

CAPITAL CITY BANK GROUP INC
Form DEF 14A
March 25, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only** (as permitted by Rule 14A-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240-14a-12

CAPITAL CITY BANK GROUP, INC.

(Exact name of Registrant as specified in its charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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Notice of 2009 Annual Meeting
of Shareowners and Proxy Statement

217 North Monroe Street
Tallahassee, Florida 32301

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LETTER TO SHAREOWNERS

**217 North Monroe Street
Tallahassee, Florida 32301**

March 27, 2009

Dear Fellow Shareowners:

You are cordially invited to attend the 2009 Annual Meeting of Shareowners at 10:00 a.m., Eastern Time, on Tuesday, April 21, 2009, at the University Center Club, Building B, Floor 3, University Center, Florida State University, Tallahassee, Florida.

At the meeting, I will give an update on Capital City's business and plans for the future. Also, we will vote on four Class III nominees for election to the Board of Directors and ask for the ratification of the appointment of our accountants for fiscal 2009.

Your Board of Directors encourages every shareowner to vote. **Your vote is very important.** Whether or not you plan to attend the meeting, we hope you will vote as soon as possible. You may vote by mailing a completed proxy card, by telephone, or over the Internet. Voting your proxy will ensure your representation at the Annual Meeting.

The meeting will begin at 10:00 a.m. I hope you will come early and join your friends for light refreshments at 9:30 a.m.

Sincerely,

William G. Smith, Jr.
Chairman, President,
and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREOWNERS

BUSINESS

- (1) Vote on four Class III nominees for election to the Board of Directors;
 - (2) Ask for ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year; and
 - (3) Transact other business properly coming before the meeting or any postponement or adjournment of the meeting.
-

DOCUMENTS

The Proxy Statement, proxy card, and Capital City Bank Group Annual Report are included in this mailing.

RECORD DATE

Shareowners owning Capital City Bank Group shares at the close of business on February 27, 2009, are entitled to notice of, attend, and vote at the meeting. A list of these shareowners will be available at the Annual Meeting and for 10 days before the Annual Meeting between the hours of 9:00 a.m. and 5:00 p.m., at our principal executive offices at 217 North Monroe Street, Tallahassee, Florida 32301.

TIME

10:00 a.m., Eastern Time, April 21, 2009

PLACE

University Center Club
Building B, Floor 3
University Center
Florida State University
Tallahassee, Florida

VOTING

Even if you plan to attend the meeting in Tallahassee, Florida, please provide us your voting instructions in one of the following ways as soon as possible:

- (1) Internet use the Internet address on the proxy card;
- (2) Telephone use the toll-free number on the proxy card; or
- (3) Mail mark, sign, and date the proxy card and return in the enclosed postage-paid envelope.

By Order of the Board of Directors

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J. Kimbrough Davis
Executive Vice President, Chief Financial Officer,
and Corporate Secretary
Tallahassee, Florida
March 27, 2009

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be Held on April 21, 2009. The Proxy Statement and the Annual Report are available at:
www.snl.com/irweblink/corporateprofile.aspx?iid=100774

PROXY STATEMENT GENERAL INFORMATION

Why am I receiving this Proxy Statement and proxy card?

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Capital City Bank Group, Inc., a Florida corporation, of proxies to be voted at our 2009 Annual Meeting of Shareowners and at any adjournments or postponements of this Annual Meeting.

We will hold our 2009 Annual Meeting at 10:00 a.m., Eastern Time, Tuesday, April 21, 2009, at the University Center Club, Building B, Floor 3, University Center, Florida State University, Tallahassee, Florida.

We are providing this Proxy Statement and the proxy card to our shareowners on or about March 27, 2009.

At Capital City, and in this Proxy Statement, we refer to our employees as associates. Also in the Proxy Statement, we refer to Capital City as the Company, we, or us and to the 2009 Annual Meeting as the Annual Meeting.

What is being voted upon?

You are being asked to vote on four Class III nominees for election to the Board of Directors and to ratify our appointment of Ernst & Young LLP as our independent registered public accounting firm for 2009. The proposals to be considered will not create appraisal or dissenters rights.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares FOR each of the nominees for election to the Board and FOR the ratification of the appointment of our independent registered public accounting firm.

Could other matters be decided at the Annual Meeting?

We are not aware of any matters to be presented at the Annual Meeting other than those referred to in this Proxy Statement. If other matters are properly presented at the Annual Meeting, the holders of the proxies (those persons named on your proxy card) will have the discretion to vote on those matters for you.

Who can vote?

All shareowners of record at the close of business on the record date of February 27, 2009 are entitled to receive these proxy materials. On that date, there were 17,143,630 shares of our common stock outstanding and entitled to vote, and these shares were held of record by approximately 1,756 shareowners.

How much does each share count?

Each share counts as one vote. For the proposals scheduled to be voted upon at the Annual Meeting, withheld votes on directors, abstentions, and shares held by a broker that the broker fails to vote are all counted to determine a quorum, but are not counted for or against the matters being considered; however, pursuant to a recent amendment to our Bylaws, if a director nominee in an uncontested election does not receive at least a majority of the votes cast at any meeting for the election of directors at which a quorum is present, the director must tender his or her resignation to the Board, as more particularly described under the heading Corporate Governance-Director Elections. There is no cumulative voting.

How many votes are required to have a quorum?

In order for us to conduct the Annual Meeting, a majority of the shares entitled to vote must be present in person or by proxy.

How many votes are required to elect directors and to ratify Ernst & Young's appointment?

Directors are elected by a plurality of the votes cast. Plurality means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors who are nominated to be elected at the meeting. At our Annual Meeting, the maximum number of directors to be elected is four. Although our directors are elected by plurality, we have recently amended our Bylaws such that if a director nominee in an uncontested election does not receive at least a majority of the votes cast at any meeting for the election of directors at which a quorum is present, the director must tender his or her resignation to the Board.

Ernst & Young's appointment will be ratified if the affirmative votes cast by the shareowners present, or represented, at the Annual Meeting and entitled to vote on the matter exceed the votes cast in opposition.

What is the difference between holding shares as a shareowner of record and as a beneficial owner?

Many of our shareowners hold their shares through a broker, trustee or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those shares owned beneficially.

Shareowner of Record. If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, the shareowner of record. As the shareowner of record, you have the right to grant your voting proxy directly to us or to a third party, or to vote in person at the Annual Meeting.

Beneficial Owner. If your shares are held in a brokerage account, by a trustee or by another nominee, you are considered the beneficial owner of those shares. As the beneficial owner of those shares, you have the right to direct your broker, trustee, or nominee how to vote and you also are invited to attend the Annual Meeting. However, because a beneficial owner is not the shareowner of record, you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting.

How do I vote my shares in person at the Annual Meeting?

Shares held in your name as the shareowner of record may be voted in person at the Annual Meeting. Shares for which you are the beneficial owner but not the shareowner of record may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, trustee, or other nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you vote by proxy as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

The vote you cast in person will supersede any previous votes that you submitted, whether by Internet, phone, or mail.

How can I vote my shares without attending the Annual Meeting?

Whether you hold shares directly as a shareowner of record or through a broker, trustee, or other nominee, you may direct how your shares are voted without attending the Annual Meeting. You may give voting instructions by the Internet, by telephone, or by mail. Instructions are on the proxy card. The appropriate individuals named on the

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enclosed proxy card will vote all properly executed proxies that are delivered in response to this solicitation, and not later revoked, in accordance with the instructions given by you.

How will my voting instructions be treated?

If you provide specific voting instructions, your shares will be voted as instructed.

If you hold shares as the shareowner of record and sign and return a proxy card or vote by telephone or Internet without giving specific voting instructions, then your shares will be voted as recommended by our Board of Directors.

If you are the beneficial owner of shares held through a broker, trustee, or other nominee, and you do not give instructions to that nominee on how you want your shares voted, then generally your nominee can vote your shares on certain routine matters. At our Annual Meeting, both Proposals 1 and 2 are considered routine, which means that your broker, trustee, or other nominee can vote your shares on these proposals if you do not timely provide instructions to vote your shares.

If you are the beneficial owner of shares held through a broker, trustee, or other nominee, and that nominee does not have discretion to vote your shares on a particular proposal and you do not give your broker instructions on how to vote your shares, then the votes will be considered broker non-votes. A broker non-vote will be treated as unvoted for purposes of determining approval for the proposal and will have the effect of neither a vote for nor a vote against the proposal.

What is the deadline for voting my shares?

If you hold shares as the shareowner of record, then your vote by proxy must be received before 11:59 p.m., Eastern Time, on April 20, 2009 (the day before the Annual Meeting).

If you are the beneficial owner of shares held through a broker, trustee, or other nominee, please follow the instructions provided by your broker, trustee, or other nominee.

Can I change my vote?

Yes, you may revoke your proxy by submitting a later proxy or by written request received by our corporate secretary before the Annual Meeting. You may also revoke your proxy at the Annual Meeting and vote in person.

Who pays for soliciting proxies?

Proxies will be solicited from our shareowners by mail. We will pay all expenses in connection with the solicitation, including postage, printing and handling, and the expenses incurred by brokers, custodians, nominees and fiduciaries in forwarding proxy material to beneficial owners. We may employ a proxy solicitation firm to solicit proxies in connection with the Annual Meeting, and we estimate that the fee payable for such services would be less than \$10,000. It is possible that our directors, officers and other employees may make further solicitations personally or by telephone, facsimile, or mail. Our directors, officers and other employees will receive no additional compensation for any such further solicitations.

What does it mean if I get more than one proxy card?

You will receive a proxy card for each account you have. Please vote proxies for all accounts to ensure that all your shares are voted.

Where can I find voting results of the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting and publish final voting results in our quarterly report on Form 10-Q for our quarter ended June 30, 2009 or, if we elect, in an earlier filed Form 8-K.

CORPORATE GOVERNANCE

GOVERNING PRINCIPLES

We are a financial holding company managed by a core group of officers and governed by a Board of Directors. We are committed to maintaining a business atmosphere where only the highest ethical standards and integrity prevail. An unwavering adherence to high ethical standards provides a strong foundation on which our business and reputation can thrive, and is integral to creating and sustaining a successful, high-caliber company.

INDEPENDENT DIRECTORS

Our common stock is listed on the NASDAQ Global Select Market. NASDAQ requires that a majority of our directors be independent, as defined by NASDAQ's rules. Generally, a director does not qualify as an independent director if the director or a member of a director's immediate family has had in the past three years certain relationships or affiliations with us, our external or internal auditors, or other companies that do business with us. Our Board has affirmatively determined that a majority of our directors are independent directors under the categorical guidelines our Board has adopted, which includes all objective standards of independence set forth in the NASDAQ rules. The categorical independence standards adopted by our Board are posted to the Corporate Governance section of our website, www.ccbg.com. Based on these standards, our Board determined that our independent directors include the following current directors and nominees for director: DuBose Ausley, Frederick Carroll, III, Cader B. Cox, III, J. Everitt Drew, John K. Humphress, Lina S. Knox, and Henry Lewis III. Ruth A. Knox, who resigned from our Board of Directors in 2008, was also determined to be independent.

CORPORATE GOVERNANCE GUIDELINES

The Board has adopted Corporate Governance Guidelines that give effect to the NASDAQ corporate governance listing standards and various other corporate governance matters.

INDEPENDENT DIRECTOR MEETINGS IN EXECUTIVE SESSIONS

Our independent directors have established a policy to meet separately from the other directors in regularly scheduled executive sessions at least twice annually, and at such other times as may be deemed appropriate by our independent directors. Any independent director may call an executive session of independent directors at any time. In 2008, the independent directors met in an executive session 11 times.

LEAD DIRECTOR

The independent directors of our Board of Directors annually elect an independent director to serve in a lead capacity. Although annually elected, the lead director is generally expected to serve for more than one year.

Mr. Drew serves as our lead director. The lead director's duties, which are listed in a Board approved charter, include presiding at all meetings of the Board at which the Chairman is not present, calling meetings of the independent directors, coordinating with the Chairman the planning of meeting agenda items, and serving as an independent point of contact for shareowners wishing to communicate with the Board other than through the Chairman. We have posted all of the lead director duties on our website, www.ccbg.com.

SHAREOWNER COMMUNICATIONS

Our Corporate Governance Guidelines provide for a process by which shareowners

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may communicate with the Board, a Board committee, the independent directors as a group, or individual directors. Shareowners who wish to communicate with the Board, a Board committee, or any other directors or individual directors may do so by sending written communications addressed to the Board of Directors of Capital City Bank Group, a Board committee, or such group of directors or individual directors:

Capital City Bank Group, Inc.
c/o Corporate Secretary
217 North Monroe Street
Tallahassee, Florida 32301

Communications will be compiled by our Corporate Secretary and submitted to the Board, a committee of the Board, or the appropriate group of directors or individual directors, as appropriate, at the next regular meeting of the Board. The Board has requested that the Corporate Secretary submit to the Board all communications received, excluding those items that are not related to board duties and responsibilities, such as: mass mailings; job inquiries and resumes; and advertisements, solicitations, and surveys.

CODES OF CONDUCT AND ETHICS

The Board has adopted Codes of Conduct applicable to all directors, officers, and associates, and a Code of Ethics applicable to our Chief Executive Officer and our financial and accounting officers, all of which are available, without charge, upon written request to:

Capital City Bank Group, Inc.
c/o Corporate Secretary
217 North Monroe Street
Tallahassee, Florida 32301

These codes are designed to comply with NASDAQ and U.S. Securities and Exchange Commission requirements.

BOARD AND COMMITTEE EVALUATIONS

The Corporate Governance Committee uses written questionnaires to evaluate the Board as a whole and its committees. The evaluation process occurs annually. Directors submit completed questionnaires to the Chair of the Corporate Governance Committee, who summarizes the results without attribution. The full Board discusses the summary of the Board evaluation, and each committee discusses the summary of its own evaluation.

DIRECTOR NOMINATING PROCESS

The Nominating Committee annually reviews and makes recommendations to the full Board regarding the composition and size of the Board so that the Board consists of members with the proper expertise, skills, attributes, and personal and professional backgrounds needed by the Board, consistent with applicable NASDAQ and regulatory requirements.

The Nominating Committee believes that all directors, including nominees, should possess the highest personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of our shareowners. The Nominating Committee will consider criteria including the nominee's current or recent experience as a senior executive officer, whether the nominee is independent, as that term is defined in Rule 4200(a)(15) of the NASDAQ listing standards, the business experience currently desired on the Board, geography, the nominee's banking industry experience, and the nominee's general ability to enhance the overall composition of the Board.

Our Nominating Committee will identify nominees for directors primarily based upon suggestions from shareowners, current directors, and executives. The Chair of the Nominating Committee and at least one other member of

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the Nominating Committee will interview director candidates. The full Board will formally nominate candidates for director to be included in the slate of directors presented for shareowner vote based upon the recommendations of the Nominating Committee following this process.

DIRECTOR SERVICE ON OTHER BOARDS

Directors may not serve on more than three other Boards of public companies in addition to our Board.

SUCCESSION PLANNING

The Board plans for succession to the position of Chief Executive Officer as well as certain other senior management positions. To assist the Board, William G. Smith, Jr., our Chairman, President, and CEO annually provides the Board with an assessment of senior managers and of their potential to succeed him. He also provides the Board with an assessment of persons considered potential successors to certain senior management positions. The Nominating Committee and our independent directors in an executive session annually review this updated assessment. In addition, the Board interviews members of senior management who are potential successors to our executive management.

CHANGE IN DIRECTOR OCCUPATION

A director whose principal occupation or business association changes substantially during the director's tenure must tender a resignation for consideration by the Nominating Committee. The Nominating Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

DIRECTOR ELECTIONS

Our Bylaws provide that in an uncontested election, if a nominee for director does not receive the vote of at least the majority of the votes cast at any meeting for the election of directors at which a quorum is present, then the director will promptly tender his or her resignation to the Board of Directors. The Nominating Committee will make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors will act on the tendered resignation and publicly disclose its decision and the rationale behind the decision within 90 days from the date of the certification of the election results. If a director's resignation is not accepted by the Board of Directors, then such director will continue to serve until the next annual meeting for the year in which his or her term expires and until his or her successor is duly elected, or his or her earlier resignation or removal. If a nominee's resignation is accepted by the Board of Directors, then the Board of Directors, in its sole discretion, may fill any remaining vacancy or decrease the size of the Board of Directors. To be eligible to be a nominee for election or reelection as our director, a person must deliver to our Corporate Secretary a written agreement that such person will abide by these requirements.

BOARD AND COMMITTEE MEMBERSHIP

BOARD OF DIRECTORS

Our Board of Directors oversees our business, property, and affairs pursuant to the Florida Business Corporation Act and our Articles of Incorporation and Bylaws. Members of our Board are kept informed of our business through discussions with our senior management team, by reviewing materials provided to them, and by participating in Board and Committee meetings.

Our Board met 13 times in 2008. All of our directors attended at least 75 percent of the total aggregate number of Board and Committee meetings on which they served.

We expect all directors to attend our Annual Meeting. All directors, who were directors at the time of our Annual Meeting in 2008, attended the Annual Meeting.

COMMITTEES OF THE BOARD

Our Board of Directors has four standing committees: Audit, Compensation, Corporate Governance, and Nominating. The Board has adopted written charters for each of its four standing committees. The Audit, Compensation, Corporate Governance, and Nominating Committee charters are published on the Corporate Governance section of our website at www.ccbg.com. The Board has determined that all members of the Audit, Compensation, Corporate Governance, and Nominating Committees are independent as that term is defined under applicable NASDAQ and Securities and Exchange Commission rules. As of January 1, 2009, the committee composition was as follows:

Name	Audit	Compensation	Corporate Governance	Nominating
DuBose Ausley		X	X	
Thomas A. Barron				
Frederick Carroll, III*	Chair			
Cader B. Cox, III		Chair		X
J. Everitt Drew*	X	X		
John K. Humphress*	X		Chair	
L. McGrath Keen, Jr.				
Lina S. Knox			X	X
Henry Lewis III	X			Chair
William G. Smith, Jr.**				

* Qualifies as a financial expert

** Chairman of the Board of Directors

Audit Committee

The Audit Committee met 13 times in 2008. Our Board has determined that Frederick Carroll, III, Chairman of the Audit Committee, John K. Humphress, and J. Everitt Drew are each an audit committee financial expert as defined by the Securities and Exchange Commission.

Management has the primary responsibility for our financial statements and reporting process, including the systems of internal controls and reporting. Our independent auditors are responsible for performing an independent audit of our consolidated financial statements in accordance with U.S. generally accepted auditing standards, issuing a report thereon, and annually opining on the

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effectiveness of our internal control over financial reporting. The Audit Committee monitors the integrity of our financial reporting process, system of internal controls, and the independence and performance of our independent and internal auditors.

In addition, the Audit Committee: (a) monitors and reviews our compliance with Section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991 and reviews regulatory reports; (b) reviews independent auditors' report on our financial statements, significant changes in accounting principles and practices, significant proposed adjustments, and any unresolved disagreements with management concerning accounting or disclosure matters; and (c) recommends independent auditors and reviews their independence and qualifications, services, fees, and the scope and timing of audits.

Compensation Committee

The Compensation Committee met eight times in 2008. The Compensation Committee: (a) reviews and approves corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluates the performance of the Chief Executive Officer in light of those goals and objectives, and sets the Chief Executive Officer's base salary, short-term incentive compensation, and long-term incentive compensation based on this evaluation; (b) reviews and approves base salary, short-term incentive compensation, and long-term incentive compensation of our executive officers; (c) reviews the compensation of our senior management team other than our executive officers; (d) reviews and approves benefits, including retirement benefits and perquisites of our executive officers; (e) reviews and approves employment agreements, severance agreements, and change-in-control agreements for executive officers; (f) evaluates and recommends the appropriate level of director compensation, including compensation for service as a member or chair of a Board committee; and (g) establishes and reviews stock ownership guidelines for directors and executive officers.

Nominating Committee

The Nominating Committee met twice in 2008. The Nominating Committee: (a) develops and reviews background information for candidates for the Board of Directors, including candidates recommended by shareowners, and makes recommendations to the Board of Directors about these candidates; (b) evaluates the performance of current Board members proposed for reelection; (c) recommends to the Board for approval a slate of nominees for election to the Board; (d) reviews all candidates for nomination submitted by shareowners; and (e) develops plans for our managerial succession.

Corporate Governance Committee

The Corporate Governance Committee met twice in 2008. The Corporate Governance Committee: (a) develops, implements, and monitors policies and practices relating to corporate governance; (b) coordinates director orientation and appropriate continuing education programs for directors; (c) oversees the annual self-assessment of the Board and Board Committees; and (d) reviews all shareowner proposals.

DIRECTORS COMPENSATION

COMPENSATION ELEMENTS

We currently have seven non-associate directors who qualify for compensation for Board service. The elements of compensation include:

Cash Compensation

Basic Annual Retainer. The basic annual retainer is \$12,000. There has been no change since 2006.

Audit Committee. Members of the Audit Committee receive an annual fee of \$6,000 and the chairman of the Audit Committee receives an annual chairman fee of \$6,000. There has been no change since 2006.

Compensation Committee. Members of the Compensation Committee receive an annual fee of \$4,000 and the chairman of the Compensation Committee receives an annual chairman fee of \$4,000. There has been no change since 2006.

Nominating Committee. Members of the Nominating Committee receive an annual fee of \$2,000 and the chairman of the Nominating Committee receives an annual chairman fee of \$2,000. There has been no change since 2006.

Corporate Governance Committee. Members of the Corporate Governance Committee receive an annual fee of \$2,000 and the chairman of the Corporate Governance Committee receives an annual chairman fee of \$2,000. There has been no change since 2006.

Lead Outside Director Annual Fee. The Lead Outside Director receives an annual fee of \$2,000. There has been no change since 2006.

Board Meeting Fees. Directors receive \$750 for each board meeting attended. There has been no change since 2006.

Equity Compensation

Quarterly Stock Grant. As part of annual director compensation, each director who participates in our Director Stock Purchase Plan earns 100 shares of our common stock per quarter, price based on the closing price of our common stock on the NASDAQ as determined on the last stock trading day of the quarter. Directors not participating in our Director Stock Purchase Plan receive all 400 shares each January in the year following the year for which service relates based on the average of the high and low prices of the shares of our common stock on the NASDAQ for the last 10 trading days of the previous year.

Director Stock Purchase Plan. Directors are also permitted to purchase shares of common stock at a 10% discount from fair market value under the Director Stock Purchase Plan. This Plan had 93,750 shares of common stock authorized for issuance. During 2008, 12,459 shares were purchased. As of December 31, 2008, there were 53,750 shares of common stock available for issuance. Purchases under this Plan were not permitted to exceed the annual retainer and committee and meeting fees received. Our shareowners adopted the Director Stock Purchase Plan at our 2004 Annual Meeting.

Perquisites and Other Personal Benefits

We provide directors with perquisites and other personal benefits that we believe are reasonable, competitive and consistent with our overall director compensation program. The value of the perquisites for each director in the aggregate is less than \$10,000.

DIRECTOR COMPENSATION TABLE

The following table sets forth a summary of the compensation we paid to our directors, other than directors who are also executive officers, in 2008:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$ ⁽¹⁾)	All Other Compensation ⁽²⁾ (\$)	Total (\$)
DuBose Ausley	\$ 27,750	\$ 9,095	\$ 0	\$ 36,845
Frederick Carroll, III	33,000	9,661	0	42,661
Cader B. Cox, III	33,000	9,661	2,500	45,161
J. Everitt Drew	33,750	9,095	0	42,845
John K. Humphress	31,750	9,095	0	40,845
L. McGrath Keen, Jr. ⁽³⁾	0	0	0	0
Lina S. Knox	25,750	9,095	0	34,845
Ruth A. Knox ⁽⁴⁾	12,000	4,822	0	16,822
Henry Lewis III	29,750	9,661	0	39,411

- (1) We pay each non-employee director an annual stock grant of 400 shares of our common stock, issued under our Director Stock Purchase Plan. Under the terms of the Director Stock Purchase Plan, each non-employee director has the opportunity to participate in the Director Stock Purchase Plan under two separate options. The first option, Option A, permits non-employee directors to make an election (Option A Participants) each January indicating the dollar amount of his or her annual retainer and fees received from serving as a director in the preceding year which he or she would like to be applied to the purchase of shares of our common stock. The second option, Option B, permits non-employee directors to make an election (Option B Participants) each December indicating the percentage of his or her annual retainer and fees to be received from serving as a director in the upcoming year which he or she would like to be applied to the purchase of shares of Common Stock. Option A Participants receive their annual stock grant each January for the preceding year's service as director. In 2008, the fair value at time of grant for the Option A Participants was \$22.74. Option B Participants will receive their annual stock grant in four equal quarterly installments during the year to which the non-employee director's service relates. The fair value at the time of grant for the Option B Participants was \$24.22, \$24.08, \$21.81 and \$26.59. Messrs. Drew, Humphress, and Ausley and Ms. Lina Knox are Option A Participants, and therefore did not receive their stock grants in 2008. Instead, these directors received their stock grants in January 2009. The amounts recognized in the fiscal year for financial statement reporting purposes in accordance with Statement of Financial Accounting Standards 123, as revised (SFAS 123(R)) is the same as the amount reported in this column.
- (2) The amounts in this column represent director fees paid to the director for serving as directors for certain subsidiaries of ours.
- (3) Mr. Keen has been employed by Capital City Bank since the acquisition of Farmers and Merchants Bank of Dublin, Georgia, in October 2004. As our associate, Mr. Keen receives a base salary, and may receive other benefits that our associates receive, such as pension benefits. He received no compensation for his board service in 2008.
- (4) Ms. Knox resigned from the Board in June 2008.

STOCK OWNERSHIP EXPECTATIONS

We maintain stock ownership guidelines for all independent directors. Under our current guidelines, all independent directors are expected to own our common stock equal in value to 10 times their annual director compensation at the time they were elected. Directors have 10 years from the date they are first appointed or elected to our Board to meet the stock ownership requirement. The Compensation Committee has determined that as of December 31, 2008, all directors have met our share ownership expectations or are on track to meet the ownership expectations within the stated time period of 10 years from date of appointment or election.

PROPOSAL NO. 1 NOMINEES FOR ELECTION AS DIRECTORS

ELECTION OF DIRECTORS

The Board of Directors is divided into three classes, designated Class I, Class II, and Class III. The directors in each class are elected for terms of three years or until their successors are duly qualified and elected. At the Annual Meeting, the shareowners will elect four Class III directors. The Board of Directors proposes the following four nominees for election as directors at the Annual Meeting. The individuals named on the enclosed proxy card will vote, unless instructed otherwise, each properly delivered proxy for the election of the following nominees as directors.

If a nominee is unable to serve, the shares represented by all valid proxies that have not been revoked will be voted for the election of a substitute as the Board of Directors may recommend, or the Board of Directors may by resolution reduce the size of the Board of Directors to eliminate the resulting vacancy. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve.

The Board of Directors has been set at 10 members. If all four director nominees are elected, the Board of Directors will have no vacancies.

Majority Vote Standard for Election of Directors. Our Bylaws require that each director be elected by a plurality of votes cast with respect to such director in uncontested elections. Our Bylaws, however, also provide that in an uncontested election, if a nominee for director does not receive the vote of at least the majority of the votes cast at any meeting for the election of directors at which a quorum is present, the director will promptly tender his or her resignation to the Board of Directors. In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors would be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. Whether an election is contested or not is determined as of a date that is the day immediately preceding the date we first mail our notice of meeting for such meeting to the shareowners; this year's election was determined to be an uncontested election, and the majority vote standard will apply.

NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2012

DuBOSE AUSLEY

Mr. Ausley, 71, has been a director since 1982, and was our Chairman from 1982 until 2003. He is employed by the law firm of Ausley & McMullen and was Chairman of this firm and its predecessor for more than 20 years until 2002. Since 1992, he has served as a director of TECO Energy, Inc. In addition, Mr. Ausley has served as a director of Huron Consulting Group, Inc. since 2004 and a director of Blue Cross and Blue Shield of Florida, Inc. from 1982 to September 2008, and continues to serve as a director of Capital Health Plan, an affiliate of Blue Cross and Blue Shield of Florida, Inc.

FREDERICK CARROLL, III

Mr. Carroll, 58, has been a director since 2003. Since 1990, he has been the Managing Partner of Carroll and Company, CPAs, an accounting firm specializing in tax and audit based in Tallahassee, Florida.

JOHN K. HUMPHRESS

Mr. Humphress, 60, has been a director since 1994. Since 1973, he has been a shareholder of a public accounting firm, Wadsworth, Humphress, Hollar, & Konrad, P.A. (and its predecessors).

HENRY LEWIS III

Dr. Lewis, 59, has been a director since 2003. He has been Professor and Dean of the College of Pharmacy and Pharmaceutical Sciences at Florida A&M University since 1994. He served as Interim President of the University in 2002. Prior to Dr. Lewis' appointment to these positions, he served as Dean of the College of Pharmacy and Health Sciences at Texas Southern University from 1990 to 1994.

*The Board of Directors unanimously recommends a vote **FOR** the nominees.*

CONTINUING DIRECTORS AND EXECUTIVE OFFICERS

CONTINUING CLASS I DIRECTORS (Term expiring in 2010)

CADER B. COX, III

Mr. Cox, 59, has been a director since 1994. From 1976 to May 2006, he has served as President, and since May 2006, he has served as CEO of Riverview Plantation, Inc., a resort and agricultural company.

L. McGRATH KEEN, JR.

Mr. Keen, 55, has been a director since 2004. He served as President (2000-2004) and director (1980-2004) of Farmers and Merchants Bank of Dublin, Georgia, prior to its merger with us. He was a principal shareowner of Farmers and Merchants Bank at the time of the merger. Since 2004, Mr. Keen has served as an associate of Capital City Bank.

WILLIAM G. SMITH, JR.

Mr. Smith, 55, has been a director since 1982. He currently serves as Chairman, President, and Chief Executive Officer. He was elected Chairman in 2003 and has been President and Chief Executive Officer since 1995. Mr. Smith currently serves as Chairman of Capital City Bank, a position he has held since 1995. Mr. Smith has served as a director of Southern Company since February 2006. Mr. Smith is the first cousin of Lina S. Knox.

CONTINUING CLASS II DIRECTORS (Term expiring in 2011)

THOMAS A. BARRON

Mr. Barron, 56, has been a director since 1982. He is our Treasurer and was appointed President of Capital City Bank in 1995.

J. EVERITT DREW

Mr. Drew, 53, has been a director since 2003. From 2000 through January 2007, he was President of St. Joe Land Company where his duties included overseeing the sale and development efforts of several thousand acres of St. Joe property in northwest Florida and southwest Georgia. Since January 2007, Mr. Drew has been President of SouthGroup Equities, Inc., a private real estate investment and development company.

LINA S. KNOX

Ms. Knox, 64, has been a director since 1998. She is a dedicated community volunteer. Ms. Knox is the first cousin of Mr. Smith.

NON-DIRECTOR EXECUTIVE OFFICER

J. KIMBROUGH DAVIS

Mr. Davis, 55, was appointed our Executive Vice President and Chief Financial Officer in 1997. He served as Senior Vice President and Chief Financial Officer from 1991 to 1997. In 1998, he was appointed Executive Vice President and Chief Financial Officer of Capital City Bank.

SHARE OWNERSHIP

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and parties owning beneficially more than 10% of our common stock, to file reports with the U.S. Securities and Exchange Commission to reflect their interests in our common stock. Copies of these reports must be furnished to us.

Based solely upon on a review of these reports received by us for 2008 and any written representations from reporting persons, we believe that during 2008 each required Section 16(a) report for 2008 was filed on time.

SHARE OWNERSHIP TABLE

The following table sets forth information, as of February 27, 2009, with respect to the number of shares of our common stock beneficially owned by our directors, executive officers named in the Summary Compensation Table, and all executive officers and directors as a group. The following table also provides information with respect to each person known by us to beneficially own more than 5% of our common stock.

As of February 27, 2009, there were 17,143,630 shares of our common stock outstanding.

Name	Shares Beneficially Owned ⁽¹⁾	Percentage of Outstanding Shares Owned ⁽²⁾
DuBose Ausley	627,755 ⁽³⁾	3.66%
Thomas A. Barron	289,726 ⁽⁴⁾	1.69%
Frederick Carroll, III	8,306	*
Cader B. Cox, III	49,858 ⁽⁵⁾	*
J. Kimbrough Davis	63,925 ⁽⁶⁾	*
J. Everitt Drew	13,449 ⁽⁷⁾	*
John K. Humphress	136,167 ⁽⁸⁾	*
L. McGrath Keen, Jr.	375,927 ⁽⁹⁾	2.19%
Lina S. Knox ⁽¹⁰⁾	68,963 ⁽¹¹⁾	*
Henry Lewis III	6,350	*
Robert H. Smith ⁽¹⁰⁾ Post Office Box 30935, Sea Island, Georgia 31561	3,293,683 ⁽¹²⁾	19.21%
William G. Smith, Jr. ⁽¹⁰⁾ Post Office Box 11248, Tallahassee, Florida 32302	3,558,190 ⁽¹³⁾	20.68%
All Directors and Executive Officers as a Group (11 Persons) (Please refer to the footnotes on the following page.)	5,198,616	30.32%

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1. For purposes of this table, a person is deemed to be the beneficial owner of any shares of common stock if he or she has or shares voting or investment power with respect to the shares or has a right to acquire beneficial ownership at any time within 60 days from the record date. Voting power is the power to vote or direct the voting of shares and investment power is the power to dispose or direct the disposition of shares.
2. An asterisk in this column means that the respective director or executive officer is the beneficial owner of less than 1% of our common stock.
3. Includes (i) 285,431 shares held in trust under which Mr. Ausley serves as trustee and has sole voting and investment power; and (ii) 12,500 shares owned by Mr. Ausley's wife, of which he disclaims beneficial ownership. Of the shares of common stock beneficially owned by Mr. Ausley, 125,000 shares are pledged as security.
4. Includes (i) 50,031 shares held in trusts under which Mr. Barron serves as trustee; (ii) 716 shares for which Mr. Barron has power of attorney and may be deemed to be a beneficial owner; and (iii) 28,906 shares owned by Mr. Barron's wife, of which he disclaims beneficial ownership. Of the shares of our common stock beneficially owned by Mr. Barron, 210,073 shares are pledged as security.