

CapitalSouth[®]

BANCORP

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CAPITALSOUTH BANCORP ANNOUNCES DATE OF SPECIAL MEETING OF STOCKHOLDERS

BIRMINGHAM, Ala. (August 8, 2007) – CapitalSouth Bancorp (NASDAQ-GM: CAPB) today announced that it has scheduled a special meeting of stockholders on Wednesday, September 12, 2007, to approve the merger agreement and the issuance of shares of CapitalSouth Bancorp common stock in connection with the Agreement and Plan of Merger by and between CapitalSouth Bancorp and Monticello Bancshares, Inc. CapitalSouth stockholders of record at the close of business on July 31, 2007, will be entitled to receive notice of the special meeting and to vote on the merger proposal. The special meeting will be held at 9:00 a.m. CDT, at the main office of CapitalSouth Bank, 2340 Woodcrest Place, Suite 200, Birmingham, Alabama. The Company expects to mail definitive proxy material relating to the special meeting to stockholders of record on or about August 10, 2007.

CapitalSouth Bancorp is a bank holding company operating eight full service banking offices and one loan production office through its bank subsidiary, CapitalSouth Bank, with offices in Birmingham, Huntsville, and Montgomery, Alabama, and Jacksonville, Florida, as well as a loan production office in Atlanta, Georgia. CapitalSouth targets small to medium-sized businesses in the markets it serves. CapitalSouth Bank also operates "Banco Hispano," providing financial services to the growing Latino community. CapitalSouth offers SBA lending services and other loan programs for business owners through its Business Capital Group, which operates through full-service offices as well as the loan production office. CapitalSouth also provides Internet banking services at www.capitalsouthbank.com as well as personal investment services.

This press release contains "forward-looking" statements as defined by the Private Securities Litigation Reform Act of 1995, which are based on CapitalSouth's current expectations, estimates and projections about future events and financial trends affecting the financial condition of its business. These statements are not historical facts or guarantees of future performance, events, or results. Such statements involve potential risks and uncertainties and, accordingly, actual performance results may differ materially. CapitalSouth undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new, updated information, future events, or otherwise.

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