

CAPITAL MARKETS ANNOUNCEMENT

Pacific Capital Bancorp (NASDAQ: PCBC; Santa Barbara, CA) today announced the closing of its \$500 million investment from a subsidiary of Ford Financial Fund, L.P.

Sandler O'Neill + Partners, L.P. served as financial advisor to Pacific Capital Bancorp in this transaction.

This represents the second-largest recapitalization of a regional bank in the last 24 months.

**About the Offering:**

Pursuant to the definitive agreement, Pacific Capital Bancorp (the "Company") has sold Ford 225,000,000 shares of its common stock at a purchase price of \$0.20 per share and 455,000 shares of newly created mandatorily convertible participating voting preferred stock at a purchase price of \$1,000 per share. Each share of preferred stock is convertible into a number of shares of the Company's common stock equal to the liquidation preference divided by \$0.20 (subject to customary anti-dilution adjustments).

As part of the transaction, the Company has exchanged the 180,634 shares of preferred stock issued by it under TARP for shares of a newly created series D fixed-rate cumulative mandatorily convertible preferred stock with an aggregate liquidation amount equal to the sum of \$180.6 million plus accrued but unpaid dividends on its TARP shares. Subject to satisfaction of certain conditions, the Series D Stock will be converted at a discounted conversion value equal to 37% of the liquidation amount of such Series D Stock into shares of the Company's common stock at a conversion price of \$0.20 per share. The Company also amended the terms of the warrant issued to the Treasury to provide for an exercise price of \$0.20 per share for a 10-year period.

Additionally, the Company has announced a rights offering in which shareholders will receive, at no charge, 15.335 subscription rights for each common share held at the record date (August 30, 2010). Each whole subscription right will entitle a shareholder to purchase one share of Pacific Capital common stock at a subscription price of 20 cents per share. The rights offering is expected to commence "as soon as possible" after the closing of the recapitalization transaction and effectiveness of a related registration statement.

Also as part of the transaction, and as previously announced, the Company has received tenders from holders of \$50 million in aggregate principal amount of subordinated debentures due in 2014, which represents 100% of those securities and \$18 million in aggregate principal amount of the 9.22% subordinated bank notes due in 2011, which represents 50% of those securities.

About the Company:

Pacific Capital Bancorp is the \$7.1 billion asset parent company of Pacific Capital Bank, N.A., a nationally chartered bank that operates 48 branches under the local brand names of Santa Barbara Bank & Trust, First National Bank of Central California, South Valley National Bank, San Benito Bank and First Bank of San Luis Obispo.

This announcement is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell securities.

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