AMERICAN GREETINGS CORP
Form DEFM14A
July 10, 2013
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material under Rule 14a-12

AMERICAN GREETINGS CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Class A common shares and Class B common shares

(2) Aggregate number of securities to which transaction applies: 32,200,977 outstanding common shares (29,288,810 Class A common shares and 2,912,167 Class B common shares), 46,470 Class A common shares underlying certain restricted stock units, 2,995,028 Class A common shares underlying stock options to be cancelled pursuant to the merger

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

In accordance with Exchange Act Rule 0-11(c), the filing fee of $84,536 was determined by multiplying 0.0001364 by the aggregate merger consideration of $619,764,525. The aggregate merger consideration was calculated based on the sum of (i) 32,200,977 (29,288,810 Class A common shares and 2,912,167 Class B common shares) as of June 10, 2013 to be acquired pursuant to the merger multiplied by the $19.00 per share merger consideration, (ii) 46,470 Class A common shares underlying certain restricted stock units held by non-employee directors to be cancelled pursuant to the merger multiplied by the $19.00 per share merger consideration, (iii) $7,062,942 representing an estimate of the aggregate cash payment to be made with respect to options to purchase Class A common shares that will be cancelled pursuant to the merger agreement.

(4) Proposed maximum aggregate value of transaction: $619,764,525

(5) Total fee paid: $84,536

þ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

July 10, 2013

Dear Shareholder:

You are cordially invited to attend a special meeting of the shareholders of American Greetings Corporation, an Ohio corporation (the Company), which we will hold at our world headquarters, One American Road, Cleveland, Ohio 44144, on August 7, 2013, at 10:00 a.m., Cleveland, Ohio time.

At the special meeting, holders of our Class A common shares, par value $1.00 per share, and our Class B common shares, par value $1.00 per share, will be asked to consider and vote on a proposal to adopt an Agreement and Plan of Merger, dated March 29, 2013 and amended on July 3, 2013, among Century Intermediate Holding Company, a Delaware corporation (Parent), Century Merger Company, an Ohio corporation and wholly owned subsidiary of Parent (Merger Sub), and the Company (as so amended, the merger agreement). Pursuant to the merger agreement, Merger Sub will be merged with and into the Company and each Class A common share and Class B common share issued and outstanding at the effective time of the merger (other than shares owned by the Company, Parent (which, at the effective time of the merger, will include common shares currently held by the Family Shareholders, as those terms are defined in the enclosed proxy statement), Merger Sub and holders of common shares who have properly demanded dissenters rights, which shares we refer to as dissenting shares) will be cancelled and converted into the right to receive $19.00, in cash, without interest.

The proposed merger is a going private transaction under Securities and Exchange Commission rules. If the merger is completed, the Company will become a privately held company, wholly owned by Parent. All of the common stock of Parent will be indirectly owned by Zev Weiss, a director and the Company s Chief Executive Officer, Morry Weiss, the Company s Chairman of the board of directors, Jeffrey Weiss, a director and the Company s President and Chief Operating Officer, and certain other members of the Weiss family.

The board of directors of the Company, with Morry Weiss, Zev Weiss and Jeffrey Weiss (the Family Shareholder directors) abstaining, and based in part on the unanimous recommendation of a special committee of independent directors that was established to evaluate and negotiate a potential transaction and consider other alternatives available to the Company (as described more fully in the enclosed proxy statement), has (a) determined unanimously that the merger agreement and the merger are advisable and are fair to, and in the best interests of, the Company and its shareholders (other than the Family Shareholders, Parent and Merger Sub), including the unaffiliated shareholders, (b) approved unanimously the merger agreement and the merger, and (c) resolved unanimously to recommend that the Company s shareholders vote FOR the proposal to adopt the merger agreement. ***The board of directors (with the Family Shareholder directors abstaining) recommends unanimously that you vote FOR the adoption of the merger agreement.***

Pursuant to rules of the Securities and Exchange Commission, you also will be asked to vote at the special meeting on an advisory (non-binding) proposal to approve specified compensation that may become payable to the named executive officers of the Company in connection with the merger, as described in the proxy statement. ***The board of directors (with the Family Shareholder directors abstaining) also recommends unanimously that the shareholders of the Company vote FOR the advisory (non-binding) proposal to approve specified compensation that may become payable to the named executive officers of the Company in connection with the merger.***

The enclosed proxy statement describes the merger agreement, the merger and related agreements and provides specific information concerning the special meeting. In addition, you may obtain information about us

Table of Contents

from documents filed with the Securities and Exchange Commission. We urge you to read the entire proxy statement, including the annexes, carefully, as it sets forth the details of the merger agreement and other important information related to the merger.

Your vote is very important, regardless of the number of common shares you own. The merger cannot be completed unless holders of our issued and outstanding Class A common shares and Class B common shares, voting together as a single class, representing at least two-thirds of the outstanding voting power of the Company, vote in favor of the adoption of the merger agreement. Pursuant to our articles of incorporation, the Class A common shares are entitled to one vote per share and the Class B common shares are entitled to ten votes per share. In addition, the merger agreement makes it a condition to the parties obligations to consummate the merger that at least a majority of our issued and outstanding Class A common shares and Class B common shares, excluding all Class A common shares and Class B common shares beneficially owned by the Family Shareholders, the Irving I. Stone Foundation or any director or executive officer of the Company or any of its subsidiaries, voting together as a single class, vote in favor of the adoption of the merger agreement (which we refer to as the majority of the minority shareholder approval condition). For purposes of this majority of the minority shareholder approval condition only, Class B common shares will be entitled to one vote per share. If you fail to vote on the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement.

If you own shares of record, you will find enclosed a proxy and voting instruction card or cards and an envelope in which to return the card(s). Whether or not you plan to attend this meeting, please sign, date and return your enclosed proxy and voting instruction card(s), or vote over the phone or Internet, as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You can revoke your proxy before the special meeting and issue a new proxy as you deem appropriate. You will find the procedures to follow if you wish to revoke your proxy on page 92 of the enclosed proxy statement. Your vote is very important.

If you are a participant in and hold shares through the American Greetings Corporation Retirement Profit Sharing and Savings Plan, you may not vote those shares in person at the special meeting. However, you may provide voting directions for the shares (based on units credited to your account) as described in the enclosed proxy statement. Special provisions apply regarding voting of shares for which you fail to provide voting directions. You can find additional information on page 92 of the enclosed proxy statement.

If you are a shareholder of record, submitting a proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting.

Sincerely,

Christopher W. Haffke

Vice President, General Counsel and Secretary

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated July 10, 2013

and is first being mailed to shareholders on or about July 10, 2013.

Table of Contents

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of American Greetings Corporation will be held at our world headquarters at One American Road, Cleveland, Ohio 44144, on August 7, 2013, at 10:00 a.m., Cleveland, Ohio time, for the following purposes:

1. to consider and vote on a proposal to adopt an Agreement and Plan of Merger, dated March 29, 2013 and amended on July 3, 2013, among Century Intermediate Holding Company, a Delaware corporation (Parent), Century Merger Company, an Ohio corporation and wholly owned subsidiary of Parent (Merger Sub), and the Company (as so amended, the merger agreement);

2. to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of the Company in connection with the merger;

3. to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to obtain the Company shareholder approval (as defined below) or obtain the majority of the minority shareholder approval (as defined below); and

4. to act upon other business that may properly come before the special meeting or any adjournment or postponement thereof.

The holders of record of our Class A common shares, par value $1.00 per share (the Class A common shares), and our Class B common shares, par value $1.00 per share (the Class B common shares and together with the Class A common shares, the common shares), at the close of business on June 10, 2013, are entitled to notice of and to vote at the special meeting and at any adjournment thereof. All shareholders of record are invited to attend the special meeting in person.

Your vote is important, regardless of the number of common shares you own. The merger cannot be completed unless holders of our issued and outstanding Class A common shares and Class B common shares, voting together as a single class, representing at least two-thirds of the outstanding voting power of the Company, vote in favor of the adoption of the merger agreement (which we refer to as the Company shareholder approval). Pursuant to our articles of incorporation, the Class A common shares are entitled to one vote per share and the Class B common shares are entitled to ten votes per share. In addition, the merger agreement makes it a condition to the parties obligations to consummate the merger that at least a majority of our issued and outstanding Class A common shares and Class B common shares, excluding all Class A common shares and Class B common shares beneficially owned by the Family Shareholders, the Irving I. Stone Foundation or any director or executive officer of the Company or any of its subsidiaries, voting together as a single class, vote in favor of the adoption of the merger agreement (which we refer to as the majority of the minority shareholder approval condition). For purposes of this majority of the minority shareholder approval condition only, Class B common shares will be entitled to one vote per share. If you fail to vote on the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement.

Each of the advisory (non-binding) proposal to approve specified compensation that may become payable to the named executive officers of the Company in connection with the merger and the proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to obtain the Company shareholder approval or obtain the majority of the minority shareholder approval requires the affirmative vote of holders of a majority of the votes cast at the special meeting. The Class A common shares are entitled to one vote per share, and the Class B common shares are entitled to ten votes per share on each of these proposals.

Table of Contents

Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend. You also may submit your proxy by using a toll-free telephone number or the Internet. We have provided instructions in the enclosed proxy statement and on the proxy and voting instruction card for using these convenient services.

If you sign, date and return your proxy and voting instruction card(s) without indicating how you wish to vote, your proxy will be voted in favor of the adoption of the merger agreement, in favor of the advisory (non-binding) proposal to approve specified compensation that may become payable to the named executive officers of the Company in connection with the merger, and in favor of the proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to obtain the Company shareholder approval or obtain the majority of the minority shareholder approval. If you fail to attend the special meeting or submit your proxy, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the adoption of the merger agreement. However, assuming a quorum is present, failure to vote or submit your proxy will not affect the advisory vote to approve specified compensation that may become payable to the named executive officers of the Company in connection with the merger or the vote regarding the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to obtain the Company shareholder approval or obtain the majority of the minority shareholder approval.

If you are a participant in and hold shares through the American Greetings Corporation Retirement Profit Sharing and Savings Plan, you may not vote those shares in person at the special meeting. However, you may provide voting directions for the shares (based on units credited to your account) as described in the enclosed proxy statement. Special provisions apply regarding voting of shares for which you fail to provide voting directions. You can find additional information on page 92 of the enclosed proxy statement.

You may revoke your proxy at any time before the vote at the special meeting by following the procedures outlined in the enclosed proxy statement. If you are a shareholder of record, attend the special meeting and wish to vote in person, you may revoke your proxy and vote in person.

By order of the Board of Directors

CHRISTOPHER W. HAFFKE

Secretary

Dated: July 10, 2013

Table of Contents

TABLE OF CONTENTS

	Page
SUMMARY TERM SHEET	1
QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER	14
SPECIAL FACTORS	18
Background of the Merger	18
Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger	38
Opinion of Peter J. Solomon Company	46
Purposes and Reasons of Family LLC, Parent, Merger Sub and the Family Shareholders for the Merger	64
Position of Family LLC, Parent, Merger Sub and the Family Shareholders as to Fairness of the Merger	64
Certain Effects of the Merger	67
Recent Developments	70
Projected Financial Information	71
Financing	74
Interests of the Company s Directors and Executive Officers in the Merger	81
Material U.S. Federal Income Tax Consequences of the Merger	83
Regulatory Approvals	84
Fees and Expenses	85
Anticipated Accounting Treatment of the Merger	85
Litigation	85
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION	87
THE PARTIES TO THE MERGER	88
American Greetings	88
Century Intermediate Holding Company	88
Century Merger Company	88
THE SPECIAL MEETING	89
Date, Time and Place	89
Record Date and Quorum	89
Required Vote	89
Voting; Proxies; Revocation	90
Adjournments and Postponements	92
Solicitation of Proxies	93
THE MERGER AGREEMENT	94
Explanatory Note Regarding the Merger Agreement	94
Structure of the Merger	94
When the Merger Becomes Effective	95
Effect of the Merger on the Common Shares of the Company and Merger Sub	95
Treatment of Company Equity Awards	95
Payment for the Common Shares in the Merger	96
Representations and Warranties	96
Conduct of Business Pending the Merger	99
Other Covenants and Agreements	101
Conditions to the Merger	108
Termination	109
Fees and Expenses	110
Amendments and Waivers	111
Equitable Remedies and Specific Performance	111

Table of Contents

	Page
AGREEMENTS INVOLVING COMMON SHARES	112
Guaranty and Voting Agreement	112
Rollover and Contribution Agreement	112
PROVISIONS FOR UNAFFILIATED SHAREHOLDERS	112
IMPORTANT INFORMATION REGARDING AMERICAN GREETINGS	113
Company Background	113
Directors and Executive Officers	113
Prior Public Offerings	115
Historical Selected Financial Information	115
Ratio of Earnings to Fixed Charges	117
Book Value Per Share	117
Market Price of the Company s Common Shares	118
Security Ownership of Management and Certain Beneficial Owners	119
Transactions in Common Shares	124
IMPORTANT INFORMATION REGARDING THE FAMILY SHAREHOLDERS, PARENT, MERGER SUB AND FAMILY LLC	128
DISSENTERS RIGHTS	130
ADVISORY VOTE ON MERGER RELATED COMPENSATION	132
MULTIPLE SHAREHOLDERS SHARING ONE ADDRESS	134
SUBMISSION OF SHAREHOLDER PROPOSALS	134
WHERE YOU CAN FIND ADDITIONAL INFORMATION	135
Annex A-1 Agreement and Plan of Merger	A-1-1
Annex A-2 Amendment No. 1 to Agreement and Plan of Merger	A-2-1
Annex B Opinion of Peter J. Solomon Company, L.P.	B-1
Annex C Section 1701.85 of the Ohio General Corporation Law	C-1

Table of Contents

AMERICAN GREETINGS CORPORATION

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD AUGUST 7, 2013

PROXY STATEMENT

This proxy statement contains information related to a special meeting of shareholders (the special meeting) of American Greetings Corporation (American Greetings, the Company, we, us or our), which will be held at our world headquarters at One American Road, Cleveland, Ohio 44144, on August 7, 2013, at 10:00 a.m., Cleveland, Ohio time, and any adjournments or postponements thereof. We are furnishing this proxy statement to shareholders of the Company as part of the solicitation of proxies by the Company s board of directors (which we refer to as the board of directors or the board) for use at the special meeting. This proxy statement is dated July 10, 2013 and is first being mailed to shareholders on or about July 10, 2013.

SUMMARY TERM SHEET

This Summary Term Sheet discusses certain material information contained in this proxy statement, including with respect to the merger agreement, as defined below, the merger and the other agreements entered into in connection with the merger. We encourage you to read carefully this entire proxy statement, including its annexes and the documents referred to or incorporated by reference in this proxy statement, as this Summary Term Sheet may not contain all of the information that may be important to you. Each item in this Summary Term Sheet includes page references directing you to a more complete description of that item in this proxy statement.

The proposed merger is a going private transaction under Securities and Exchange Commission rules. If the merger is completed, the Company will become a privately held company, wholly owned by Century Intermediate Holding Company. All of the common stock of Century Intermediate Holding Company will be indirectly owned by Zev Weiss, a director and the Company s Chief Executive Officer, Morry Weiss, the Company s Chairman of the board of directors, Jeffrey Weiss, a director and the Company s President and Chief Operating Officer, and certain other members of the Weiss family.

The Parties to the Merger Agreement

American Greetings

American Greetings is an Ohio corporation. Founded in 1906, American Greetings operates predominantly in a single industry: the design, manufacture and sale of everyday and seasonal greeting cards and other social expression products. We manufacture and sell greeting cards, gift packaging, party goods, stationery and giftware in North America, primarily in the United States and Canada, and throughout the world, primarily in the United Kingdom, Australia and New Zealand. In addition, our subsidiary, AG Interactive, Inc., distributes social expression products, including electronic greetings and a broad range of graphics and digital services and products, through a variety of electronic channels, including Web sites, Internet portals and electronic mobile devices. We also engage in character and design licensing, and we manufacture custom display fixtures for our products and products of others. We also operate approximately 400 card and gift retail stores throughout the United Kingdom. See *Important Information Regarding American Greetings Company Background* beginning on page 113.

Additional information about American Greetings is contained in our public filings, certain of which are incorporated by reference into this proxy statement. See *Where You Can Find Additional Information* beginning on page 135.

Century Intermediate Holding Company

Century Intermediate Holding Company (Parent) is a Delaware corporation. Parent is currently a wholly owned subsidiary of Three-Twenty-Three Family Holdings, LLC, a Delaware limited liability company (Family LLC), which is currently owned by Zev Weiss, a director and the Chief Executive Officer of the Company. Neither Parent nor Family LLC has engaged in any business other than in connection with the merger and other related transactions. See *The Parties to the Merger Century Intermediate Holding Company* beginning on page 88.

Table of Contents

Century Merger Company

Century Merger Company (Merger Sub) is an Ohio corporation. Merger Sub is a wholly owned subsidiary of Parent and was formed solely for the purpose of engaging in the merger and other related transactions. Merger Sub has not engaged in any business other than in connection with the merger and other related transactions. See *The Parties to the Merger Century Merger Company* beginning on page 88.

The Merger Proposal

You are being asked to consider and vote upon a proposal to adopt an Agreement and Plan of Merger, dated March 29, 2013 and amended on July 3, 2013, among Parent, Merger Sub and the Company (as so amended, the merger agreement). On July 3, 2013, the original Agreement and Plan of Merger, dated March 29, 2013 (the original merger agreement), was amended by Amendment No. 1 thereto (the merger agreement amendment) to increase the merger consideration from $18.20 per share in cash, without interest, to $19.00 per share in cash, without interest. For more information about the background of and reasons for the merger agreement amendment, see *Special Factors Background of the Merger* beginning on page 18 and *Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 38. All references in this proxy statement to the merger agreement are references to the original merger agreement as it has been amended by the merger agreement amendment.

The merger agreement provides that at the closing of the merger, Merger Sub will be merged with and into the Company (which we refer to as the merger), and each outstanding Class A common share, par value $1.00 per share (the Class A common shares), and Class B common share, par value $1.00 per share (the Class B common shares and together with the Class A common shares, the common shares), other than shares owned by the Company, Parent (which, at the effective time of the merger will include common shares currently held by the Family Shareholders) and Merger Sub and holders of common shares who have properly demanded dissenters rights (which shares we refer to as dissenting shares), will be converted into the right to receive $19.00 in cash, without interest and less any applicable withholding taxes.

If the merger is consummated, the Company will become a privately held company, wholly owned by Parent. All of the common stock of Parent will be owned by Family LLC, which, immediately prior to the closing of the merger, will be owned by Zev Weiss, Morry Weiss, the Company s Chairman of the board of directors, Jeffrey Weiss, a director and the Company s President and Chief Operating Officer, and certain other members of the Weiss family (collectively, the Weiss Family), who have collectively committed to roll over all of the common shares held by them immediately prior to the closing of the merger (which we refer to as the rolled shares) (which rolled shares will include the common shares contributed by Irving I. Stone Limited Liability Company (Irving Stone LLC and, together with the Weiss Family, the Family Shareholders) to each of the members of the Weiss Family pursuant to a planned dissolution of Irving Stone LLC), in exchange for all of the equity interests in Family LLC, and Family LLC has, in turn, committed to contribute the rolled shares to Parent in exchange for all of the common stock of Parent. For more information, see *Special Factors Financing Rollover Financing* beginning on page 74. Additionally, Koch AG Investment, LLC (Koch AG Investment), a subsidiary of Koch Industries, Inc., will hold between $215.6 million and $254.8 million in aggregate stated value of non-voting preferred stock of Parent. This preferred stock is non-voting and does not include a right to any board seats in Parent or the Company, but does have limited consent rights with respect to certain significant corporate actions proposed to be taken by Parent and the Company. For more information, see *Special Factors Financing Koch AG Investment Non-Voting Preferred Equity Financing* beginning on page 75.

The Special Meeting (Page 89)

The special meeting will be held at our world headquarters, which are located at One American Road, Cleveland, Ohio 44144, on August 7, 2013, at 10:00 a.m., Cleveland, Ohio time.

Table of Contents

Record Date and Quorum (Page 89)

The holders of record of the common shares as of the close of business on June 10, 2013 (the record date for determination of shareholders entitled to notice of and to vote at the special meeting) are entitled to receive notice of and to vote at the special meeting.

The presence at the special meeting, in person or by proxy, of the holders of common shares entitled to exercise at least 25% of the outstanding voting power of the Company on the record date will constitute a quorum, permitting the Company to conduct its business at the special meeting.

Required Shareholder Votes for the Merger (Page 89)

The merger cannot be completed unless holders of our issued and outstanding Class A common shares and Class B common shares, voting together as a single class, representing at least two-thirds of the outstanding voting power of the Company, vote in favor of the adoption of the merger agreement (which we refer to as the Company shareholder approval). Pursuant to our articles of incorporation, the Class A common shares are entitled to one vote per share and the Class B common shares are entitled to ten votes per share. In addition, the merger agreement makes it a condition to the parties obligations to consummate the merger that at least a majority of our issued and outstanding Class A common shares and Class B common shares, excluding all Class A common shares and Class B common shares beneficially owned by the Family Shareholders, the Irving I. Stone Foundation or any director or executive officer of the Company or any of its subsidiaries, voting together as a single class, vote in favor of the adoption of the merger agreement (which we refer to as the majority of the minority shareholder approval condition). For purposes of this majority of the minority shareholder approval condition only, Class B common shares will be entitled to one vote per share.

A failure to vote common shares or an abstention from voting will have the same effect as a vote against the merger for purposes of each required shareholder vote.

The Family Shareholders and the Irving I. Stone Foundation have voting power with respect to, in the aggregate, 9,368 Class A common shares and 2,510,697 Class B common shares, representing in the aggregate 43.0% of our outstanding voting power as of the record date. As of the record date, there were 29,288,810 Class A common shares outstanding and 2,912,167 Class B common shares outstanding.

The Family Shareholders and the Irving I. Stone Foundation have agreed, subject to certain conditions, to vote all common shares that they beneficially own in favor of adopting the merger agreement, pursuant to a guaranty and voting agreement entered into with the Company on March 29, 2013 and amended on July 3, 2013 (as so amended, the guaranty and voting agreement). See *Agreements Involving Common Shares Guaranty and Voting Agreement* beginning on page 112.

Except in their capacities as members of the board of directors or as members of the special committee of independent directors that was established to evaluate and negotiate a potential transaction and consider other alternatives available to the Company (as described more fully under *Special Factors Background of the Merger* below and which we refer to as the special committee), no executive officer or director of the Company has made any recommendation either in support of or in opposition to the merger or the merger agreement. Morry Weiss, Zev Weiss and Jeffrey Weiss (who we collectively refer to as the Family Shareholder directors) recused themselves from the vote of the board of directors to approve and recommend the merger agreement and the merger.

Conditions to the Merger (Page 108)

The obligations of the Company, Parent and Merger Sub to effect the merger are subject to the fulfillment or waiver, at or before the effective time, of the following conditions:

- that the Company shareholder approval has been obtained;
- that the majority of the minority shareholder approval has been obtained;

that no restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing, or making illegal, the

Table of Contents

consummation of the merger and other transactions contemplated by the merger agreement, other than the financing, be in effect; and

that any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), has expired or been terminated.

The obligation of the Company to effect the merger is subject to the fulfillment or waiver, at or before to the effective time, of the following conditions:

that the representations and warranties of Parent and Merger Sub set forth in the merger agreement are true and correct at and as of the date of the original merger agreement and at and as of the closing date of the merger as though made at and as of the closing date of the merger, except where the failure of such representations and warranties to be true and correct (in each case without giving effect to any materiality or material adverse effect qualifier) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect (as defined below) with respect to Parent and except that representations and warranties that are made as of a specified date or period need be true and correct only as of that specified date or period;

that each of Parent and Merger Sub has in all material respects performed all obligations and complied with all covenants required by the merger agreement to be performed or complied with by it at or prior to the effective time; and

that Parent has delivered to the Company a certificate, dated the effective time and signed by its chief executive officer or another senior executive officer, certifying that the conditions set forth in the two items described above have been satisfied.

The obligation of Parent and Merger Sub to effect the merger is subject to the fulfillment or waiver, at or before the effective time, of the following conditions:

that the representations and warranties of the Company set forth in the merger agreement are true and correct at and as of the date of the original merger agreement and at and as of the closing date of the merger as though made at and as of the closing date of the merger, except where the failure of such representations and warranties to be true and correct (in each case without giving effect to any materiality or material adverse effect qualifier) does not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect with respect to the Company and except that representations and warranties that are made as of a specified date or period need be true and correct only as of that specified date or period; and except that (i) the representations and warranties of the Company pertaining to corporate organization, existence and good standing (with respect to the Company only), finders and brokers and state takeover statutes and rights agreements must be true and correct in all material respects, (ii) the representations and warranties pertaining to the Company s capitalization must be true and correct in all respects, except for such inaccuracies as are *de minimis* in nature and amount relative to each such representation and warranty taken as a whole and (iii) the representations and warranties of the Company pertaining to corporate authority, the absence of a material adverse effect on the Company since March 1, 2012, the opinion of the financial advisor to the special committee and the required vote of Company shareholders under Ohio law must be true and correct in all respects;

that the Company has in all material respects performed all obligations and complied with all covenants required by the merger agreement to be performed or complied with by it at or prior to the effective time;

that the Company has delivered to Parent a certificate, dated the effective time and signed by a senior executive officer of the Company (other than any affiliate of Parent), certifying that the conditions set forth in the two items described immediately above have been satisfied;

that Parent and Merger Sub have received the proceeds of the financing as contemplated by the Preferred Stock Purchase Agreement (as defined in *Special Factors Financing Koch AG Investment Non-Voting Preferred Equity Financing* beginning on page 75) and the Debt Commitment Letter (as defined in *Special Factors Financing Debt Financing* beginning on page 78); and

that since the date of the original merger agreement, there has not been any material adverse effect on the Company, subject to certain exceptions.

Table of Contents

When the Merger Becomes Effective (Page 95)

We anticipate completing the merger in the third calendar quarter of 2013, subject to adoption of the merger agreement by the Company s shareholders as specified herein and the satisfaction of the other closing conditions.

Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger (Page 38)

Based in part on the unanimous recommendation of the special committee, the board of directors (with the Family Shareholder directors abstaining) recommends unanimously that the shareholders of the Company vote FOR the proposal to adopt the merger agreement. For a description of the reasons considered by the special committee and the board for their recommendations, see *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board of Directors; Fairness of the Merger* beginning on page 38.

The purpose of the merger for the Company is to enable its shareholders to realize the value of their investment in the Company through their receipt of the $19.00 per share merger consideration (the per share merger consideration) in cash, representing a premium of 18.0% to the closing price of the Class A common shares on March 28, 2013, the last trading day before the public announcement of the signing of the original merger agreement, as well as a premium of 32.5% to the closing price of the Class A common shares on September 25, 2012, the last trading day before the announcement by the Weiss Family of their initial proposal to acquire the Company.

Opinion of Peter J. Solomon Company, L.P. (Page 46 and Annex B)

The special committee retained Peter J. Solomon Company, L.P. (PJSC) to act as its financial advisor in connection with the merger and to evaluate the fairness, from a financial point of view, of the merger consideration to be received in the merger by holders of the Class A common shares and Class B common shares (other than Family Shareholders, the Company, Merger Sub and holders of dissenting shares).

On July 3, 2013, at a meeting of the special committee held to evaluate the merger, PJSC delivered to the special committee an oral opinion, subsequently delivered to the board of directors, confirmed by delivery of a written opinion dated July 3, 2013 to the special committee and the board of directors, to the effect that, as of such date and based on and subject to various assumptions and limitations described in its opinion, the $19.00 per share merger consideration to be received by holders of Class A common shares and Class B common shares (other than Family Shareholders, the Company, Merger Sub and holders of dissenting shares) was fair, from a financial point of view, to such holders.

The full text of PJSC s written opinion, dated July 3, 2013, to the special committee and the board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this proxy statement. PJSC provided its opinion for the information and assistance of the special committee and the board of directors in connection with their consideration of the merger. The PJSC opinion is not a recommendation as to how any holder of Class A common shares or Class B common shares should vote with respect to the merger or any other matter.

Purposes and Reasons of Family LLC, Parent, Merger Sub and the Family Shareholders for the Merger (Page 64)

The Weiss Family decided to pursue the merger because it believes that it is time to return the Company to its roots as a family-owned business. The Weiss Family believes that the Company can be operated more effectively as a privately owned company because the Company will have greater operating flexibility, allowing management to concentrate on long-term growth and reduce the focus on the quarter-to-quarter performance often emphasized by the public markets. For a full description of the purposes and reasons of Family LLC, Parent, Merger Sub and the Family Shareholders, see *Special Factors Purposes and Reasons of Family LLC, Parent, Merger Sub and the Family Shareholders for the Merger* beginning on page 64.

Table of Contents

Certain Effects of the Merger (Page 67)

If the conditions to the closing of the merger are either satisfied or waived, Merger Sub will be merged with and into the Company, the separate corporate existence of Merger Sub will cease and the Company will continue its corporate existence under Ohio law as the surviving corporation in the merger, with all of its rights, privileges, immunities, powers and franchises continuing unaffected by the merger. Upon completion of the merger, common shares, other than shares owned by the Company, Parent (including the rolled shares), Merger Sub or holders of dissenting shares, will be converted into the right to receive $19.00 per share, without interest and less any applicable withholding taxes. Following the completion of the merger, the common shares will no longer be publicly traded, and shareholders (other than the Family Shareholders through their interest in Parent) will cease to have any ownership interest in the Company.

Treatment of Company Equity Awards (Page 95)

Company Stock Options

Each option to purchase common shares, if any, held by any of the Family Shareholders immediately prior to the closing of the merger will be cancelled at the closing of the merger without the payment of any consideration.

Each other option to purchase common shares outstanding immediately prior to the closing of the merger will be cancelled at the closing of the merger in exchange for a cash payment. For any option with a per share exercise price less than $19.00, the cash payment will equal the product of (x) the excess of $19.00 over the per share exercise price and (y) the number of Company common shares subject to that option immediately prior to its cancellation. For any option with a per share exercise price that equals or exceeds $19.00, the amount of the cash payment will be based on the Black-Scholes value of the option using certain assumptions specified in the merger agreement.

Company Restricted Stock Units and Company Performance Shares

Each restricted stock unit and each performance share relating to common shares, if any, held by any of the Family Shareholders immediately prior to the closing of the merger will be cancelled at the closing of the merger without the payment of any consideration.

Each restricted stock unit held by a member of the board of directors (other than a Family Shareholder director) and outstanding immediately prior to the closing of the merger will fully vest and be settled for a cash payment equal to $19.00 and paid at the time provided under the applicable restricted stock unit award agreement and/or Company equity plan.

Each other restricted stock unit and performance share outstanding immediately prior to the closing of the merger will continue to be subject to the same terms and conditions (including vesting terms) as applied immediately before the closing of the merger, except that the applicable award will represent only the right to receive an amount of cash, instead of common shares, calculated by reference to a per share reference price of $19.00.

Interests of the Company s Directors and Executive Officers in the Merger (Page 81)

In considering the recommendations of the special committee and of the board of directors with respect to the merger agreement, you should be aware that, aside from their interests as shareholders of the Company, the Company s directors and executive officers have interests in the merger that are different from, or in addition to, those of other shareholders of the Company generally. In particular, the Family Shareholder directors will, together with the other Family Shareholders and related persons, control the Company following the merger. Interests of executive officers and directors other than the Family Shareholders that may be different from or in addition to the interests of the Company s shareholders include:

- They will receive cash payments in the treatment of equity awards pursuant to the merger agreement and, for executive officers, they will have the continued ability to become vested in outstanding restricted stock units and earn outstanding performance awards following the merger.

Table of Contents

Certain executive officers will receive benefits under employment plans or employment agreements that could result from the merger.

The Company s executive officers as of the effective time of the merger will become the initial executive officers of the surviving corporation.

The Company s directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement, and the Company s directors and certain executive officers are entitled to continued indemnification and insurance coverage under indemnification agreements.

These interests are discussed in more detail in the section entitled *Special Factors Interests of the Company s Directors and Executive Officers in the Merger* beginning on page 81. The special committee and the board of directors were aware of the different or additional interests described herein and considered those interests along with other matters in recommending and/or approving, as applicable, the merger agreement and the transactions contemplated thereby, including the merger.

Financing (Page 74)

The Company and Parent estimate that the total amount of funds (including rollover equity) required to complete the merger and related transactions and pay related fees and expenses will be approximately $743.5 million. Parent expects this amount to be provided by a combination of proceeds from:

the rollover of the Class A common shares and Class B common shares held by the Family Shareholders;

a non-voting preferred equity investment in Parent by Koch AG Investment in an amount between $215.6 million and $254.8 million; and

debt financing in the form of a $350.0 million term loan and an available $250.0 million revolving credit facility;

together with cash of the Company at the closing of the merger. The financing described above, when funded in accordance with the Preferred Stock Purchase Agreement, the definitive debt loan documents entered into in connection with the Debt Commitment Letter and the rollover and contribution agreement (each as defined in *Special Factors Financing*), as applicable, will provide Parent and Merger Sub with sufficient proceeds to consummate the merger.

Guaranty and Voting Agreement (Page 112)

In connection with the merger, the Family Shareholders, the Irving I. Stone Foundation and the Company entered into the guaranty and voting agreement through which, as amended in connection with the merger agreement amendment on July 3, 2013, (i) the Family Shareholder directors have, jointly and severally, guaranteed to the Company the obligations of Parent and Merger Sub under the merger agreement, subject to a maximum aggregate liability of $7.3 million, and (ii) each Family Shareholder and the Irving I. Stone Foundation has agreed to vote (or cause to be voted) all common shares over which they have voting power (representing 43.0% of the Company s total outstanding voting power as of the record date) in favor of the adoption of the merger agreement and, upon the request of the board of directors (acting through a majority of all directors other than the Family Shareholder directors), any adjournment, postponement or recess of the special meeting and has waived any rights of appraisal or rights of dissent from the merger that are available under applicable law, unless either of the board of directors or the special committee has changed its recommendation or failed to make a recommendation with respect to the merger agreement. See *Agreements Involving Common Shares Guaranty and Voting Agreement* beginning on page 112.

Material U.S. Federal Income Tax Consequences of the Merger (Page 83)

If you are a U.S. holder, the receipt of cash in exchange for common shares pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes. You should consult your own tax advisors regarding the particular tax consequences to you of the exchange of common shares for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

Table of Contents

Anticipated Accounting Treatment of the Merger (Page 85)

The merger will be accounted for in accordance with U.S. generally accepted accounting principles. The Company is currently researching whether the merger constitutes a change of control under U.S. generally accepted accounting principles, which will impact whether the purchase method of accounting or historical book values will be used to account for the transaction.

Litigation (Page 85)

On September 26, 2012, the Company announced thatp; Shared Voting Power

1,029,100

9. Sole Dispositive Power

10. Shared Dispositive Power

1,029,100

11. Aggregate Amount Beneficially Owned by Each Reporting Person

1,029,100

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares* ¨

13. Percent of Class Represented by Amount in Row (11)

6.16%

14. Type of Reporting Person*

IN

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7

(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

Item 1. Security and Issuer.

The class of equity securities to which this statement relates is the common stock, par value $1.00 per share (Common Stock), of Flag Financial Corporation (the Issuer), a Delaware corporation, with its principal office at 3475 Piedmont Road, N.E., Suite 550, Atlanta, Georgia 30305.

Item 2. Identity and Background.

(a) This statement is being filed by (i) Sandler O Neill Asset Management LLC, a New York limited liability company (SOAM), with respect to shares of Common Stock beneficially owned by Malta Partners, L.P., a Delaware limited partnership (MP), Malta Hedge Fund, L.P., a Delaware limited partnership (MHF), Malta Hedge Fund II, L.P., a Delaware limited partnership (MHFII), Malta Offshore, Ltd., a Cayman Islands company (MO), Malta MLC Fund, L.P., a Delaware limited partnership (MLC) and Malta MLC Offshore, Ltd., a Cayman Islands company (MLCO) (ii) SOAM Holdings, LLC, a Delaware limited liability company (Holdings), with respect to shares of Common Stock beneficially owned by MP, MHF, MHFII and MLC, (iii) MP, with respect to shares of Common Stock beneficially owned by it, (iv) MHF, with respect to shares of Common Stock beneficially owned by it, (v) MHFII, with respect to shares of Common Stock beneficially owned by it, (vi) MLC, with respect to shares of Common Stock beneficially owned by it, (vii) MO, with respect to shares of Common Stock beneficially owned by it, (viii) MLCO, with respect to shares of Common Stock beneficially owned by it, and (ix) Terry Maltese, with respect to shares of Common Stock beneficially owned by MP, MHF, MHFII, MLC, MLCO and MO. The foregoing persons are hereinafter sometimes referred to collectively as the Reporting Persons and MP, MHF, MHFII and MLC are sometimes collectively referred to herein as the Partnerships. Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

The sole general partner of each of the Partnerships is Holdings, and administrative and management services for the Partnerships are provided by SOAM. SOAM also provides management services to MO and MLCO. The managing member and President of Holdings and SOAM is Mr. Maltese. In his capacity as President and managing member of Holdings and SOAM, Mr. Maltese exercises voting and dispositive power over all shares of Common Stock beneficially owned by MP, MHF, MHFII, MLC, MO, MLCO, SOAM and Holdings. The non-managing member of Holdings and SOAM is 2 WTC LLC, a New York limited liability company (2WTC).

(b) The address of the principal offices of each of MP, MHF, MHFII, MLC, Holdings and SOAM and the business address of Mr. Maltese is Sandler O Neill Asset Management LLC, 780 Third Avenue, 5th Floor, New York, New York 10017. The address of the principal office of MO and MLCO is c/o BYSIS Hedge Fund Services (Cayman) Limited, P.O. Box 30362 SMB, Harbour Centre, Third Floor, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of the principal office of 2WTC is c/o Sandler O Neill & Partners, L.P., 919 Third Avenue, 6th Floor, New York, New York 10022.

(c) The principal business of MP, MHF, MHFII and MLC is that of private partnerships engaged in investment in securities for its own account. The principal business of MO and MLCO is that of investment in securities for its own account. The principal business of Holdings is that of acting as general partner for the Partnerships. The principal business of SOAM is that of providing administrative and management services to the Partnerships and management services to MO and MLCO. The present principal occupation or employment of Mr. Maltese is President of SOAM and Holdings. The principal business of 2WTC is investing in Holdings and SOAM.

(d) During the last five years, none of MP, MHF, MHFII, MLC, MO, MLCO, Holdings, SOAM, 2WTC or Mr. Maltese has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of MP, MHF, MHFII, MLC, MO, MLCO, Holdings, SOAM, 2WTC or Mr. Maltese has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Maltese is a U.S. citizen.

Item 3. Source and Amount of Funds.

The net investment cost (including commissions, if any) of the shares of Common Stock held by MP, MHF, MHFII, MLC, MO and MLCO is $720,383, $719,156, $3,892,169, $2,709,375, $2,654,256 and $3,890,765 respectively. Such shares were purchased with the investment capital of the respective entities.

Item 4. Purpose of Transaction.

The purpose for which the Common Stock was acquired by the Reporting Persons is for investment. As such, in the ordinary course of their business, the Reporting Persons will continuously evaluate the financial condition, results of operations, business and prospects of the Issuer, the securities markets in general and the market for the Common Stock in particular, conditions in the economy and the financial institutions industry generally and other investment opportunities, all with a view to determining whether to hold, decrease or increase its investment in the Common Stock, through open market, privately negotiated or any other transactions. In the ordinary course of evaluating its investment, representatives of the Reporting Persons may from time to time seek to (or be invited to) discuss the business and policies of the Issuer with the management of the Issuer. However, none of the Reporting Persons has any plan or proposal as of the date hereof which would relate to or result in any transaction, change or event specified in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) Based upon an aggregate of 16,696,465 shares of Common Stock outstanding, as determined by the Issuer s most recently available public information, as of the close of business on November 21, 2005:

(i) MP beneficially owned 55,180 shares of Common Stock, constituting 0.33% of the shares outstanding.

(ii) MHF beneficially owned 52,860 shares of Common Stock, constituting approximately 0.32% of the shares outstanding.

(iii) MHFII beneficially owned 289,520 shares of Common Stock, constituting approximately 1.73% of the shares outstanding.

(iv) MLC beneficially owned 232,600 shares of Common Stock, constituting approximately 1.39% of the shares outstanding.

(v) MO beneficially owned 193,440 shares of Common Stock, constituting approximately 1.16% of the shares outstanding.

(vi) MLCO beneficially owned 205,500 shares of Common Stock, constituting approximately 1.23% of the shares outstanding.

(vii) SOAM owned directly no shares of Common Stock. By reason of its position as management company for MP, MHF, MHFII and MLC and investment manager for MO and MLCO, under the provisions of Rule 13d-3, SOAM may be deemed to beneficially own the 55,180 shares owned by MP, the 52,860 shares owned by MHF, the 289,520 shares owned by MHFII, the 232,600 shares owned by MLC, the 193,440 shares owned by MO, the 205,500 shares owned by MLCO or an aggregate of 1,029,100 shares of Common Stock, constituting approximately 6.16% of the shares outstanding.

(viii) Holdings owned directly no shares of Common Stock. By reason of its position as general partner of MP, MHF, MHFII and MLC, under the provisions of Rule 13d-3 of the Securities and Exchange Commission (Rule 13d-3), Holdings may be deemed to beneficially own the 55,180 shares owned by MP, the 52,860 shares owned by MHF, the 289,520 shares owned by MHFII, and the 232,600 shares owned by MLC or an aggregate of 630,160 shares of Common Stock, constituting approximately 3.77% of the shares outstanding.

(ix) Mr. Maltese directly owned no shares of Common Stock. By reason of his position as President of Holdings and SOAM, Mr. Maltese may be deemed to beneficially own the 55,180 shares owned by MP, the 52,860 shares owned by MHF, the 289,520 shares owned by MHFII, the 232,600 shares owned by MLC, the 193,440 shares owned by MO and the 205,500 shares owned by MLCO, or an aggregate of 1,029,100 shares of Common Stock, constituting approximately 6.16% of the shares outstanding.

(x) In the aggregate, the Reporting Persons beneficially own 1,029,100 shares of Common Stock, constituting approximately 6.16% of the shares outstanding.

(xi) 2WTC directly owned no shares of Common Stock.

(b) The Partnerships each have the power to dispose of and to vote the shares of Common Stock beneficially owned by it, which power may be exercised by its general partner, Holdings. Holdings is a party to a management agreement with SOAM

pursuant to which SOAM shares the power to dispose of and to vote the shares of Common Stock beneficially owned by Holdings. MO has the power to dispose of and to vote the shares of Common Stock beneficially owned by it. MLCO has the power to dispose of and to vote the shares of Common Stock beneficially owned by it. Each of MO and MLCO is a party to a management agreement with SOAM pursuant to which SOAM shares the power to dispose of and to vote the shares of Common Stock beneficially owned by each of MO and MLCO. Mr. Maltese, as President and managing member of Holdings and SOAM, shares the power to dispose of and to vote the shares of Common Stock beneficially owned by the other Reporting Persons.

Transactions by MLCO last 60 days

Date	Transaction	Price	Shares
10-Nov	Purchase	16.1000	300
21-Nov	Acquired*	N/A	124,800

Transactions by MHF last 60 days

Date	Transaction	Price	Shares
10-Nov	Purchase	16.1000	100
21-Nov	Acquired*	N/A	32,160

Transactions by MHFII last 60 days

Date	Transaction	Price	Shares
10-Nov	Purchase	16.1000	500
21-Nov	Acquired*	N/A	176,320

Transactions by MLC last 60 days

Date	Transaction	Price	Shares
10-Nov	Purchase	16.1000	200
21-Nov	Acquired*	N/A	177,600

Transactions by MO last 60 days

Date	Transaction	Price	Shares
10-Nov	Purchase	16.1000	300
21-Nov	Acquired*	N/A	118,240

Transactions by MP last 60 days

Date	Transaction	Price	Shares
10-Nov	Purchase	16.1000	100
21-Nov	Acquired*	N/A	33,280

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

There are no contracts, arrangements, understandings or relationships among the persons named in Item 2 or between such persons and any other person with respect to any securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

Exhibit 1 Written Agreement relating to the filing of joint acquisition statements as required by Rule 13d-1(f)(1) of the Securities and Exchange Commission

* As a shareholder of First Capital Bancorp, Inc., the Reporting Person received shares of common stock of the Issuer in exchange for its shares of First Capital Bancorp, Inc. in connection with the merger of First Capital Bancorp, Inc. into the Issuer (the Merger). On the effective date of the Merger, the closing price of First Capital Bancorp, Inc. common stock was $25.00 per share and the closing price of the Issuer s common stock was $15.75 per share.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: November 28, 2005

MALTA PARTNERS, L.P.

By: SOAM Holdings, LLC,

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA HEDGE FUND, L.P.

By: SOAM Holdings, LLC,

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA MLC FUND, L.P.

By: SOAM Holdings, LLC

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA HEDGE FUND II, L.P.

By: SOAM Holdings, LLC,

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA OFFSHORE, LTD

By: Sandler O Neill Asset

Management LLC

By: /s/ Terry Maltese

Terry Maltese

President

Sandler O Neill Asset Management LLC

By: /s/ Terry Maltese

Terry Maltese

President

MALTA MLC OFFSHORE, LTD.

By: Sandler O Neill Asset

Management LLC

Terry Maltese

By: /s/ Terry Maltese

Terry Maltese

President

By: /s/ Terry Maltese

Terry Maltese

SOAM Holdings, LLC

By: /s/ Terry Maltese

Terry Maltese

President

EXHIBIT 1

JOINT ACQUISITION STATEMENT PURSUANT TO RULE 13d-1(f)(1)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning it contained herein, but shall not be responsible for the completeness and accuracy of the information concerning the other, except to the extent that it knows or has reason to believe that such information is inaccurate.

Dated: November 28, 2005

MALTA PARTNERS, L.P.

By: SOAM Holdings, LLC,

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA HEDGE FUND, L.P.

By: SOAM Holdings, LLC,

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA MLC FUND, L.P.

By: SOAM Holdings, LLC

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA HEDGE FUND II, L.P.

By: SOAM Holdings, LLC,

the sole general partner

By: /s/ Terry Maltese

Terry Maltese

President

MALTA OFFSHORE, LTD

By: Sandler O Neill Asset

Management LLC

By: /s/ Terry Maltese

Terry Maltese

President

Sandler O Neill Asset Management LLC

By: /s/ Terry Maltese

Terry Maltese

President

MALTA MLC OFFSHORE, LTD.

By: Sandler O Neill Asset Management LLC

By: /s/ Terry Maltese

Terry Maltese

President

Terry Maltese

By: /s/ Terry Maltese

Terry Maltese

SOAM Holdings, LLC

By: /s/ Terry Maltese

Terry Maltese

President