

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

GRAND LODGE OF PENNSYLVANIA,)	No. 8:07-cv-479-T-26EAJ
and All Others Similarly Situated,)	(Consolidated)
Plaintiff,)	<u>CLASS ACTION</u>
vs.)	
BRIAN P. PETERS, BRIAN F. GRIMES,)	
JUSTIN D. LOCKE, ANNE V. LEE, and)	
COAST FINANCIAL HOLDINGS, INC.,)	
Defendants.)	
_____)	

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

EXHIBIT A-1

If you purchased the common stock of Coast Financial Holdings, Inc. (“Coast” or the “Company”) during the period from January 21, 2005 to January 22, 2007, inclusive, you may be a member of the class (the “Class” and each member a “Class Member”) in a federal securities class action involving Coast entitled to receive a payment from the settlement of that case (the “Settlement”).

A federal court authorized this Notice. This is not a solicitation from a lawyer. If you are a member of the Class, your rights will be affected by proceedings in this case. It is important that you read this notice carefully.

SUMMARY OF THE CLASS ACTION SETTLEMENT

Purpose of this Notice: This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Middle District of Florida (the “Court”) dated _____, 2009. The purpose of this Notice is to inform you of the pendency and settlement of this consolidated class action (the “Litigation”), which will affect all Class Members’ rights. This Notice describes the rights you may have under the Settlement and what steps you may take in relation to it. The Notice is not an expression of any opinion by the Court as to the merits of any claims or defenses asserted by any party in this Litigation, or the fairness or adequacy of the proposed Settlement.

Security and Time Period: Coast common stock (symbol “CFHI”) purchased between January 21, 2005 and January 22, 2007, inclusive (the “Class Period”). If you purchased Coast common stock during the Class Period, you may be entitled to participate in the Settlement.

Nature of the Litigation: The Litigation is a consolidated federal securities class action in which certain purchasers of Coast common stock (the “Lead Plaintiffs”), on behalf of the Class, allege that Coast’s filings with the Securities and Exchange Commission and other public statements contained false and misleading statements and omissions of fact during the Class Period. Lead Plaintiffs allege that these false statements and omissions caused Coast’s stock price to be artificially inflated during the Class Period, and that Lead Plaintiffs and the Class Members suffered damages when the allegedly misrepresented and omitted facts were revealed to investors. The Settling Defendants deny any wrongdoing, fault, liability, or damage to Lead Plaintiffs or the Class.

Settlement Fund: \$6,349,000 in cash. Your recovery will depend on the timing of your purchases and any sales of Coast common stock during the Class Period. Based on the information currently available to Lead Plaintiffs and the analysis performed by their damage consultants, it is estimated that if Class Members submit claims for 100% of the shares for which distribution under the Plan of Allocation (described below) is appropriate, the estimated average distribution per share will be approximately \$____ before deduction of Court-approved fees and expenses, including the cost of settlement administration. Historically, actual claims rates are less than 100%, which result in higher distributions per share. A Class Member’s actual recovery will be a proportion of the Net Settlement Fund determined by that claimant’s recognized claim as compared to the total recognized claims of all Class Members who submit valid Proof of Claim and Release forms (“Proof of Claim”).

Reasons for Settlement: The principal reason for the Settlement is the benefit to be provided to the Class now. That benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

If the Case Had Not Settled: Continuing with the case could have resulted in loss on a pre-trial motion for summary judgment, at trial, or on appeal, with the consequence of no recovery whatever for the Class. The parties disagree on the questions of whether the Settling Defendants are liable and the amount of damages, if any, that would be recovered if Lead Plaintiffs prevailed at trial. Among other things, the parties disagree about: (1) whether Coast's SEC filings and public statements contained any materially misleading statements or omissions of facts, (2) whether there was any wrongdoing on the part of the Settling Defendants, including whether the Settling Defendants acted intentionally or recklessly in making the alleged misstatements or omissions, (3) the amount by which the price of Coast common stock was artificially inflated (if at all) during the Class Period; (4) the appropriate economic model for determining the amount by which Coast common stock was artificially inflated (if at all) during the Class Period; (5) the extent to which external factors, such as general market conditions, influenced the trading price of Coast common stock at various times during the Class Period; and (6) whether the claims under the Securities Act of 1933 are barred by the statute of limitations.

Lead Plaintiffs believe that the Settlement is a good recovery and is in the best interest of the Class. The Settlement conveys substantial benefits to the Class immediately, while litigation through trial and appeal may well have taken several years. Moreover, because of the risks associated with continuing to litigate and proceeding to trial, there was a

danger that Lead Plaintiffs would not have prevailed on any claims, in which case the Class would receive nothing. Even if Lead Plaintiffs prevailed on these liability questions, the Settling Defendants would vigorously contest the amount of damages to which Lead Plaintiffs and the Class were entitled. Finally, even if Lead Plaintiffs prevailed at trial, there exists the risk of reversal on appeal.

Attorneys' Fees and Expenses and Lead Plaintiffs' Expenses: Court-appointed Lead Counsel will ask the Court for attorneys' fees of 33% of the Settlement Fund and expenses not to exceed \$_____ to be paid from the Settlement Fund plus interest. In addition, Lead Plaintiffs will ask the Court for reimbursement of their own expenses not to exceed \$75,000 in the aggregate. If the above amounts are requested and approved by the Court, the average cost per share will be \$0.__. Lead Counsel have not received any payment for their work investigating the facts, prosecuting this Litigation and negotiating this Settlement on behalf of the Lead Plaintiffs and the Class.

Court Hearing: On _____, 2009 at _____, the Court will hold a hearing to determine whether the Settlement is fair, reasonable, and adequate for the Class; whether the Settlement should be approved; whether the proposed Plan of Allocation should be approved; and whether the fees and expenses of Lead Plaintiffs and Lead Counsel should be approved. The hearing will be held at Courtroom ____, Sam Gibbons United States Courthouse, 801 N. Florida Avenue, Tampa, Florida 33602. If the Court approves the Settlement, and you do not exclude yourself from the Class, you will be bound by the terms of the Settlement and any orders and judgments of the Court in the Litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM FORM The only way to get a payment.

EXCLUDE YOURSELF Get no payment. This is the only option that allows you to participate in another lawsuit against the Settling Defendants and the other Released Persons relating to the issues in this case.

OBJECT You may write to the Court if you do not like this settlement, the request for attorneys' fees and expenses, the request for Lead Plaintiffs' expenses, or the Plan of Allocation.

GO TO A HEARING You may ask to speak in Court about the fairness of the Settlement.

DO NOTHING Get no payment. Give up rights.

- Your legal rights are affected whether you act, or do not act. Read this Notice carefully.
- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.

DEADLINES:

Submit Claim: _____, 2009

Request Exclusion: _____, 2009

File Objection: _____, 2009

More Information: www._____.com or

Claims Administrator:

Coast Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.

Representative of Lead Counsel:

Rick Nelson
Shareholder Relations
Coughlin Stoia Geller
Rudman & Robbins LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
1-800-449-4900

Maya Saxena
Saxena White P.A.
2424 N. Federal Highway, Suite 257
Boca Raton, FL 33431
1-561-394-3399

- The Court in charge of this case must decide whether to approve the Settlement.

Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased Coast common stock between January 21, 2005 and January 22, 2007, inclusive.

The Court directed that you be sent this Notice because you have a right to know about a class action lawsuit and the proposed Settlement of that lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it, and after any objections or appeals (if there are any) are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Middle District of Florida, Tampa Division, and the case is known as Grand Lodge of Pennsylvania V. Peters, et al., No. 8:07-cv-479-T-26EAJ. The persons who lead the Litigation, Troy Ratcliff, Daniel Altenburg and St. Denis J. Villere & Co. LLC, are called Lead Plaintiffs or Class Representatives and the companies and the individuals they sued are called Defendants. The Defendants in this case include Coast, Brian P. Peters, Coast's former Chief Executive Officer and President, and Brian F. Grimes, Coast's former Executive Vice President and Chief Financial Officer and, subsequently, its Chief Executive Officer and President. In addition, the following former directors of the Company are named defendants: Joseph Gigliotti, Kennedy Legler III, Paul G. Nobbs, Thomas M. O'Brien, John R. Reinemeyer, Michael T. Ruffino, James K. Toomey, and M. Alex White. These individual defendants all signed the Form S-1 Registration Statement and all subsequent amendments for Coast's Secondary Public Offering ("SPO") on October 5, 2005. The former Coast officers and directors are sometimes referred to as the "Individual Defendants." Sandler O'Neill & Partners, L.P. and Sterne, Agee & Leach, Inc. served as the underwriters for Coast's SPO and are named defendants (sometimes referred to as the "Underwriter Defendants"). Finally, Hacker, Johnson & Smith, P.A. ("Hacker Johnson") served as the Company's auditor during the relevant period and is a named defendant. Coast, the Individual Defendants, the Underwriter Defendants, and Hacker Johnson are collectively referred to herein as the "Settling Defendants."

2. What is this lawsuit about?

The Litigation is a consolidated federal securities class action alleging claims under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”) on behalf of a Class of persons who purchased Coast common stock during the period January 21, 2005 through January 22, 2007, inclusive (the “Class Period”) and, with respect to the Securities Act claims, who purchased stock pursuant or traceable to the October 5, 2005 registration statement for the SPO. With respect to the Securities Act claims, Coast, the Individual Defendants, and the Underwriter Defendants were named as Defendants. With respect to the Exchange Act claims, Coast, Individual Defendants Brian P. Peters and Brian F. Grimes, and Hacker Johnson were named as Defendants.

Lead Plaintiffs allege that Coast’s SEC filings and public statements, including the registration statement for the SPO, misrepresented and failed to disclose that Coast – thorough its subsidiary, Coast Bank of Florida – was developing and had developed a material concentration of residential construction-to-permanent loans to borrowers who had contracted with a builder named Construction Compliance, Inc. (“CCI”) to build homes in and around North Port, Florida. Lead Plaintiffs assert that the CCI loans were excessively risky because they were made to individuals who were buying homes for investment purposes, not with the intention of actually occupying the properties, and because Coast had not performed due diligence on CCI, which Lead Plaintiffs assert was at all times in poor financial condition. Lead Plaintiffs further allege that Coast’s accounting for the CCI loans violated Generally Accepted Accounting Principles and that its SEC filings and public

statements, including its financial statements, were materially false and misleading as a result.

After the close of trading on January 18, 2007, Coast announced that a local builder, which was later identified as CCI, had informed it that it was financially unable to complete construction on homes for roughly 482 borrowers who had contracted with CCI and that the failure of CCI was, therefore, expected to have a material adverse effect on Coast's residential construction-to-permanent loan portfolio. Coast provided further information regarding these matters in an announcement on January 22, 2007. According to Lead Plaintiffs, these announcements caused a decline in the value of Coast's common stock.

The claims of the Lead Plaintiffs in the Litigation, and the factual allegations underlying these claims, are described in detail in the Stipulation of Settlement (the "Stipulation") and the Lead Plaintiffs' Amended Consolidated Class Action Complaint (the "Complaint") on file with the Court. These documents may also be viewed at the website of the Claims Administrator – www._____.

The Court has not decided that the Settling Defendants have done anything wrong. The Settling Defendants deny any wrongdoing, fault, liability, or damage to Lead Plaintiffs or the Class. The Settling Defendants dispute that Lead Plaintiffs and the Class can prove the elements of their Securities Act and Exchange Act claims, and have asserted numerous defenses to these claims. But for the Settlement described in this Notice, the Settling Defendants would vigorously contest the issues of liability and damages in this case.

3. What has happened in this case?

This Litigation was initiated in March and April 2007, when three proposed securities class actions were filed in the United States District Court for the Middle District of Florida, Tampa Division (the “Court”) on behalf of a class of purchasers of the common stock of Coast. On June 22, 2007 – following the publication of notice in accord with the provisions of the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) – the Court entered an Order consolidating all of these cases under the caption Grand Lodge of Pennsylvania v. Brian P. Peters, et al., Case No. 8:07-cv-479-T-26EAJ (Consolidated) (the “Litigation”).¹ Pursuant to the applicable provisions of the PSLRA, the June 22, 2007 Order also appointed R. Daniel Altenburg and Troy Ratcliff as lead plaintiffs pursuant to §21D(a)(3)(B) of the Securities Exchange Act of 1934 (the “Exchange Act”) and approved their selection of Coughlin Stoia Geller Rudman & Robbins LLP and Saxena White P.A. as Lead Counsel.

On August 25, 2007, the Lead Plaintiffs filed a Consolidated Class Action Complaint (the “Original Complaint”). All defendants moved to dismiss the Original Complaint, which motions the Court granted in whole or in part and denied in part by order dated March 13, 2008. In that order, the Court sustained the Exchange Act claims against Coast, Peters, and Grimes, but dismissed that claim as against Hacker Johnson. The Court also dismissed the

¹ The three cases comprising the Litigation are Grand Lodge of Pennsylvania v. Brian P. Peters, et al., Case No. 8:07-cv-478-T-26EAJ; Troy Ratcliff v. Coast Financial Holdings, Inc., Case No. 8:07-cv-504-T-26MAP; and Daniel Altenburg v. Coast Financial Holdings Incorporated, et al., Case No. 8:07-cv-642-T-26TGW. Among other former Coast officers, these initial complaints named as defendants Anne V. Lee and Justin D. Locke. On August 30, 2007, the Lead Plaintiffs filed a stipulation voluntarily dismissing Ms. Lee and Ms. Locke from the Litigation without prejudice.

Securities Act claims on grounds that the Lead Plaintiffs lacked standing to assert those claims.

On April 2, 2008, Lead Plaintiffs filed an Amended Consolidated Class Action Complaint (the “Complaint”), which is the operative complaint in the Litigation. To address the standing deficiency in the Securities Act claims, the Complaint named St. Denis J. Villere & Company LLC as a new plaintiff. The Complaint did not amend the allegations or assert a claim against Hacker Johnson, and Lead Plaintiffs appealed the order dismissing the claims against Hacker Johnson to the United States Court of Appeals for the Eleventh Circuit.

Coast, the Individual Defendants, and the Underwriter Defendants filed motions to dismiss the Securities Act claims in the Complaint, asserting standing, statute of limitations, and failure to state a claim as grounds. On June 6, 2008, the Court entered an order denying those motions. Coast, the Individual Defendants, and the Underwriter Defendants filed answers to the Complaint on June 26, 2006. These defendants also requested that the Court certify its order denying the motions to dismiss the Complaint for immediate appellate review. On July 18, 2008, the Court entered an order denying that motion.

Beginning in the spring of 2008, Lead Counsel and Counsel for Coast and the Individual Defendants began having discussions about a possible Settlement of the Litigation. Following extensive, arm’s-length discussions, they agreed to a mediation before the Honorable Layn R. Phillips, a retired United States District Judge. Counsel for Lead Plaintiffs, Coast, the Individual Defendants, and Coast’s insurer engaged in a day of arm’s-length mediation before Judge Phillips on September 22, 2008. The case did not settle, and

further negotiations, facilitated by Judge Phillips, continued throughout the week of September 22, 2008. On September 26, 2008, Lead Plaintiffs, Coast, and the Individual Defendants reached an agreement-in-principle to settle the Litigation as to Coast, the Individual Defendants, and the Underwriter Defendants for the sum of \$6,250,000.

On October 8, 2008, the Court entered a final judgment under Fed. R. Civ. P. 54(b) dismissing the claim against Hacker Johnson. On October 22, 2008, Lead Plaintiffs timely filed a Notice of Appeal concerning the Court's order dated March 13, 2008, granting Hacker Johnson's motion to dismiss. Lead Plaintiffs' appeal was docketed as Grand Lodge of Pennsylvania v. Brian P. Peters, et al., Appeal No. 08-16075 (F) (11th Cir.) (the "Appeal"). Following the filing of Lead Plaintiffs' initial appellate brief on December 15, 2008, counsel for Lead Plaintiffs and Hacker Johnson participated in several conferences with the Eleventh Circuit mediator, Catherine Novak, which culminated in an agreement-in-principle to settle the Litigation and the Appeal as to Hacker Johnson for \$99,000.

Taken together, these settlements will finally and forever terminate the Litigation against all of the Settling Defendants.

4. Why is this a class action?

In a class action, one or more people called class representatives (in this case, the Court-appointed Lead Plaintiffs, Troy Ratcliff, Daniel Altenburg and named plaintiff St. Denis J. Villere & Co. LLC) sue on behalf of people who have similar claims. All of these people and/or entities are called a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the class. In this case, United States District Court Judge Richard A. Lazzara is in charge of this case.

5. Why is there a settlement?

The Court did not decide in favor of Lead Plaintiffs or the Settling Defendants. Instead, the lawyers for both sides of the lawsuit, with the assistance of highly respected mediators, have negotiated the Settlement, which they believe is in the best interests of their respective clients. The Settlement allows both sides to avoid the risks and cost of lengthy and uncertain litigation and the uncertainty of a trial and appeals, and permits Class Members who qualify to be compensated without further delay.

Before agreeing to the Settlement, Lead Counsel conducted a thorough investigation relating to the events and transactions underlying Lead Plaintiffs' claims. Lead Counsel's decision to enter into the Settlement was made with knowledge of the facts and circumstances underlying Lead Plaintiffs' claims and the strengths and weaknesses of those claims. In determining to settle the Litigation, they have evaluated the extensive pre-trial investigation undertaken and the substantial expense and length of time necessary to prosecute the Litigation through pre-trial motions, trial, post-trial motions, and appeals, taking into account the significant uncertainties in predicting the outcome of this complex litigation. Lead Counsel believe that the Settlement confers substantial benefits upon the Class. Based upon their consideration of all of these factors, Lead Plaintiffs and Lead Counsel have concluded that it is in the best interest of the Class to settle the Litigation on the terms described in this Notice.

The Settling Defendants deny all allegations of wrongdoing and liability. The Settling Defendants recognize, however, that continued litigation would be protracted, expensive, and uncertain and, therefore, desired to settle and terminate all existing or

potential claims and proceedings against them, without in any way acknowledging fault or liability.

The amount of damages, if any, that Lead Plaintiffs could prove was also a matter of serious dispute, and the use of a formula for distributing the Settlement proceeds should not be viewed as a finding that, if the Litigation had gone to trial, provable damages could be measured by that formula. The determination of damages, like the determination of liability, is a complex and uncertain process, typically involving conflicting expert opinions. During the course of the Litigation, the Settling Defendants, in addition to denying liability, would have vigorously disputed damages issues. The Settlement herein provides an immediate and substantial cash benefit and avoids the risks associated with presenting these issues at trial.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

6. How do I know if I am part of the Settlement?

The Class includes *all persons who purchased the common stock of Coast between January 21, 2005 and January 22, 2007, inclusive.*

7. Are there exceptions to being included in the Class?

Yes. Excluded from the Class are the Settling Defendants, members of the immediate families of the Settling Defendants, the former and current directors, officers, subsidiaries and affiliates of Coast, as well as any person, firm, trust, corporation, officer, director or other individual or entity in which any Settling Defendant has a controlling interest and the legal representatives, affiliates, heirs, successors-in-interest, or assigns of any

such excluded party. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to this Notice.

8. I'm still not sure if I am included.

If you still are not sure whether you are included, you can ask for free help. You can call _____ or visit www._____ for more information; or, you can call Rick Nelson at 1-800-449-4900 or Maya Saxena at 561-394-3399 for more information; or you can fill out and return the claim form described in Question 10 to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

9. What does the Settlement provide?

Coast, Coast's insurer, and Hacker Johnson's insurer will fund a settlement of \$6,349,000 (the "Settlement Fund"), which, together with any accrued interest, will be divided among all eligible Class Members who send in valid claim forms ("Authorized Claimants"), after payment of Court-approved attorneys' fees and expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund").

10. How much will my payment be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in and how many shares of stock you purchased or acquired during the relevant period and when you bought and sold them.

In the unlikely event that there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. In the likely event that the amount in the Net Settlement Fund is not

sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A "Claim" will be calculated as follows:

[to be inserted]

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Class Members who held Coast common stock at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of Coast common stock during the Class Period will be matched, in chronological order, first against stock held at the beginning of the Class Period. The remaining sales of stock during the Class Period will then be matched, in chronological order, against stock purchased during the Class Period.

An Authorized Claimant will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in Coast common stock during the Class Period are subtracted from all losses. However, the proceeds from sales of stock which have been matched against stock held at the beginning of the Class Period will not be used in the calculation of such net loss. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

The Court has reserved jurisdiction to consider whether to allow, disallow or adjust the claim of any Class Member.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiffs, Plaintiffs' Counsel or any claims administrator or other Person designated by Lead Counsel or Settling Defendants and/or the Related Parties and/or their counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

11. How will I get a payment?

To qualify for a payment, you must send in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than _____, 2009.

12. When would I get my payment?

The Court will hold a hearing on _____, 2009, at _____, to decide whether to approve the Settlement. If Judge Lazzara approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can

take time, perhaps more than a year. It also takes time for all the claim forms to be processed. If there are no appeals and depending on the number of claims submitted, the Claims Administrator could distribute the Net Settlement Fund as early as nine months after the fairness hearing. Please be patient.

13. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class. If you stay in the Class, all of the Court's orders and judgments will apply to and legally bind you, the claims asserted on your behalf in the Litigation will be dismissed with prejudice and on the merits, and you will be deemed to have released all of your Released Claims against the Released Persons, as those terms are defined in the Settlement documents on file with the Court. These terms are explained more fully below, but generally this means that you will not be able to sue any of the Settling Defendants and certain parties related to the Settling Defendants on any claim related to the Litigation and your purchase, sale, or holding of Coast common stock.

"Released Claims," which are the claims that you, Lead Plaintiffs, and the rest of the Class will release under the Settlement, means any and all claims, rights, demands, obligations, controversies, debts, damages, losses, actions, causes of action, and liabilities of any kind or nature whatsoever (collectively, "Claims") whether in law or equity, whether based on federal, state, local, statutory, or common law or any other law, whether accrued or unaccrued, fixed or contingent, or matured or unmatured, including both known and Unknown Claims, that have been or could have been asserted by the Lead Plaintiffs or the Class Members, or any of them, or the heirs, executors, successors, or assigns of any of them, directly, derivatively, or in any representative or other capacity, in the Litigation or

any other forum at any point from the beginning of time to the date of the Stipulation's execution arising out of, based upon, or in any way related to the purchase of Coast common stock during the Class Period (including the sale or holding of any shares purchased during the Class Period) and the allegations, transactions, facts, events, matters, occurrences, acts, representations, or omissions involved in, set forth in, or referred to in the Complaint or that could have been asserted in the Complaint, including, without limitation, Claims for negligence, gross negligence, breach of fiduciary duty, breach of the duty of care, breach of the duty of loyalty, breach of the duty of candor, fraud, fraud in the inducement, negligent misrepresentation, or violations of any state or federal securities laws.

The "Released Persons" – those parties who you will be releasing from Released Claims under the Settlement – are the Settling Defendants and (i) each of the Settling Defendants' present or former immediate family members, heirs, executors, administrators, successors, assigns, employees, officers (including, but not limited to, former Coast officers Justin D. Locke and Anne V. Lee), directors, attorneys, legal representatives, insurers, reinsurers, accountants or auditors, banks, investment banks, underwriters, consultants, and agents, (ii) any person or entity which is or has been related to or affiliated with any Settling Defendant, including, but not limited to, any direct or indirect predecessor, successor, parent, subsidiary, or sister corporation or business organization of any Settling Defendant (including, but not limited to, Coast Bank of Florida, First Banks, Inc. and First Bank), and (iii) any person or entity in which any Settling Defendant has or had a controlling interest and the present and former parents, subsidiaries, divisions, affiliates, predecessors, successors, employees, officers, directors, attorneys, assigns, legal representatives, insurers,

reinsurers, accountants or auditors, banks, investment banks, underwriters, consultants, and agents of any such person or entity.

“Unknown Claims,” which are among the Released Claims under the Settlement, means any and all Released Claims that any Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons from the Released Claims which, if known by him, her or it, might have affected his, her or its decisions with respect to the Settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. Lead Plaintiffs and the Class Members shall waive the provisions, rights and benefits of California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Under the Settlement, Lead Plaintiffs and the Class Members shall waive any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of the Released Claims, but Lead Plaintiffs and the Class Members shall expressly fully, finally and forever settle and release all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now

existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The foregoing waiver and inclusion of Unknown Claims in the definition of Released Claims was separately bargained for and a key element of the Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue or continue to sue the Released Persons with respect to Released Claims, you must take steps to get out of the Settlement. This is called excluding yourself or is sometimes referred to as opting out of the Class.

14. How do I get out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from Grand Lodge of Pennsylvania v. Brian P. Peters, et al., Case No. 8:08-cv-479-T-26EAJ. You must include your name, address, telephone number, your signature, and the number of shares of Coast common stock you purchased between January 21, 2005 and January 22, 2007, and the dates and prices of such purchases. You cannot exclude yourself on the phone or by e-mail. You must mail your exclusion request or your request to retract your previous request to be excluded postmarked no later than _____, 2009 to:

Coast Securities Litigation
EXCLUSIONS
Claims Administrator
c/o RSM McGladrey, Inc.

If your request for exclusion is not postmarked by _____, then you will not be excluded from the Class, and you will be bound by the Settlement and any orders of the Court, regardless of whether you make a claim to share in the Settlement or receive a payment, unless the Court orders otherwise. If you ask to be excluded, you are not eligible to get any Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

15. If I don't exclude myself, can I sue the Settling Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue the Settling Defendants for the claims that this Settlement resolves. Remember, the exclusion deadline is _____, 2009.

16. If I exclude myself, can I get money from this Settlement?

No. If you exclude yourself, do not send in a claim form to ask for any money. Once you exclude yourself, you will receive no cash payment even if you also submit a claim form, unless you withdraw your notice of exclusion before the deadline for submitting a claim form.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

The Court appointed the law firms of Saxena White P.A. and Coughlin Stoia Geller Rudman & Robbins LLP to represent you and other Class Members. These lawyers are called Lead Counsel. You will not be charged for these lawyers' work. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How will the lawyers be paid?

At the fairness hearing, Lead Counsel will request the Court to award attorneys' fees of 33% of the Settlement Fund and for expenses up to \$_____, which were incurred in connection with the Litigation. In addition, Lead Plaintiffs Troy Ratcliff, Daniel Altenburg and St. Denis J. Villere & Co. LLC may request up to \$25,000.00 each for their expenses in representing the Class. If awarded, the cost would be \$0.____ per share. This compensation will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. To date, Lead Counsel have not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiffs and the Class, nor have counsel been paid for their expenses. The fee requested will compensate Lead Counsel for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the Settlement or some part of it.

19. How do I tell the Court that I don't like the Settlement?

If you are a Class Member (and you have not excluded yourself), you can object to the Settlement, the request for attorneys' fees and expenses, Lead Plaintiffs' expenses or the Plan of Allocation if you do not like any part of it. You can give reasons why you think the Court should not approve the Settlement, the request for attorneys' fees and expenses, Lead Plaintiffs' expenses or the Plan of Allocation. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in Grand Lodge of Pennsylvania v. Peters, et al., No. 8:07-cv-479-T-26EAJ. Be sure to include your name, address, telephone number, your signature, the number of shares of Coast common stock purchased between January 21, 2005 and January 22, 2007, and the reasons you object to the Settlement, the requested attorneys' fees and expenses, Lead Plaintiffs' expenses or the Plan of Allocation. Any objection to the Settlement, the requested attorneys' fees and expenses, Lead Plaintiffs' expenses or the Plan of Allocation must be mailed or delivered such that it is received by each of the following no later than _____, 2009:

Clerk of the Court
United States District Court
Middle District of Florida, Tampa Division
801 North Florida Ave.
Tampa, FL 33602

COUGHLIN STOIA GELLER RUDMAN & ROBBINS LLP
JEFFREY D. LIGHT
655 West Broadway, Suite 1900
San Diego, CA 92101

SAXENA WHITE P.A.
MAYA SAXENA
2424 N. Federal Highway, Suite 257
Boca Raton, FL 33431

CARLTON FIELDS P.A.
SAMUEL J. SALARIO, JR.
4221 W. Boy Scout Boulevard
Tampa, FL 33609

BATTAGLIA, ROSS, DICUS & WEIN, P.A.
STEPHEN J. WEIN
980 Tyrone Boulevard
St. Petersburg, FL 33743

HILL, WARD & HENDERSON P.A.
BENJAMIN H. HILL III
Bank of America Plaza
101 East Kennedy Boulevard
Suite 3700
Tampa, FL 33602

FOWLER WHITE BOGGS P.A.
GIANLUCA MORELLO
501 East Kennedy Boulevard
Suite 1700
Tampa, FL 33602

20. What is the difference between objecting and excluding myself from the Settlement?

Objecting is telling the Court that you do not like something about the proposed Settlement. You can object *only* if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer applies to you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend, but you do not have to.

21. When and where will the Court decide whether to approve the Settlement?

The Court will hold a hearing at _____, on _____, 2009, at the United States District Court for the Middle District of Florida, Tampa Division, 801 North Florida Ave., Tampa, FL 33602. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will listen to people who have timely asked to speak at the hearing. The Court will also decide whether to approve the payment of fees and expenses to Lead Counsel including the expenses of Lead Plaintiffs and the Plan of Allocation. We do not know how long the hearing will take or whether the Court will make its decision about the Settlement on the day of the hearing or sometime later.

22. Do I have to come to the hearing?

No. Lead Counsel will answer questions Judge Lazzara may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

23. May I speak at the hearing?

You may ask the Court for permission to speak at the hearing. To do so, you must send a letter saying that it is your intention to appear in Grand Lodge of Pennsylvania v. Peters, et al., No. 8:07-cv-479-T-26EAJ. Be sure to include your name, address, telephone number, your signature, and the number of shares of Coast purchased between January 21,

2005 to January 22, 2007. Your notice of intention to appear must be received no later than _____, 2009 by the Clerk of the Court, Lead Counsel, and Defendants' counsel, at the addresses listed in Question 19. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

24. What happens if I do nothing at all?

If you do nothing, you'll get no money from the Settlement. But, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Settling Defendants about the same issues in this case.

GETTING MORE INFORMATION

25. Are there more details about the Settlement?

This Notice is a summary and does not describe all of the details of the Settlement, which has been memorialized in a Stipulation of Settlement (the "Stipulation") executed by the parties and filed with the Court. For full details of the matters discussed in this Notice, you may review the Stipulation, with exhibits, at the Clerk's office at the United States District Court, Middle District of Florida, Tampa Division, 801 North Florida Ave., Tampa, FL 33602, during regular business hours, or at www._____.

26. How do I get more information?

You can call 1-800-449-4900 or write to a representative of Lead Counsel, Rick Nelson, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101 or Maya Saxena, Saxena White P.A., 2424 N. Federal Highway, Suite 257, Boca Raton, FL 33431, 1-561-394-3399, or visit the Claims Administrator's website at

www._____. *Please do not call the Court or the Clerk of the Court for additional information about the Settlement.*

27. Special notice to nominees

If you hold any Coast common stock purchased between January 21, 2005 and January 22, 2007, inclusive as a nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and accompanying Proof of Claim by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Coast Securities Litigation
Claims Administrator
c/o RSM McGladrey, Inc.

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: _____, 2008

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION