

Edgar Filing: CLASSIC BANCSHARES INC - Form 425

Section 1 - Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement

On December 29, 2004, City Holding Company (the Registrant) and Classic Bancshares, Inc. (CBI) jointly announced the signing of a definitive agreement (the Agreement) pursuant to which CBI will be merged with and into the Registrant (the Merger), and CBI's bank subsidiary will be merged with and into Registrant's bank subsidiary. The Agreement provides that upon the effective date of the Merger, each share of common stock of CBI, par value \$0.01 per share, will be converted into the right to receive .9624 shares of the Registrant's common stock, \$2.50 par value per share (Registrant Common Stock). Additionally, CBI has agreed to sell or have repaid a \$4 million performing commercial loan prior to the closing date of the Merger. If the loan is sold or repaid for less than its legal balance, shareholders of CBI will receive a proportionate reduction in the cash consideration received in the Merger. The cash to be received by shareholders in the Merger could range between \$9.47 and \$11.08 per share, depending on the results of the sale or repayment of the loan. Based on the closing price of Registrant Common Stock on December 28, 2004 (\$36.80), the transaction has an aggregate value of approximately \$77.4 million (assuming that outstanding stock options for 109,435 shares held by directors of CBI will be cashed out at the difference between the Merger consideration and the exercise price of the options and stock options for 210,385 shares will be exercised prior to the closing).

The Merger will be accounted for as a purchase and is expected to close in the second quarter of 2005. The Agreement has been approved by the boards of directors of Registrant and CBI. However, it is subject to certain other conditions, including the approval of CBI's shareholders and the approval of regulatory authorities. The directors of CBI and Classic have agreed to vote their shares in favor of the Merger.

The above description does not purport to be a complete statement of the parties' rights and obligations under the Agreement and is qualified in its entirety by reference to the Agreement. Pursuant to General Instruction F to Form 8-K, the Agreement concerning the Merger is incorporated herein by reference and is attached hereto as Exhibit 2(1).

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

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| Exhibit 2(1) | Agreement and Plan of Reorganization among Classic Bancshares, Inc. Classic Bank, City Holding Company, and City National Bank of West Virginia dated December 29, 2004 |
| Exhibit 2(2) | Agreement and Plan of Merger for Subsidiary Merger between Classic Bank and City National Bank of West Virginia dated December 29, 2004 |
| Exhibit 99 | Press release dated December 29, 2004 |
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SIGNATURES

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 hereto duly authorized.

City Holding Company

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By: /s/ Gerald R. Francis

Gerald R. Francis, President

Dated: December 29, 2004