Compass, any of its directors, officers, employees or agents for inclusion in:

- (a) the Proxy Statement; or
- (b) any registration statement or other documents to be filed with the SEC or any regulatory or governmental agency or authority in connection with the transactions contemplated herein, at the respective times such documents are filed, and, with respect to the Proxy Statement, when first mailed to the shareholders of the Company;

will be false or misleading with respect to any material fact, or omit to state any material fact necessary in order 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 Shareholders' Meeting, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting. All documents that Compass is responsible for filing prior to the Effective Time under Sections 13(a), 14 and 15(d) of the Exchange Act will be filed in a timely fashion and comply in all material respects with the provisions of applicable law.

SECTION 4.7 Availability of Compass Common Stock. Compass has available a sufficient number of authorized and unissued shares of Compass Common Stock to pay the Merger Consideration, and Compass will not take any action during the term of this Agreement that will cause it not to have a sufficient number of authorized and unissued shares of Compass Common Stock to pay the Merger Consideration.

SECTION 4.8 Representations Not Misleading. No representation or warranty by Compass in this Agreement, nor any statement or exhibit furnished to the Company under and pursuant to, or in anticipation of this Agreement, contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE V.

COVENANTS OF THE COMPANY

SECTION 5.1 Affirmative Covenants of the Company. For so long as this Agreement is in effect, the Company shall, and shall use its best efforts to cause its Subsidiaries (collectively, the "Acquired Companies") to, from the date of this Agreement to the Closing, except as specifically contemplated by this Agreement:

- (a) operate and conduct the businesses of the Acquired Companies in the ordinary course of business and consistent with prudent banking practices;
- (b) preserve intact the Acquired Companies' corporate existence, business organization, and its material assets, licenses, permits, authorizations, and business opportunities;
- (c) comply with all material contractual obligations applicable to the Acquired Companies' operations;

(d) maintain all the Acquired Companies' properties in good repair, order and condition, reasonable wear and tear excepted, and maintain the insurance coverages described in Schedule 3.19 (which shall list all Property insured by such coverages) or obtain comparable insurance coverages from reputable insurers which, in respect to amounts, types and risks insured, are adequate for the business conducted by the Acquired Companies and consistent with the existing insurance coverages;

(e) in good faith and in a timely manner (i) cooperate with Compass and Compass Florida in satisfying the conditions in this Agreement, (ii) assist Compass and Compass Florida in obtaining as promptly as possible all consents, approvals, authorizations and rulings, whether regulatory, corporate or otherwise, as are necessary for Compass and Compass Florida and the Company (or any of them) to carry out and consummate the transactions contemplated by this Agreement, including all consents, approvals and authorizations required by any agreement or understanding existing at the Closing between the Company and any governmental agency or other third party, (iii) furnish information concerning the Acquired Companies not previously provided to Compass required for inclusion in any filings or applications that may be necessary in that regard and (iv) perform all acts and execute and deliver all documents necessary to cause the transactions contemplated by this Agreement to be consummated at the earliest possible date;

(f) timely file with the FRB, the Department, and the FDIC, all financial statements and other reports required to be so filed by any of the Acquired Companies and to the extent permitted by applicable law, promptly thereafter deliver to Compass copies of all financial statements and other reports required to be so filed;

(g) comply in all material respects with all applicable laws and regulations, domestic and foreign;

(h) between the date of this Agreement and Closing, promptly give written notice to Compass upon obtaining knowledge of any event or fact, or series of events or facts, that would cause any of the representations or warranties of the Company contained in or referred to in this Agreement to be untrue or misleading in any material respect;

(i) deliver to Compass a list (Schedule 5.1(i)), dated as of the Effective Time, showing (i) the name of each bank or institution where the Acquired Companies have accounts or safe deposit boxes, (ii) the name(s) in which such accounts or boxes are held and (iii) the name of each person authorized to draw thereon or have access thereto;

(j) deliver to Compass a list certified by an officer of the Company and dated as of the Effective Time (Schedule 5.1(j)), showing all liabilities and obligations of the Acquired Companies incurred since the Balance Sheet Date, except those arising in the ordinary course of their respective businesses;

(k) promptly notify Compass of any material change or inaccuracies in any data previously given or made available to Compass or Compass Florida pursuant to this Agreement;

(l) provide access, to the extent that the Company or its Subsidiaries have the right to provide access, to any or all Property (as defined in Section 3.23) so as to enable Compass to physically inspect any structure or components of any structure on such Property, including without limitation surface and subsurface testing and analyses;

(m) if technologically possible, by no later than December 31, 1997, change its account numbering system to be compatible with Compass' account numbering system and replace all checks in the possession of its customers only with checks which comply with Compass' standards; provided, that if the Merger is not consummated for any reason except for termination pursuant to subsections 8.1(b)(ii), 8.1(f) or 8.1(g), Compass will reimburse the Company for the direct costs of complying with this subsection 5.1(m); and

(n) by no later than August 1, 1997, file any IRS Form 5500 annual returns which are currently delinquent and by no later than December 31, 1997, pay all taxes, fees or penalties related thereto as to which the Company has been notified prior to such date, or as to which it currently has knowledge that it owes.

The Company's compliance with subsections 5.1(m) and (n) shall not by itself constitute a breach of any other covenant or condition to this Agreement.

SECTION 5.2 Negative Covenants of the Company. Except with the prior written consent of Compass or as otherwise specifically permitted by this Agreement, the Company will not and will use its best efforts not to permit the Bank, or any other Subsidiary of the Company, to, from the date of this Agreement to the Closing:

(a) make any amendment to its articles of incorporation or association or bylaws;

(b) make any change in the methods used in allocating and charging costs, except as may be required by applicable law, regulation or GAAP and after notice to Compass;

(c) make any change in the number of shares of the capital stock issued and outstanding, or issue, reserve for issuance, grant, sell or authorize the issuance of any shares of its capital stock or subscriptions, options, warrants, calls, rights or commitments of any kind relating to the issuance or sale of or conversion into shares of its capital stock, except as may be required pursuant to outstanding options, subject to the provisions of the Agreements Regarding Convertible Securities (defined in Section 6.13);

(d) contract to create any obligation or liability (absolute, accrued, contingent or otherwise) except in the ordinary course of business and consistent with prudent banking practices;

(e) contract to create any mortgage, pledge, lien, security interest or encumbrances, restrictions, or charge of any kind (other than statutory liens for which the obligations secured thereby shall not become delinquent), except in the ordinary course of business and consistent with prudent banking practices;

(f) cancel any debts, waive any claims or rights of value or sell, transfer, or otherwise dispose of any of its material properties or assets, except in the ordinary course of business and consistent with prudent banking practices;

(g) sell any real estate owned as of the date of this Agreement or acquired thereafter, which real estate qualifies as "other real estate owned" under accounting principles applicable to it, except in the ordinary course of business and consistent with prudent banking practices and applicable banking laws and regulations;

(h) dispose of or permit to lapse any rights to the use of any material trademark, service mark, trade name or copyright, or dispose of or disclose to any person other than its employees any material trade secret not theretofore a matter of public knowledge;

(i) except as set forth on Schedule 3.10 and except for regular salary increases granted in the ordinary course of business within the Company or its Subsidiaries' 1997 budgets and consistent with prior practices, and except for the pro rata payment as of the Effective Time of any bonus plans in place as of the date hereof which are described on Schedule 3.10, grant any increase in compensation or directors' fees, or pay or agree to pay or accrue any bonus or like benefit to or for the credit of any director, officer, employee or other person or enter into any employment, consulting or severance agreement or other agreement with any director, officer or employee, or adopt, amend or terminate any Employee Benefit Plan or change or modify the period of vesting or retirement age for any participant of such a plan;

(j) declare, pay or set aside for payment any dividend or other distribution or payment in respect of shares of its capital stock;

(k) except through settlement of indebtedness, foreclosure, the exercise of creditors' remedies or in a fiduciary capacity, acquire the capital stock or other equity securities or interest of any person;

(l) make any capital expenditure or a series of expenditures of a similar nature in excess of \$50,000 in the aggregate;

(m) make any income tax or franchise tax election or settle or compromise any federal, state, local or foreign income tax or franchise tax liability, or, except in the ordinary course of business consistent with prudent banking practices, make any other tax election or settle or compromise any other federal, state, local or foreign tax liability;

(n) except for negotiations and discussions between the parties hereto relating to the transactions contemplated by this Agreement or as otherwise permitted hereunder, enter into any transaction, or enter into, modify or amend any contract or commitment other than in the ordinary course of business and consistent with prudent banking practices;

(o) except as contemplated by this Agreement, adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization, or other reorganization or business combination of the Company or any of its Subsidiaries;

(p) issue any certificates of deposit except in the ordinary course of business and in accordance with prudent banking practices;

(q) make any investments except in the ordinary course of business and in accordance with prudent banking practices;

(r) modify, amend, waive or extend either the Company Loan Documents or any rights under such agreements;

(s) modify any outstanding loan, make any new loan, or acquire any loan participation, unless such modification, new loan, or participation is made in the ordinary course of business and in accordance with prudent banking practices;

(t) sell or contract to sell any part of the Company's or its Subsidiaries' premises;

(u) change any fiscal year or the length thereof;

(v) take or agree to take any action that would prevent Compass from accounting for the business combination to be effected by the Merger as a pooling of interests, including, without limitation, any action inconsistent with the provisions of Exhibit C hereto;

(w) except with respect to Federal Reserve Funds, prepay in whole or in part the Company Indebtedness; or

(x) except as otherwise permitted by this Agreement enter into any agreement, understanding or commitment, written or oral, with any other person which is in any manner inconsistent with the obligations of the Company and its directors and its Subsidiaries under this Agreement or any related written agreement. Nothing contained in this Section 5.2 or in Section

5.1 is intended to influence the general management or overall operations of the Company or its Subsidiaries in a manner not permitted by applicable law and the provisions thereof shall automatically be reduced in compliance therewith.

ARTICLE VI.

ADDITIONAL AGREEMENTS

SECTION 6.1 Access To, and Information Concerning, Properties and Records.

During the pendency of the transactions contemplated hereby, the Company shall, to the extent permitted by law, give Compass, its legal counsel, accountants and other representatives full access, during normal business hours, throughout the period prior to the Closing, to all of the Company's and its Subsidiaries' properties, books, contracts, commitments and records, permit Compass to make such inspections (including without limitation physical inspection of the surface and subsurface of any property thereof and any structure thereon) as they may require and furnish to Compass during such period all such information concerning the Company and its Subsidiaries and their affairs as Compass may reasonably request. All information disclosed by the Company to Compass which is confidential and which is not in the public domain shall be held confidential by Compass and its representatives, except to the extent counsel to Compass has advised it such information is required to or should be disclosed in filings with regulatory agencies or governmental authorities or in proxy materials delivered to shareholders of the Company. In the event this Agreement is terminated pursuant to the provisions of Article VIII, upon the written request of the Company, Compass agrees to destroy (and certify to the Company such destruction) or return to the Company all copies of such confidential information.

SECTION 6.2 Filing of Regulatory Approvals. As soon as reasonably practicable, Compass shall file all notices and applications to the FRB, the Department and the FDIC which Compass deems necessary or appropriate to complete the transactions contemplated herein, including the merger of the Bank and Compass Bank, Jacksonville, Florida ("Compass Bank"). Compass will deliver to the Company, and the Company will deliver to Compass, copies of all non-confidential portions of any such applications.

SECTION 6.3 Miscellaneous Agreements and Consents. Subject to the terms and conditions of this Agreement, Compass and the Company agree to use all 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 and regulations to consummate and make effective, as soon as practicable after the date hereof, the transactions contemplated by this Agreement. Compass and the Company shall use their respective best efforts to obtain or cause to be obtained consents of all third parties and governmental and regulatory authorities necessary or desirable for the consummation of the transactions contemplated herein.

SECTION 6.4 Company Indebtedness. Prior to the Effective Time, the Company shall pay all regularly scheduled payments on all Company Indebtedness and shall cooperate with Compass in taking such actions as are reasonably appropriate or necessary in connection with the redemption, prepayment, modification, satisfaction or elimination of any outstanding indebtedness of the Company or its Subsidiaries with respect to which a consent is required to be obtained to effectuate the Merger and the transactions contemplated by this Agreement and has not been so obtained.

SECTION 6.5 Best Good Faith Efforts. All parties hereto agree that the parties will use their best good faith efforts to secure all regulatory approvals necessary to consummate the Merger and other transactions provided herein and to satisfy the other conditions to Closing contained herein.

SECTION 6.6 Acquisition Proposals. The Company and the Bank will not, and will use their best efforts to cause their respective directors, officers and agents (for purposes of this Section 6.6 only, being referred to as "affiliates") not to, directly or indirectly, solicit or take any other action to facilitate any inquiries or proposals with respect to, engage or participate in negotiations concerning, provide any nonpublic information or data to or have any discussions with any person other than a party hereto or their affiliates relating to any acquisition, tender offer (including a self-tender offer), exchange offer, merger, consolidation, acquisition of beneficial ownership of or the right to vote securities of such entity or any of its subsidiaries, dissolution, business combination, purchase of all or any significant portion of the assets or any division of, or any equity interest in, such entity or any Subsidiary, or similar transaction other than the Merger (such proposals, announcements, or transactions being referred to as "Acquisition Proposals"). Notwithstanding the preceding sentence, to the extent its Board of Directors determines it is required to do so in the exercise of its fiduciary duties to the Company's shareholders under applicable law as so advised in writing by independent counsel, the Company and the Bank, and their affiliates, may engage and participate in negotiations concerning, provide nonpublic information or data to and have discussions with any person or their affiliates relating to a written Acquisition Proposal. The Company and the Bank will promptly notify Compass orally and in writing if any such Acquisition Proposal (including the terms thereof and identify of the persons making such proposal) is received and furnish to Compass a copy of any written proposal.

SECTION 6.7 Public Announcement. Subject to written advice of counsel with respect to legal requirements relating to public disclosure of matters related to the subject matter of this Agreement, the timing and content of any announcements, press releases or other public statements concerning the proposal contained herein will occur upon, and be determined by, the mutual consent of the Company and Compass.

SECTION 6.8 Employee Benefit Plans. Compass presently intends that, after the Merger, Compass, the Company and its Subsidiaries will not make additional contributions to the employee benefit plans that were sponsored by the Company or its Subsidiaries immediately

prior to the Merger. Compass agrees that the employees of the Company and its Subsidiaries who are retained as employees of Compass or Compass Bank will be entitled to participate as newly hired employees in the employee benefit plans and programs maintained for employees of Compass and its affiliates, in accordance with the respective terms of such plans and programs, and Compass shall take all actions necessary or appropriate to facilitate coverage of the Company's and its Subsidiaries' employees in such plans and programs from and after the Effective Time, subject to the following:

(i) **Employee Welfare Benefit Plans and Programs:** Each employee of the Company and its Subsidiaries will be entitled to credit for prior service with the Company and its Subsidiaries for all purposes under the employee welfare benefit plans and other employee benefit plans and programs (other than those described in subparagraph (ii) below and any stock option plans) sponsored by Compass to the extent the Company or any of its Subsidiaries sponsored a similar type of plan which the Company or Company Subsidiary employee participated in immediately prior to the Effective Time. Any preexisting condition exclusion applicable to such plans and programs shall be waived with respect to any Company or Company Subsidiary employee. For purposes of determining each Company or Company Subsidiary employee's benefit for the year in which the Merger occurs under the Compass vacation program, any vacation taken by a Company or Company Subsidiary employee preceding the Effective Time for the year in which the Merger occurs will be deducted from the total Compass vacation benefit available to such employee for such year. Compass agrees that for purposes of determining the number of vacation days available with respect to each Company employee for the year in which the Merger occurs, that the number of vacation days for such year shall be determined under the Company or its Subsidiaries vacation policies in effect as of January 1, 1997.

(ii) **Employee Pension Benefit Plans:** Each Company and Company Subsidiary employee shall be entitled to credit for past service with the Company and its Subsidiaries for the purpose of satisfying any eligibility or vesting periods applicable to the Compass employee pension benefit plans which are subject to Sections 401(a) and 501(a) of the Code (including, without limitation, the Compass 401(k)/ESOP Plan). Notwithstanding the foregoing, Compass shall not grant any prior years of service credit to employees of the Company and its Subsidiaries with respect to any defined benefit pension plans sponsored (or contributed to) by Compass; instead, Company and Company Subsidiary employees shall be treated as newly hired employees of Compass as of the date following the Effective Time for purposes of determining eligibility, vesting and benefit accruals thereunder.

On or before, but effective as of the Effective Time, the Company and its Subsidiaries may take such actions as may be necessary to cause each individual employed by the Company and its Subsidiaries immediately prior to the Effective Time to have a fully vested and

nonforfeitable interest in such employee's account balance under the 401(k) plan sponsored by the Company as of the Effective Time.

SECTION 6.9 Merger of Bank. Compass presently intends to cause the Bank to merge into Compass Bank or another banking affiliate of Compass immediately after the Merger, and the Company agrees to cause the Bank to execute documents and take actions (conditioned on the Merger being effective), including any amendment to this Agreement as may be necessary for such purpose, and otherwise cooperate with Compass during the time the Merger transaction is pending in order to facilitate such merger of the Bank into Compass Bank or such other affiliate immediately after the Closing.

SECTION 6.10 Environmental Investigation.

(a) Compass and its consultants, agents and representatives, shall have the right, at Compass' expense, to the same extent that the Company and its Subsidiaries have such right, but not the obligation or responsibility, to inspect any Controlled Property, including, without limitation, for the purpose of conducting asbestos surveys and sampling, and other environmental assessments and investigations ("Environmental Inspections"). Compass' right to conduct Environmental Inspections shall include the right to sample and analyze air, sediment, soil and groundwater of any Property to the same extent that the Company or its Subsidiaries have such right. Compass may conduct such Environmental Inspections at any time prior to termination of the Escrow Agreement dated as of July 8, 1997 among Compass, the Company and Fowler, White, Gillen, Boggs, Villareal, as Escrow Agent.

(b) The Company and its Subsidiaries shall cause to be performed by an environmental consulting firm acceptable to Compass an environmental investigation of any Property acquired, leased, foreclosed, managed or controlled by the Company or its Subsidiaries between the date hereof and the Closing Date, the scope and results of which shall be acceptable to Compass in its sole discretion.

(c) The Company and its Subsidiaries shall cause to be performed by an environmental consulting firm acceptable to Compass an environmental investigation of any Property in which the Company or its Subsidiaries acquires a security interest between the date hereof and the Closing Date, the scope and results of which shall be acceptable to Compass in its sole discretion and the scope and results of which are equivalent to the policies of Compass with respect to acquiring security interests on real or personal property.

(d) Compass shall notify the Company of any physical inspections of Property which it intends to conduct, and the Company may place reasonable restrictions on the time of such inspections. Upon Compass' notification to the Company of the Property upon which it intends to conduct such physical inspections, the Company and its Subsidiaries shall notify the owner of such Property and use their best efforts to secure access to such Property for Compass.

(e) Each party hereto agrees to indemnify and hold harmless the other party for any claims for damage to the Property or injury or death to persons in connection with any Environmental Inspection or secondary investigation of the Property to the extent such damage, injury or death is directly attributable to the negligent actions or negligent omissions of such indemnifying party. Compass shall have no liability or responsibility of any nature whatsoever for the results, conclusions or other findings related to any Environmental Inspection, secondary investigation or other environmental survey. If this Agreement is terminated, then except as otherwise required by law, Compass shall have no obligation to make any reports to any governmental authority of the results of any Environmental Inspection, secondary investigation or other environmental survey, but such reporting shall remain the responsibility of and within the discretion of the Company. Compass shall have no liability to the Company or its Subsidiaries for making any report of such results to any governmental authority.

(f) The Company agrees to make available to Compass and its consultants, agents and representatives all documents and other material relating to environmental conditions to the Property including, without limitation, the results of all other environmental inspections and surveys. The Company also agrees that all engineers and consultants who prepared or furnished such reports may discuss such reports and information with Compass and shall be entitled to certify the same in favor of Compass and its consultants, agents and representatives in such a manner which will entitle Compass to rely upon such reports and make all other data available to Compass and its consultants, agents and representatives. At the written request of the Company, Compass agrees to provide the Company with a copy of all environmental reports prepared by its consultants as a result of the Environmental Inspections. Compass shall keep confidential the reports, surveys and results relating to and of the Environmental Inspections, unless otherwise required by law.

SECTION 6.11 Proxies. The Company agrees to provide to Compass, within 30 days of the date of this Agreement, agreements executed by persons holding at least 51% of the Compass Common Stock that they will vote the Shares owned by them in favor of this Agreement and the transactions contemplated hereby, subject to required regulatory approvals, and that they will retain the right to vote such Shares during the term of this Agreement and have given Compass a proxy to vote such Shares in favor of the Merger if they should fail to do so, in substantially the form of the Voting Agreement and Irrevocable Proxy ~~attached hereto~~, as Exhibit D.

SECTION 6.12 Exchange Agreement. Immediately prior to the Effective Time, the Company and Compass agree to enter into, and Compass agrees to cause Compass Florida to enter into, the Exchange Agreement with the Exchange Agent, or if the Exchange Agent refuses to serve as exchange agent, such other exchange agent as shall mutually agreed to by the Company and Compass.

SECTION 6.13 Exercise of Convertible Securities. The Company will use its best efforts to cause each holder of outstanding warrants, options, rights, convertible debentures,

phantom shares or other securities entitling the holder thereof to acquire Shares or compensation in respect of Shares (collectively, the "Convertible Securities") listed on Schedule 3.2 to deliver to Compass and the Company, within 30 days of the date of this Agreement, such holder's agreement in the form of Exhibit L ~~attached hereto~~ ("Agreement Regarding Convertible Securities").

SECTION 6.14 Releases of Officers. The Company shall use its best efforts to deliver to Compass an instrument in the form of Exhibit I ~~attached hereto~~ dated the Effective Time signed by the officers listed on Schedule 6.14 hereto releasing the Company and its Subsidiaries from any and all claims of such officers (except as to deposits, accounts and accrued compensation permitted by their respective written agreements with the Company or its Subsidiaries);

SECTION 6.15 Indemnification and D&O Insurance. (a) With respect to all persons who are currently covered by the Company's or any of its Subsidiaries' directors' and officers' liability insurance, Compass agrees to permit the Company and its Subsidiaries to obtain an extended reporting period of the current directors' and officers' liability insurance maintained by the Company or any of its Subsidiaries (otherwise known as "Tail Coverage") for a period of not less than three years from the Effective Time (provided that Compass or the Surviving Corporation may substitute therefor policies of at least equivalent coverage containing terms and conditions which are no less advantageous) with respect to matters occurring prior to the Effective Time, provided that the aggregate cost thereof does not exceed \$38,000.

(b) Compass shall, and shall cause the Surviving Corporation (and its successors and assigns) to indemnify each person who was or is a party to any proceeding by reason of the fact that such person is or was a director or officer of the Company or any of its Subsidiaries ("Indemnified Party") against liability incurred in connection with such proceeding pursuant to the provisions of Section 607.0850 of the FBCA, or any amendment thereof. Compass agrees to advance expenses incurred by any Indemnified Party as permitted by paragraphs 6 and 7 of Section 607.0850 of the FBCA, as such provisions may be amended from time to time. Notwithstanding the foregoing, no claim shall be made under this paragraph (b) until all coverage has been exhausted under the policy described in paragraph (a) above.

(c) The provisions of this Section 6.15 are intended to be for the benefit of and shall be enforceable by, each Indemnified Party, his or her heirs and representatives, and shall survive the consummation of the Merger and be binding on all successors and assigns of Compass and the Surviving Corporation.

ARTICLE VII.

CONDITIONS TO CONSUMMATION OF THE MERGER

SECTION 7.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party to effect the Merger are subject to the satisfaction or waiver of the following conditions prior to the Effective Time:

(a) the receipt of required regulatory approvals and the expiration of any applicable waiting period with respect thereto;

(b) the Closing will not violate any injunction, order or decree of any court or governmental body having competent jurisdiction;

(c) the approval of the Merger by a majority of the Company's shareholders entitled to vote at the Shareholders' Meeting;

(d) a registration statement and any required state securities law filings covering the Compass Common Stock to be issued in the Merger shall be effective under the Securities Act and any applicable state securities or "blue sky" acts and no stop order suspending the effectiveness of such registration statement shall be in effect and no proceedings for such purpose, or any proceedings under the SEC or applicable state securities authorities rules with respect to the transactions contemplated hereby, shall be pending before or threatened by the SEC or any applicable state securities or blue sky authorities; and

(e) receipt by Compass and the Surviving Corporation of an opinion from Balch & Bingham LLP in form and substance reasonably satisfactory to each party hereto, dated as of the Effective Time, that the Merger will qualify as a reorganization under Section 368(a) of the Code and that accordingly: (i) no gain or loss will be recognized by the Parties as a result of the Merger; (ii) no gain or loss will be recognized by the shareholders of the Company who exchange their Company Common Stock solely for Compass Common Stock pursuant to the Merger (except with respect to cash received in lieu of a fractional share interest in Compass Common Stock); and (iii) the tax basis of the Compass Common Stock received by shareholders who exchange all of their Company Common Stock solely for Compass Common Stock in the Merger will be the same as the tax basis of the Company Common Stock surrendered in exchange therefor (reduced by any amount allocable to a fractional share interest for which cash is received). In rendering such opinion, Balch & Bingham LLP shall require and rely upon representations contained in certificates of officers of Compass and of the Company.

SECTION 7.2 Conditions to the Obligations of Compass and Compass Florida to Effect the Merger.

The obligations of Compass and Compass Florida to effect the Merger are subject to the satisfaction or waiver of the following conditions prior to the Effective Time or such earlier date as may be specified:

(a) all representations and warranties of the Company shall be true and correct in all material respects as of the date hereof and at and as of the Closing, with the same force and effect as though made on and as of the Closing;

(b) the Company shall have performed in all material respects all obligations and agreements and in all material respects complied with all covenants and conditions, contained in this Agreement to be performed or complied with by it prior to the Effective Time;

(c) there shall not have occurred a Material Adverse Effect with respect to the Company and its Subsidiaries;

(d) the directors of the Company and its Subsidiaries shall have delivered to Compass an instrument in the form of Exhibit J ~~attached hereto~~ dated the Effective Time releasing the Company and its Subsidiaries from any and all claims of such directors (except as to their deposits, accounts and contractual liabilities) and shall have delivered to Compass their resignations as directors of the Company and its Subsidiaries;

(e) Compass shall have received the opinions of counsel to the Company acceptable to it substantially in the form of Exhibit E ~~attached hereto~~;

(f) the holders of no more than 5% of the Shares shall have demanded payment of the fair value of their shares as dissenting shareholders;

(g) Compass shall have received a letter from KPMG Peat Marwick LLP, dated as of the Effective Time, to the effect that the Merger will qualify for pooling-of-interests accounting treatment if closed and consummated in accordance with this Agreement;

(h) the Company shall have no Company Indebtedness other than Federal Funds borrowing;

(i) Compass shall have received from holders of the Company's capital stock receiving at least 45% of the total Merger Consideration a representation in the form of Exhibit K that as of the date thereof they have no plan or intention to sell or otherwise dispose of shares of Compass Common Stock received pursuant to the Merger;

(j) the Company shall have delivered to Compass a schedule of all transactions in the capital stock (or instruments exercisable for or convertible into capital stock) of the Company of which the Company has knowledge from and including the date of this Agreement through the Effective Time;

(k) Compass shall have received, within 30 days of the date of this Agreement, duly executed Agreements Regarding Convertible Securities in the form of Exhibit L ~~attached~~

~~here~~ and the transactions contemplated by the Agreements Regarding Convertible Securities shall have been, or shall simultaneously with Closing be, consummated;

(l) the persons whose names are listed on Schedule 7.2(l) shall have entered into noncompetition agreements with Compass or one of its Affiliates, in the form of Exhibit H ~~attached hereto~~ which shall be in full force and effect at the Effective Time;

(m) there shall be no reasonable basis for any Proceeding, claim or action of any nature seeking to impose, or that could result in the imposition on the Company or any of its Subsidiaries of, any liability relating to Polluting Substances or arising pursuant to Environmental Laws, which when considered individually or aggregately, has or could reasonably be expected to have a Material Adverse Effect upon the Company and its Subsidiaries taken as a whole;

(n) the persons listed on Schedule 1.8(b) shall have entered into the Pooling Transfer Restrictions Agreements within 30 days of the date of this Agreement and such Agreements shall be in full force and effect at the Effective Time;

(o) the receipt of regulatory approvals which approvals shall not have imposed any condition or requirement which would adversely impact the economic or business benefits of the transactions contemplated by this Agreement or otherwise would be so burdensome as to render inadvisable the consummation of the Merger;

(p) the shareholder ratification described in subsection 1.7(d)(iii);

(q) the Company and the Exchange Agent shall have executed and delivered the Exchange Agent Agreement; provided that Compass shall be permitted to substitute a successor Exchange Agent selected by Compass which shall also be Compass' transfer agent;

(r) the executed copies of the Voting Agreement and Irrevocable Proxy delivered pursuant to Section 6.11 shall be in full force and effect for purposes of voting at the Shareholder's Meeting;

(s) Carl Walls shall have entered into the Noncompetition and Employment Agreement in the form of Exhibit H-1 ~~attached hereto~~ which shall be in full force and effect at the Effective Time; and

(t) Compass shall have received certificates dated the Closing executed by the Chairman of the Board of the Company and by the Chairman of the Board of its Subsidiaries, and the Secretary or Cashier of the Company and its Subsidiaries, respectively, certifying in such reasonable detail as Compass may reasonably request, to the effect described in Sections 7.2(a), (b), (c), (f), (h) and (m).

SECTION 7.3 Conditions to the Obligations of the Company to Effect the Merger.

The obligations of the Company to effect the Merger are subject to the satisfaction or waiver of the following conditions prior to the Effective Time:

(a) all representations and warranties of Compass shall be true and correct in all material respects as of the date hereof and at and as of the Closing, with the same force and effect as though made on and as of the Closing;

(b) Compass and Compass Florida shall have performed in all material respects all obligations and agreements and in all material respects complied with all covenants and conditions contained in this Agreement to be performed or complied with by either of them prior to the Effective Time;

(c) the Company shall have received the opinion of counsel to Compass and Compass Florida acceptable to it, as to the matters set forth on Exhibit F ~~attached hereto~~;

(d) the Company and its Subsidiaries shall have delivered to the directors of the Company and its Subsidiaries an instrument in the form of Exhibit J ~~attached hereto~~ dated the Effective Time releasing such directors from any and all claims of the Company and its Subsidiaries (except as to indebtedness or other contractual liabilities); provided, however, that such releases shall not release an action for fraud against such directors by Compass or Compass Florida in connection with the transactions contemplated by this Agreement;

(e) the Company shall have received certificates dated the Closing, executed by appropriate officers of Compass and Compass Florida, respectively, certifying, in such detail as the Company may reasonably request, to the effect described in Sections 7.3(a), (b) and (f);

(f) there shall not have occurred a Material Adverse Effect with respect to Compass and its Subsidiaries; and

(g) Compass and the Exchange Agent shall have executed and delivered the Exchange Agent Agreement; provided that Compass shall be permitted to substitute a successor Exchange Agent selected by Compass which shall also be Compass' transfer agent.

ARTICLE VIII.

TERMINATION; AMENDMENT; WAIVER

SECTION 8.1 Termination. This Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time notwithstanding approval thereof by the shareholders of the Company, but prior to the Effective Time:

(a) by mutual written consent duly authorized by the Boards of Directors of Compass and the Company;

(b) by Compass (i) if Compass learns or becomes aware of a state of facts or breach or inaccuracy of any representation or warranty of the Company contained in Article III which constitutes a Material Adverse Effect, (ii) if there shall be a breach of Section 6.6, (iii) if there shall be a breach of Section 6.10(b) or (c), or (iv) if any of the conditions to Closing contained in Section 7.1 or 7.2 are not satisfied or waived in writing by Compass on or prior to the Termination Date;

(c) by the Company if the conditions to Closing contained in Section 7.1 or 7.3 are not satisfied or waived in writing by the Company on or prior to the Termination Date;

(d) by Compass or the Company if the Effective Time shall not have occurred on or before the expiration of nine months from the date of this Agreement (the "Termination Date") or such later date agreed to in writing by Compass and the Company;

(e) by Compass or the Company if any court of competent jurisdiction in the United States or other United States (federal or state) governmental body shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have been final and nonappealable;

(f) by Compass if (i) the Board of Directors of the Company shall have withdrawn or modified in any manner its approval or recommendation of this Agreement or the Merger, or shall have resolved to do the same; or (ii) following the receipt of an Acquisition Proposal, the Company or any of its officers, directors or agents shall (A) fail to provide information regarding the Company or execute any documents which are necessary to file the Registration Statement or any regulatory applications necessary to obtain the requisite approvals of the Merger or the merger of the Bank (described in Section 6.9) or take such other action as may be necessary to timely consummate the Merger and the transactions contemplated hereby consistent with Section 6.5 hereof or (B) postpone, adjourn or delay the Shareholders' meeting; or

(g) by the Company if it shall receive any Acquisition Proposal after the date hereof from a third party or parties and the Board of Directors of the Company shall have received a written opinion from independent legal counsel to the effect that, and the Board of Directors shall have determined in good faith in the exercise of its fiduciary duties that, the Company is required to pursue such Acquisition Proposal; provided, however that the Company may only terminate this Agreement pursuant to this clause if it simultaneously with such termination delivers to Compass the termination fee provided for in Section 8.5 hereof.

SECTION 8.2 Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to Section 8.1 hereof, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party or its directors, officers or shareholders, other than the provisions of Sections 6.10, 8.2, 10.1, 10.8 and Article IX. Nothing contained in this Section 8.2 shall relieve any party from liability for any breach of this Agreement.

SECTION 8.3 Amendment.

(a) To the extent permitted by applicable law, this Agreement may be amended by action taken by or on behalf of the Board of Directors of the Company, Compass and, if required, Compass Florida at any time before or after adoption of this Agreement by the shareholders of the Company but, after any submission of this Agreement to such shareholders for approval, no amendment shall be made which reduces the Merger Consideration or which materially and adversely affects the rights of the Company's shareholders hereunder without any required approval of such shareholders. This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties.

(b) The parties hereto hereby agree to enter into an amendment of this Agreement for the purpose of adding Compass Florida as a party hereto, which amendment shall be made prior to any submission of this Agreement to shareholders of the Company for their approval. As a condition to the Company's entry into such an amendment, Compass Florida shall deliver to the Company a certificate in substantially the form of Exhibit G ~~attached hereto~~.

SECTION 8.4 Extension; Waiver. At any time prior to the Effective Time, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto, or (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

SECTION 8.5 Termination Fee. If the Company either (a) violates its obligations set forth in Section 6.6 hereof and this Agreement is thereafter terminated pursuant to Section 8.1(b)(ii), or (b) receives any Acquisition Proposal and this Agreement is thereafter terminated pursuant to Sections 8.1(f) or 8.1(g) as a result of receipt of such Acquisition Proposal, then the Company shall pay to Compass a fee of \$2,500,000 in cash at the time of such termination.

ARTICLE IX.

NON-SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

The parties hereto agree that all of their respective representations, warranties and covenants contained in this Agreement shall not survive after the Effective Time, except that the provisions of Sections 6.8, 6.10(f), 6.15, 10.1 and 10.8 and Articles I, II and IX of this Agreement and the provisions of the Exchange Agent Agreement shall survive the Effective Time.

ARTICLE X.

MISCELLANEOUS

SECTION 10.1 Expenses. All costs and expenses incurred in connection with the transactions contemplated by this Agreement, including without limitation, attorneys' fees, accountants' fees, other professional fees and costs related to expenses of officers and directors of the Company and its Subsidiaries, shall be paid by the party incurring such costs and expenses; provided, however, without the consent of Compass, which consent shall not be unreasonably withheld, all such costs and expenses incurred by the Company and its Subsidiaries shall not exceed \$125,000 exclusive of the fairness opinion of Alex Sheshunoff & Co. obtained by the Company prior to the date of this Agreement. Each party hereto hereby agrees to and shall indemnify the other parties hereto against any liability arising from any such fee or payment incurred by such party.

SECTION 10.2 Brokers and Finders. All negotiations on behalf of Compass and the Company relating to this Agreement and the transactions contemplated by this Agreement have been carried on by the parties hereto and their respective agents directly without the intervention of any other person in such manner as to give rise to any claim against Compass, Compass Florida, the Company or its Subsidiaries for financial advisory fees, brokerage or commission fees, finder's fees or other like payment in connection with the consummation of the transactions contemplated hereby.

SECTION 10.3 Entire Agreement; Assignment. This Agreement (a) constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof, and (b) shall not be assigned by operation of law or otherwise, provided that Compass may assign its rights and obligations or those of Compass Florida to any direct or indirect, wholly-owned, subsidiary of Compass, but no such assignment shall relieve Compass of its obligations hereunder if such assignee does not perform such obligations.

SECTION 10.4 Further Assurances. From time to time as and when requested by Compass or its successors or assigns, the Company, the officers and directors of the Company, or its Subsidiaries, shall execute and deliver such further agreements, documents, deeds, certificates and other instruments and shall take or cause to be taken such other actions,

including those as shall be necessary to vest or perfect in or to confirm of record or otherwise the Company's or its Subsidiaries' title to and possession of, all of their respective property, interests, assets, rights, privileges, immunities, powers, franchises and authority, as shall be reasonably necessary or advisable to carry out the purposes of and effect the transactions contemplated by this Agreement.

SECTION 10.5 Enforcement of the Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were 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, this being in addition to any other remedy to which they are entitled at law or in equity.

SECTION 10.6 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

SECTION 10.7 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered if in person, by cable, telegram or telex or by telecopy, or five business days after mailing if delivered by registered or certified mail (postage prepaid, return receipt requested) to the respective parties as follows:

if to Compass or Compass Florida:

D. Paul Jones, Jr.
Chairman and Chief Executive Officer
Compass Bancshares, Inc.
15 South 20th Street
Birmingham, Alabama 35233
Telecopy No.: (205) 933-3043

with copies to:

Daniel B. Graves
Associate General Counsel
Compass Bancshares, Inc.
15 South 20th Street
Birmingham, Alabama 35233
Telecopy No.: (205) 933-3043

and

Suzanne Ashe
Balch & Bingham LLP
Suite 2600
1901 Sixth Avenue North
Birmingham, Alabama 35203
Telecopy No.: (205) 226-8799

if to the Company:

S. Clark Butler and Carl Walls
GSB Investments, Inc.
2814 SW 34th Street
Gainesville, Florida 32608

with copies to:

Michael E. Warren
AMJ Inc. of Gainesville
502 N.W. 16th Avenue
Gainesville, Florida 32601

and

David C. Shobe
Fowler, White, Gillen, Boggs, Villareal and Barker, P.A.
Suite 1700
501 East Kennedy Boulevard
Tampa, Florida 33601

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above (provided that notice of any change of address shall be effective only upon receipt thereof).

SECTION 10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

SECTION 10.9 Descriptive Headings. The descriptive headings are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

SECTION 10.10 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied,

is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 10.11 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 shall constitute one and the same agreement.

SECTION 10.12 Incorporation by Reference. Any and all schedules, exhibits, annexes, statements, reports, certificates or other documents or instruments referred to herein or attached hereto are incorporated herein by reference hereto as though fully set forth at the point referred to in the Agreement.

SECTION 10.13 Obligations of Compass and the Company. Whenever this Agreement requires Compass (including the Surviving Corporation) and the Company to take any action, such requirement shall be deemed to include an undertaking by Compass or the Company, as the case may be, to cause their respective Subsidiaries to take such action.

SECTION 10.14 Fiduciary Duty. Subject to Sections 6.6, 8.1(f) and (g) and 8.5, no provision of this Agreement shall be construed to prevent the exercise by any director of the Company or any of its Subsidiaries (or the actions of the Company or any of its Subsidiaries thereon) of his or her fiduciary duty.

SECTION 10.15 Certain Definitions.

(a) "Subsidiary" or "Subsidiaries" shall mean, when used with reference to an entity, any corporation, a majority of the outstanding voting securities of which are owned directly or indirectly by such entity or any partnership, joint venture or other enterprise in which any entity has, directly or indirectly, any equity interest.

(b) "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 the financial position, business, or results of operations of such party and its Subsidiaries, taken as a whole; provided that, the Company's compliance with subsections 5.1(m) and (n) and the written executed plan contemplated by Section 5(ii) of the Escrow Agreement entered into between the parties hereto as of June [27], 1997 shall not be considered in determining whether a Material Adverse Effect has occurred, but the Company's noncompliance with any of subsections 5.1(m) or (n) of this Agreement or such written plan shall be deemed to constitute a Material Adverse Effect on the Company and its Subsidiaries.

(c) "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules, regulations, guidance documents, directives, and decisions, interpretations and orders of courts or administrative agencies or authorities, relating to the release, threatened release, recycling, processing, use, handling, transportation treatment, storage, disposal,

remediation, removal, inspection or monitoring of Polluting Substances or protection of human health or safety or the environment (including, without limitation, wildlife, air, surface water, ground water, land surface, and subsurface strata), including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, as amended ("SARA"), the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), Hazardous and Solid Waste Amendments of 1984, as amended ("HSWA"), the Hazardous Materials Transportation Act, as amended ("HMTA"), the Toxic Substances Control Act ("TSCA"), Occupational Safety and Health Act ("OSHA"), Federal Water Pollution Control Act, Clean Air Act, and any and all regulations promulgated pursuant to any of the foregoing.

(d) "Polluting Substances" shall mean those substances included within the statutory or regulatory definitions, listings or descriptions of "pollutant," "contaminant," "toxic waste," "hazardous substance," "hazardous waste," "solid waste," or "regulated substance" pursuant to CERCLA, SARA, RCRA, HSWA, HMTA, TSCA, OSHA, and/or any other Environmental Laws, as amended, and shall include, without limitation, any material, waste or substance which is or contains explosives, radioactive materials, oil or any fraction thereof, asbestos, or formaldehyde. To the extent that the laws or regulations of the State of Florida establish a meaning for "hazardous substance," "hazardous waste," "hazardous materials," "solid waste," or "toxic waste," which is broader than that specified in any of CERCLA, SARA, RCRA, HSWA, HMTA, TSCA, OSHA or other Environmental Laws such broader meaning shall apply.

(e) "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, discarding or abandoning.

(f) "Knowledge" or "known" -- An individual shall be deemed to have "knowledge" of or to have "known" a particular fact or other matter if (i) such individual is actually aware of such fact or other matter, or (ii) a prudent individual should have known such fact or other matter in the course of performing the responsibilities of his or her job position. A corporation or bank shall be deemed to have "knowledge" of or to have "known" a particular fact or other matter if any individual who is serving, or who has at any time served, as a director or officer of the corporation or bank, has, or at any time had, knowledge of such fact or other matter. Whenever reference herein is made to the knowledge of the Company or its Subsidiaries, such knowledge shall be limited to the knowledge of certain designated officers of the Company or its Subsidiaries. For this purpose, the designated officers of the Company and its Subsidiaries shall be deemed to be the following persons:

Carl Walls
Sheri Higginbotham
Patricia Stark
John Januszewski

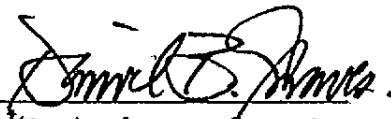
Debra Gray
Alice Colson
John Martin

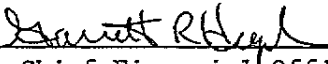
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

ATTEST:

COMPASS BANCSHARES, INC.

By 
Its: Assistant Secretary

By 
Its Chief Financial Officer

ATTEST:

G.S.B. INVESTMENTS, INC.

By _____
Its:

By _____
Its

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

ATTEST:

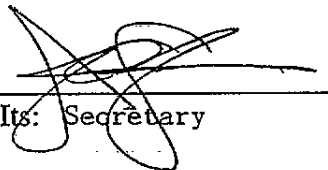
COMPASS BANCSHARES, INC.


By _____
Its:

By _____
Its

ATTEST:

G.S.B. INVESTMENTS, INC.

By 
Its: Secretary

By 
Its Chairman

**AMENDMENT NO. 1 TO
AGREEMENT AND PLAN OF MERGER**

AMENDMENT NO. 1 TO AGREEMENT AND PLAN OF MERGER ("Amendment"), dated as of January __, 1998, by and among Compass Bancshares, Inc., a Delaware corporation ("Compass"), Compass Florida Gainesville, Inc., a Florida corporation and a wholly-owned subsidiary of Compass ("Compass Florida") and G.S.B. Investments, Inc., a Florida corporation ("GSB"). Except as specifically set forth herein, all terms used herein shall have the same meaning as set forth in the Agreement and Plan of Merger dated as of July 8, 1997, between Compass and GSB (the "Agreement").

RECITALS

WHEREAS, Compass and GSB entered into the Agreement pursuant to which Compass will acquire all of the stock of GSB; and

WHEREAS, Compass, Compass Florida and GSB desire to amend the Agreement to add Compass Florida as a party and to make other modifications provided in this Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. The Agreement is amended to add Compass Florida as a party thereto.
2. Article IV of the Agreement is amended to add thereto a new Section 4.9, as follows:

"Section 4.9. Representations and Warranties Regarding Compass Florida. Compass Florida is a corporation duly organized, validly existing, and in good standing under the laws of the State of Florida, and has all requisite corporate power and authority to enter into and carry out its obligations under this Agreement and consummate the transactions contemplated hereby. This Agreement has been duly and validly authorized by Compass Florida's Board of Directors and shareholders. This Agreement has been duly executed and delivered by Compass Florida and is a duly authorized, valid, legally binding and enforceable obligation of Compass Florida, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally and general equitable principles. Compass Florida was

organized in January of 1998 solely for the purpose of being merged with GSB and has conducted no business except that contemplated by this Agreement. No representation or warranty by Compass Florida in this Agreement, nor any statement or exhibit furnished to GSB under this Agreement contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading."

3. Except as specifically amended hereby, all terms and conditions of the Agreement shall continue in full force and effect. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

COMPASS BANCSHARES, INC.



Garrett R. Hegel, Chief Financial Officer

COMPASS FLORIDA GAINESVILLE, INC.



Garrett R. Hegel, Chief Financial Officer

G.S.B. INVESTMENTS, INC.

By: _____
Its _____

organized in January of 1998 solely for the purpose of being merged with GSB and has conducted no business except that contemplated by this Agreement. No representation or warranty by Compass Florida in this Agreement, nor any statement or exhibit furnished to GSB under this Agreement contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading."

3. Except as specifically amended hereby, all terms and conditions of the Agreement shall continue in full force and effect. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

COMPASS BANCSHARES, INC.

Garrett R. Hegel, Chief Financial Officer

COMPASS FLORIDA GAINESVILLE, INC.

Garrett R. Hegel, Chief Financial Officer

G.S.B. INVESTMENTS, INC.

By: Carl Waller
Its PAES