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NBC CAPITAL CORP
Form 8-K
December 12, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) December 11, 2003

NBC CAPITAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

Mississippi	1-15773	64-0694755
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
NBC Plaza, Starkville, Mississippi		39759
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(Address of Principal Executive Offices)		(Zip Code)

Registrant's telephone number, including area code (601)-343-1341

n/a

(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events

On December 11, 2003, NBC Capital Corporation ("NBC") issued the following press release announcing the execution of a definitive agreement to acquire Enterprise Bancshares, Inc. and Enterprise National Bank of Memphis, Tennessee:

NBC Capital Corporation Signs Definitive Agreement to Acquire
Enterprise Bancshares of Memphis

STARKVILLE, Miss., Dec. 11 /PRNewswire-FirstCall/ -- NBC Capital Corporation ("NBC") (AMEX: NBY), the holding company for National Bank of Commerce headquartered in Starkville, MS, announced today that it signed a definitive agreement to acquire Enterprise Bancshares, Inc., the holding company for Enterprise National Bank, a \$290 million commercial bank operating three financial centers in Memphis, Tennessee. The acquisition is an all-cash transaction valued at approximately \$53.1 million (\$47.1 million in cash plus options with a value of \$6.0 million) and is subject to regulatory and Enterprise shareholder approval. The acquisition is expected to close by the second quarter of 2004.

"The proposed acquisition of Enterprise Bancshares will provide NBC with access to the expanding markets in the Memphis area," stated Lewis F. Mallory, Jr., chairman and chief executive officer of NBC Capital Corporation. "We believe the transaction will build shareholder value by leveraging NBC's

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strong capital base and enhancing future earnings potential. We expect the acquisition to be about break-even for NBC in 2004 and accretive to our cash earnings per share* in 2005.

"Enterprise is an excellent match for NBC," continued Mallory. "Their service offerings are similar to NBC's banking, insurance, retail investment and mortgage banking operations, providing excellent diversification for NBC into the fast growing Memphis market. We are also excited about the strong loan demand that Enterprise enjoys in Memphis and the opportunity to deploy NBC's excess capital."

Commenting on the announcement, Tom Wright, chairman and chief executive officer of Enterprise Bancshares, said, "This acquisition combines the capabilities of two proven companies who share a similar philosophy and vision, creating an even greater company with a commitment to providing exceptional service rendered by local professionals. This in turn will increase our ability to service our customers, contribute to our communities and add value for our shareholders.

"We believe the combination of Enterprise and NBC will create a much stronger competitor in our market and provide Enterprise with the capital and resources to energize our growth plans," continued Wright. "We look forward to joining forces to build a strong, regional banking franchise to serve the Memphis, Mississippi and Alabama markets."

Under terms of the agreement, Enterprise National Bank will retain its name in the Memphis market, its senior management and local Board of Directors, with Tom Wright remaining as Chairman and Chief Executive Officer. Upon closing of the transaction, Enterprise National Bank will become a wholly owned subsidiary of NBC Capital Corporation.

"We are excited to have the management of Enterprise join NBC," concluded Mr. Mallory. "They have done a great job of building their bank and expanding market share in the competitive Memphis market."

Terms of the Agreement

- Cash/stock	All cash transaction
- Total consideration	\$47.1 million in cash plus options with a value of \$6.0 million
- Walk Away Provisions	Customary such as: mutual consent, material adverse changes, etc.
- One Time Costs	Approximately \$3.0 million
- Due Diligence Status	Completed
- Break-Up Fee	\$1 million triggered by certain conditions
- Anticipated Closing	Second quarter 2004
- Approvals required	Federal Reserve, Comptroller of the Currency and Enterprise shareholders

Financial Ratios (as of September 30, 2003)

- Price-to-book	2.70X, including value of options
- Price-to-assets	18.2%
- Price-to-deposits	24.3%
- Price-to-trailing 12-month earnings	48.9X
- Price-to-estimated 2003 earnings	32.1X (annualized from 9/30/03 earnings)
- Price-to-estimated 2004 earnings	26.7X
- EPS Dilution (Cash EPS)	No dilution in 2004, accretive thereafter

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- EPS Dilution (GAAP EPS) Approximately \$0.07 dilution in 2004, breakeven in 2005, accretive thereafter

Memphis Market Data

- Enterprise Bancshares' serves two of the fastest growing communities in the Memphis MSA: Germantown and Collierville, TN.
- Germantown has a median household income of \$94,600. The median home price in Germantown is \$295,900. The population is approximately 40,200 and grew at a 13.7% rate between 1990 and 2003. (Source: Germantown Chamber of Commerce and 2002 US Census Bureau Estimates)
- Collierville's median household income is 87,700 with a median home price of \$240,800. Collierville has a population of 37,000 and its growth rate was approximately 157% from 1990 to 2002. (Source: Collierville Chamber of Commerce and 2002 US Census Bureau Estimates)
- Enterprise Bancshares was ranked #13 of the 23 banks operating in the Memphis MSA as of June 30, 2003. Its market share of Memphis MSA deposits at June 30, 2003 was 1.02% of the MSA's approximately \$24.0 billion in deposits.
- Memphis MSA is the 44th largest in US, including 5 counties and 16 municipalities, with a 2002 population of 1,144,470, representing 14% growth from 1990 to 2002. (Source; Memphis Chamber of Commerce)
- Memphis MSA has a diversified economy: 34% Services, 18% Retail Trade, 12% Transportation, Communications & Utilities, 10% Manufacturing. (Source: Memphis Chamber of Commerce)
- Largest private employers in Memphis MSA include: Federal Express Corp., Methodist Healthcare, Wal Mart, Baptist Hospitals, Kroger, International Paper, Northwest Airlines, AutoZone, St. Jude Childrens Research Hospital.
- Memphis MSA has almost one-half the population of the entire State of MS (2,858,029)
- The Memphis MSA adjoins Desoto County, MS, the fastest growing county in Mississippi. Desoto County's population grew 68% from 1990 to 2001. (Source: Desoto County Economic Development Council)

*Use of Non-GAAP Financial Measures

Cash earnings per share is defined as GAAP earnings per share less amortization of acquisition related expenses, including amortization of deposit premium and write-up of fixed assets. NBC estimates that amortization related expenses will total approximately \$600,000, or \$0.07 per share, and will be written off over approximately ten years. NBC presents cash earnings per share because its management uses the measure to evaluate the company's performance and to allocate resources. In addition, NBC believes cash earnings per share is a measure of performance used by some investment banks, investors, analysts and others to make informed investment decisions. Cash earnings per share is an indicator of cash generated to service debt and fund capital expenditures. Cash earnings per share is not a measure of financial performance under generally accepted accounting principles and should not be considered as a substitute for or superior to other measures of financial performance reported in accordance with GAAP. Cash earnings per share presented herein may not be comparable to similarly titled measures reported by other companies.

Conference Call to Discuss Enterprise Acquisition

The management of NBC Capital Corporation will hold a live webcast on the Internet to discuss the transaction on December 12, 2003 beginning at 2:00 p.m. (eastern time). The on-line replay will follow immediately and continue for 30 days. The webcast and replay can be accessed at the Company's website at www.nbcbankline.com under investor information.

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Forward-Looking Statements

This press release contains statements that are forward-looking as defined within the Private Securities Litigation Reform Act of 1995. These forward-looking statements are provided to assist in the understanding of anticipated future financial results. However, such forward-looking statements involve risks and uncertainties (including uncertainties relating to interest rates, management and operation of acquired operations and general market risks) that may cause actual results to differ materially from those in such statements. For a discussion of certain factors that may cause such forward-looking statements to differ materially from the Company's actual results, see the Company's Report on 10-Q for the quarter ended September 30, 2003, and other reports filed with the Securities and Exchange Commission. NBC Capital Corporation is not responsible for updating the information contained in this press release beyond the published date, or for changes made to this document by wire services or Internet services.

About NBC Capital Corporation

NBC Capital Corporation is a financial holding company providing full financial services, including banking, trust services, mortgage services, insurance and investment products in east Mississippi and Tuscaloosa, Alabama. NBC's stock is listed on the American Stock Exchange under the ticker symbol of NBY.

SOURCE NBC Capital Corporation

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12/11/2003

/CONTACT: Richard T. Haston of NBC Capital Corporation, +1-662-324-4258/
(NBY)

CO: NBC Capital Corporation; Enterprise Bancshares

ST: Mississippi, Tennessee

IN: FIN

SU: TNM CCA MAV

SIGNATURE

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

NBC CAPITAL CORPORATION

By: /s/ Richard T. Haston

Richard T. Haston
Executive Vice President,
Chief Financial Officer and Treasurer

Dated: December 11, 2003