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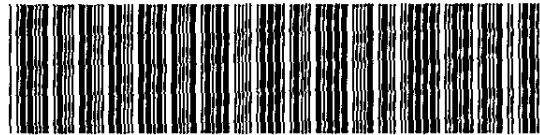
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DEPT. OF REGISTRATION
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TALLAHASSEE, FLORIDA



CORPORATION SERVICE COMPANY

ACCOUNT NO. : 072100000032

REFERENCE : 613056 4371512

AUTHORIZATION :

COST LIMIT :

Patricia Pignato
\$70.00

ORDER DATE : September 23, 2005

ORDER TIME : 9:57 AM

ORDER NO. : 613056-005

CUSTOMER NO: 4371512

CUSTOMER: Ms. Becky Uzowihe
Nelson Mullins Riley &
Suite 1400, First Union Plaza
999 Peachtree St Ne
Atlanta, GA 30309

ARTICLES OF MERGER

FIRST CAPITAL BANK HOLDING
CORPORATION

INTO

COASTAL BANKING COMPANY, INC.

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX PLAIN STAMPED COPY

CONTACT PERSON: Kimberly Moret

EXAMINER'S INITIALS: _____

**ARTICLES OF MERGER
OF
FIRST CAPITAL BANK HOLDING CORPORATION
INTO
COASTAL BANKING COMPANY, INC.**

FILED

05 SEP 23 PM 2:24

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Sections 607.1105 and 607.1107 of the Florida Business Corporation Act, the undersigned as the surviving corporation in a merger hereby submits the following information:

1. The name of the surviving corporation is Coastal Banking Company, Inc., a South Carolina corporation.
2. The name of the merging corporation is First Capital Bank Holding Corporation, a Florida corporation.
3. Attached hereto and made a part hereof is a copy of the Plan of Merger.
4. The Plan of Merger was duly approved by the shareholders of First Capital Bank Holding Corporation on August 24, 2005.
5. The Plan of Merger was duly approved by the shareholders of Coastal Banking Company, Inc. on August 22, 2005.
6. The merger shall become effective at 5:00 p.m. on October 1, 2005.

This the 21st day of September, 2005

COASTAL BANKING COMPANY, INC.

By: _____

Randolph C. Kohn
Chief Executive Officer

FIRST CAPITAL BANK HOLDING CORPORATION

By: _____

Michael G. Sanchez
Chief Executive Officer

10/1/05

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OF
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INTO
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COASTAL BANKING COMPANY, INC.

By: _____
Randolph C. Kohn
Chief Executive Officer

FIRST CAPITAL BANK HOLDING CORPORATION

By: _____
Michael G. Sanchez
Chief Executive Officer

PLAN OF MERGER

BY AND BETWEEN
COASTAL BANKING COMPANY, INC.
AND
FIRST CAPITAL BANK HOLDING CORPORATION

1. **Names of Merging Corporations.** The names of the corporations proposed to be merged are COASTAL BANKING COMPANY, INC. ("Coastal") and FIRST CAPITAL BANK HOLDING CORPORATION ("First Capital").
2. **Nature of Transaction.** Subject to the provisions of this Plan of Merger and of the Agreement and Plan of Merger, dated as of April 6, 2005 and amended on May 19, 2005, by and between Coastal and First Capital (the "Agreement"), at the "Effective Time" specified in the Articles of Merger filed with both the South Carolina Secretary of State and the Florida Department of State, First Capital will be merged into and with Coastal (the "Merger").
3. **Effect of Merger; Surviving Corporation.** At the Effective Time, and by reason of the Merger, the separate corporate existence of First Capital shall cease while the corporate existence of Coastal as the surviving corporation in the Merger shall continue with all of its purposes, objects, rights, privileges, powers and franchises, all of which shall be unaffected and unimpaired by the Merger. The duration of the corporate existence of Coastal, as the surviving corporation, shall be perpetual and unlimited.
4. **Terms and Conditions of the Merger.** The Merger shall be effected pursuant to the terms and conditions of this Plan of Merger and of the Agreement.
5. **Assets and Liabilities of First Capital.** At the Effective Time, and by reason of the Merger, and in accordance with applicable law, all of the property, assets and rights of every kind and character of First Capital (including without limitation all real, personal or mixed property, all debts due on whatever account, all other choses in action and every other interest of or belonging to or due to First Capital, whether tangible or intangible) shall be transferred to and vest in Coastal, and Coastal shall succeed to all the rights, privileges, immunities, powers, purposes and franchises of a public or private nature of First Capital (including all trust and other fiduciary properties, powers and rights), all without any conveyance, assignment or further act or deed; and Coastal shall become responsible for all of the liabilities, duties and obligations of every kind, nature and description of First Capital (including duties as trustee or fiduciary) as of the Effective Time. By virtue of the Merger, First Capital's interest in and ownership of the outstanding shares of the common stock of its wholly owned subsidiary, First National Bank of Nassau County ("First National"), shall be transferred to and vest in Coastal, and First National shall become a wholly owned subsidiary of Coastal.
6. **Articles of Incorporation; Bylaws; and Board of Directors.** The Amended and Restated Articles of Incorporation of Coastal attached hereto as *Appendix A* (the "Amended and Restated Articles"), which shall become effective as of the Effective Time, shall be the Articles of Incorporation of Coastal as the surviving corporation in the Merger. The Bylaws of Coastal in effect immediately prior to the Effective Time shall be the Bylaws of Coastal as the surviving corporation in the Merger. The Amended and Restated Articles provide for staggered terms for the directors, as authorized pursuant to Section 33-8-106 of the South Carolina Business Corporation Act of 1988 (the "South Carolina Act"). The individuals identified in the Amended and Restated Articles as Class I, Class II, and Class III

directors shall replace the existing board of directors of Coastal as the surviving corporation in the Merger and shall serve as the directors of Coastal from and after the Effective Time, to serve such terms as are specified in the Amended and Restated Articles.

7. **Conversion of Shares.**

(a) **First Capital Stock.** Except as otherwise provided herein, at the Effective Time, all rights of First Capital's shareholders with respect to all then outstanding shares of the common stock of First Capital ("First Capital Stock") shall cease to exist, and the holders of shares of First Capital Stock shall cease to be and shall have no further rights as shareholders of First Capital. At the Effective Time, each such outstanding share of First Capital Stock (except for shares held, other than in a fiduciary capacity or as a result of debts previously contracted, by First Capital or Coastal, which shall be canceled in the Merger, and for shares of First Capital held by shareholders exercising dissenters' rights as provided in Sections 607.1301 *et seq.* of the Florida Business Corporation Act, shall be converted, without any action on the part of the holder of such shares, into the right to receive 1.054 shares of Coastal common stock ("Coastal Stock") in accordance with this Plan of Merger and Article 3 of the Agreement (the "Merger Consideration"). Following the Effective Time, certificates representing shares of First Capital Stock outstanding at the Effective Time shall evidence only the right of the registered holder thereof to receive, and may be exchanged for, the Merger Consideration.

(b) **Outstanding Stock of Coastal.** Each share of Coastal Stock issued and outstanding immediately prior to the Effective Time shall continue to be issued and outstanding and shall not be affected by the Merger.

(c) **Exchange and Payment Procedures; Surrender of Certificates.** As promptly as practicable after the Effective Time, Coastal's exchange agent shall send to each former First Capital shareholder of record immediately prior to the Effective Time written instructions and transmittal materials (a "Transmittal Letter") for use in surrendering certificates evidencing First Capital Stock (each a "First Capital Certificate") to Coastal's exchange agent. Upon the proper surrender and delivery to Coastal's exchange agent (in accordance with its instructions, and accompanied by a properly completed Transmittal Letter) by a former shareholder of First Capital of his or her First Capital Certificate(s), and in exchange therefor, Coastal shall as soon as practicable issue and deliver to the shareholder a certificate evidencing the Coastal Stock into which the shareholder's First Capital Stock has been converted.

(d) **First Capital Certificates.** At the Effective Time, and without any action by Coastal, First Capital or any First Capital shareholder, First Capital's stock transfer books shall be closed and there shall be no further transfers of First Capital Stock on its stock transfer books or the registration of any transfer of a First Capital Certificate by any holder thereof, and the holders of First Capital Certificates shall cease to be, and shall have no further rights as, shareholders of First Capital other than as provided in this Plan of Merger. Following the Effective Time, First Capital Certificates shall evidence only the right of the registered holder thereof to receive the Merger Consideration into which his or her First Capital Stock was converted at the Effective Time or, in the case of First Capital Stock held by shareholders who properly shall have exercised dissenters' rights as provided in Sections 607.1301 *et seq.* of the Florida Business Corporation Act.

(e) **Certificates and Dividends.** Subject to Paragraph 7(h) hereof, no certificate evidencing Coastal Stock shall be issued or delivered to any former First Capital shareholder unless and until such shareholder shall have properly surrendered to Coastal's exchange agent the First Capital Certificate(s) formerly representing his or her shares of First Capital Stock, together with a properly completed Transmittal Letter. Further, until a former First Capital shareholder's First Capital Certificates are so surrendered and certificates for the Coastal Stock into which his or her First Capital Stock was converted

at the Effective Time actually are issued to him or her, no cash dividend or other distribution payable by Coastal with respect to that Coastal Stock as of any date subsequent to the Effective Time shall be paid or delivered to the former First Capital shareholder. However, upon the proper surrender of the shareholder's First Capital Certificate, Coastal shall pay to the shareholder the amount of any such cash dividends or other distributions, without interest, that have accrued but remain unpaid with respect to that Coastal Stock.

(f) **Antidilutive Adjustments.** If, prior to the Effective Time, First Capital or Coastal shall declare any dividend payable in shares of First Capital Stock or Coastal Stock or shall subdivide, split, reclassify or combine the presently outstanding shares of First Capital Stock or Coastal Stock, then an appropriate and proportionate adjustment shall be made in the Coastal Stock to be issued in exchange for each of the shares of First Capital Stock.

(g) **Dissenters.** Any shareholder of First Capital or Coastal who properly exercises the right of dissent and appraisal with respect to the Merger as provided in the Florida Business Corporation Act (the "Florida Act") or the South Carolina Act, as appropriate ("Dissenter's Rights"), shall be entitled to receive payment of the fair value of his or her shares of First Capital Stock or Coastal Stock, as the case may be, in the manner and pursuant to the procedures provided in the South Carolina Act or Florida Act, as applicable. Shares of First Capital Stock held by persons who exercise Dissenter's Rights shall not be converted as described in Paragraph 7(a) hereof. However, if any shareholder of First Capital who exercises Dissenter's Rights shall fail to perfect those rights, or effectively shall waive or lose such rights, then each of his or her shares of First Capital Stock shall be deemed to have been converted into the right to receive Coastal Stock as of the Effective Time as provided in Paragraph 7(a) hereof.

(h) **Lost Certificates.** Following the Effective Time, shareholders of First Capital whose First Capital Certificates have been lost, destroyed, stolen or otherwise are missing shall be entitled to receive the consideration into to which their First Capital Stock was converted in accordance with and upon compliance with reasonable conditions imposed by Coastal, including without limitation a requirement that those shareholders provide lost instruments indemnities or surety bonds in form, substance and amounts satisfactory to Coastal.

(i) **Fractional Shares.** No fractional shares of Coastal Stock shall be issued or delivered in connection with the Merger. In lieu of any such fractional share, subject to the terms and conditions of this Plan of Merger, each holder of shares of First Capital Stock who would otherwise have been entitled to a fraction of a share of Coastal Stock shall be entitled to receive cash (without interest) in an amount equal to such fractional part of a share of Coastal Stock multiplied by the market value of one share of Coastal Stock at the Effective Time. The market value of one share of Coastal Stock at the Effective Time shall be calculated based on the 10-day average closing price of Coastal Stock on the Over the Counter Bulletin Board immediately preceding the Effective Time.

(j) **Stock Options and Stock Appreciation Rights.** All rights with respect to First Capital Common Stock pursuant to stock options granted by First Capital under the First Capital Bank Holding Corporation 1999 Stock Incentive Plan which are outstanding at the Effective Time, and all interests with respect to stock appreciation rights granted by First Capital under the First Capital Phantom Stock Appreciation Rights Plan which are outstanding at the Effective Time, shall in each case be converted into and become options or interests with respect to Coastal Common Stock as provided in Section 3.6 of the Agreement.

8. **Conditions Precedent; Termination.**

(a) **Conditions Precedent.** Consummation of the Merger by Coastal shall be conditioned on the satisfaction of, or waiver by Coastal of the conditions precedent to the Merger set forth in Sections 9.1 and 9.2 of the Merger Agreement. Consummation of the Merger by First Capital shall be conditioned on the satisfaction of, or waiver by First Capital of, the conditions precedent to the Merger set forth in Sections 9.1 and 9.3 of the Merger Agreement.

(b) **Termination.** This Plan of Merger may be terminated at any time prior to the Effective Time by the parties hereto as provided in Article 10 of the Merger Agreement.

9. **Miscellaneous.**

(a) **Amendment.** To the extent permitted by Law, this Plan of Merger may be amended by a subsequent written instrument executed by the duly authorized officers of each party hereto.

(b) **Governing Law.** This Plan of Merger shall be governed by and construed with the Laws of the State of South Carolina.

(c) **Headings.** The headings in this Plan of Merger are for convenience only and shall not affect the construction or interpretation of this Plan of Merger.

(d) **Counterparts.** This Plan of Merger may be executed in two or more identical counterparts, each of which shall be an original; but all of such counterparts together shall constitute one and the same instrument. A facsimile signature shall constitute an original signature for all purposes.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Plan of Merger as of the date first above written.

**FIRST CAPITAL BANK HOLDING
CORPORATION**

By: /s/ Michael G. Sanchez
Michael G. Sanchez
President and Chief Executive Officer

COASTAL BANKING COMPANY, INC.

By: /s/ Randolph C. Kohn
Randolph C. Kohn
President and Chief Executive Officer