ACUITY BRANDS INC
Form 4
November 03, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
NAGEL VERNON J

(Last) (First) (Middle)

C/O ACUITY BRANDS, INC., 1170 PEACHTREE STREET, NESUITE 2400

(Street)

ATLANTA, GA 30309

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ACUITY BRANDS INC [AYI]

3. Date of Earliest Transaction (Month/Day/Year)
11/02/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman, President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock (1)	11/02/2009		F		5,091	D	$ 31.63	220,592 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NAGEL VERNON J C/O ACUITY BRANDS, INC. 1170 PEACHTREE STREET, NESUITE 2400 ATLANTA, GA 30309	X		Chairman, President and CEO	

Signatures

Vernon J. Nagel	11/03/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The transaction(s) being reported relate(s) to the vesting of restricted stock held by the reporting person.

(2) The total direct shares owned includes 120,600 time-vesting restricted shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ion dated from non-public companies. Company performance can be gathered from financial institution call reports for public and non-public financial institutions. However, many of the institutions represented on the compensation peer group are included in the company performance peer group.

Financial Institutions

Ameris Bancorp	BancTrust Financial	Bank of the Ozarks
Bank of Florida Corp.	Cadence Financial Corp.	Cardinal Financial Corp.
CenterState Banks of Florida, Inc	City Holding Company	Fidelity Southern Corp.
First Bancorp	First Community Bancshares, Inc.	First M & F Corp.
Florida Community Banks, Inc.	FNB United Corp.	Gateway Financial Holdings
Green Bankshares, Inc.	NewBridge BancCorporation	Renasant Corporation
SCBT Financial Corp.	Seacoast Banking Corp.	Security Bank Corp.
Simmons First National Corp.	StellerOne Corp.	SunAmerican Bancorp.

TIB Financial Corp.	TowneBank Virginia Commerce Bancorp	Union Bankshares Corp.

Discussion of Specific Compensation Elements

Base Salary. In 2008, we granted annual base salary increases to our named executive officers based on performance and standing as relative to established compensation guidelines of 60th percentile for base salary and 75th percentile for total direct compensation. Beginning in 2009, we have revised our guideline for base salary to 50th percentile. We chose these percentiles based on our philosophy that these levels will attract and retain the talent necessary to achieve performance goals. Base salaries for the named executive officers are determined by assessing available competitive market data by position and the experience and performance of the individual. In 2008, Mr. Smith s base compensation was significantly below the 60th percentile. His increase of 3% as well as his low base compensation is not necessarily reflective of his performance or experience level. It has been historically low and the Compensation Committee has placed great emphasis on bringing Mr. Smith s base salary in line with the stated objective. Mr. Barron s and Mr. Davis s base salaries were at the 60th percentile for their respective positions.

Short-term Incentives. The Compensation Committee believes a competitive compensation package will include cash bonus and equity awards. The equity component creates ownership in the Company and focuses attention on the Company s performance. The Compensation Committee believes incentive compensation (both short-term and long-term) equal to or greater than 30% of compensation is sufficient to change behaviors relative to performance. As a result, we believe our total incentive-based compensation of 30% of total compensation is appropriate.

Profit Participation Plan. Under our Profit Participation Plan, each named executive officer has the opportunity to earn annual cash bonuses. These cash bonuses are based solely on whether we achieve a target earnings per share (EPS). The Compensation Committee selected EPS as the goal based on a perceived correlation of EPS to overall stock performance. EPS goals are set at the beginning of the year, based on the budget as recommended by management and approved by the Board of Directors. In 2008, no bonuses would be paid if our actual EPS was 75% or less of the targeted EPS. Bonuses ranging from 4% to 200% of a specified target award are paid to named executive officers if our actual EPS was between 75% and 125% of targeted EPS of $1.56.

In 2008, nine associates, including the named executive officers, participated in the profit participation plan.

In 2008, the target awards for the Executive Officers were $225,000 for Mr. Smith, $190,000 for Mr. Barron, and $75,000 for Mr. Davis. The target awards for cash incentive are set relative to each executive s cash compensation against the peer group. Mr. Smith s base and cash incentive placed him below the 75th percentile for total cash compensation. Mr. Barron s and Mr. Davis s base and cash incentive placed them at the 75th percentile for total cash compensation, relative to their respective peer groups.

In 2008, EPS was $0.89, resulting in no payout. In 2007, the payout was 50.9% of target, and in 2006, the payout was 90.77% of target. The Compensation Committee has discretion to increase or decrease awards but has no plans to exercise this discretion.

Stock-Based Incentive Plan. The Stock-Based Incentive Plan is a performance-based equity bonus plan in which selected members of management, including all named executive officers, are eligible to participate. The Stock-Based Incentive Plan is administered under our 2005 Associate Incentive Plan.

The Stock-Based Incentive Plan consists of performance shares, as well as a tax supplement bonus paid in cash, and is designed to align the economic interests of management with that of our shareowners.

Under the Stock-Based Incentive Plan, all participants are eligible to earn an equity award tied to the seven key financial indicators expense management (15%), non-performing assets (14%), net charge-offs (14%), loan growth (14%), deposit growth (14%), operating revenue growth (14%) and EPS (15%). The Compensation Committee approved predetermined targets for each category, based on a Board-approved budget. Payouts under the plan range from 0% to 200%. Participants may receive a payout even if only one targeted category is achieved.

In 2008, the named executive officers were eligible to receive the following shares:

Name	100% Payout	Maximum Payout	2008 Actual Payout
William G. Smith, Jr.	2,050	4,100	594
Thomas A. Barron	1,410	2,820	409
J. Kimbrough Davis	1,376	2,752	399

The total economic value of the award for each executive officer is set as a percentage of base salary. The total economic value of the award includes the value of eligible shares at 100% payout and an estimated tax supplement bonus of 31% of the value of the performance shares.

The formula uses an April 17, 2008 closing stock price of $26.53 to arrive at the number of performance shares. Mr. Smith s economic value of the award was 25% of 2008 base pay. Messrs. Barron and Davis s awards were set at 20% of base pay. The composition of the total economic value of each award is 76.32% performance share value and 23.68% tax supplement bonus. The varying amounts are a subjective judgment meant to recognize the different levels of responsibility and authority for each executive officer.

In February 2009, the Compensation Committee confirmed payment of 29% under this plan. The two measurements that were met were expense management (15%) and operating revenue growth (14%).

Performance shares earned under the Stock-Based Incentive Plan are issued in the calendar quarter following the calendar year in which the shares were earned. For the past three years, any performance shares earned were awarded in February. Participants will also receive a cash payment equal to 31% of the fair market value of the performance shares at the time of award as a tax supplement bonus. The tax supplement bonus allows the associate to retain all of the shares he/she receives, rather than having to sell a portion of the shares to satisfy any tax obligation. This supports our philosophy of ownership expectations and aligns the interest of our officers with that of the shareowner.

Long term Incentives.

Long-term Incentive Plan Compound Annual Growth Rate in Diluted EPS. In January 2007, the Compensation Committee entered into an agreement with Mr. Smith to award Performance Share Units as provided in the 2005 Associate Incentive Plan. Under the agreement, we agreed to award Performance Share Units with an economic value equivalent ranging from $0-$500,000, including a 31% tax supplement bonus. The target award of $250,000 is based on 10% compound annual growth rate in diluted earnings per share over a three-year period, with a phased in approach in years 2007 and 2008.

No award is earned if actual performance is below a 7.5% Compound Annual Growth Rate in Diluted Earnings Per Share, the minimum performance level. A maximum award of $500,000 is earned if the Compound Annual Growth Rate in Diluted Earnings Per Share equals or exceeds 12.5%, the maximum performance level. No award was earned in 2007 or 2008.

Benefits and Perquisites.

Determining Benefit Levels. Benefit levels are reviewed periodically to ensure that the plans and programs provided are competitive and cost-effective for us, and support our human capital needs. Benefit levels are not tied to company, business area or individual performance.

Perquisites. We provide our named executive officers with perquisites that we believe are reasonable, competitive and consistent with our overall executive compensation program. The value of the perquisites for each named executive officer in the aggregate is less than $10,000.

Health, Dental, Disability and Life Insurance Coverage. The core insurance package for our named executive officers and senior management team includes health, dental, disability and basic group life insurance coverage. Our named executives and senior management participate in these benefits on the same basis as our other associates.

Paid Time-Off Benefits. We provide vacation and other paid holidays to all associates, including our named executive officers and senior management team, which are comparable to those provided at similarly sized financial institutions.

Retirement Plans. We provide retirement benefits to named executive officers and senior management through a combination of qualified (under the Internal Revenue Code) and nonqualified plans.

Retirement Plan. The Retirement Plan is a tax-qualified, noncontributory defined benefit plan intended to provide for an associate s financial security in retirement. All full-time and part-time associates with 1,000 hours of service annually are eligible for the Retirement Plan.

401(k) Plan. The 401(k) Plan provides associates the opportunity to save for retirement on a tax-favored basis. We studied the overall competitiveness of our retirement benefits package and its long-term costs. To better align the retirement benefits package with associates preferences and recruitment needs, a decision was made to change the benefit design of the Retirement Plan and the 401(k) Plan. For associates hired after January 1, 2002, the pension benefit under the Retirement Plan was reduced and a 50% matching contribution was introduced into the 401(k) Plan. This change was intended to be cost-neutral. Executives may elect to participate in the 401(k) Plan on the same basis as our other similarly situated associates. No named executive officers are currently eligible for the company-sponsored match.

Supplemental Executive Retirement Plan (SERP). Each of our named executive officers participates in our SERP, a nonqualified plan which provides benefits in excess of the Retirement Plan. The SERP is designed to restore a portion of the benefits Messrs. Smith, Barron, and Davis would otherwise receive under our Retirement Plan, if these benefits were not limited by U.S. tax laws. This more closely aligns the benefits of Messrs. Smith, Barron, and Davis with those of other Retirement Plan participants. We have no obligation to fund the SERP but accrue for our anticipated obligations under the SERP on an annual basis.

Impact of Regulatory Requirements

Tax Deductibility of Compensation. Section 162(m) of the Internal Revenue Code imposes a $1 million limit on the amount that a publicly traded company may deduct for compensation paid to an executive officer who is employed on the last day of the fiscal year. Performance-based compensation is excluded from this $1 million limitation. In general, our policy is to provide compensation that we may fully deduct for income tax purposes. However, in order to maintain ongoing flexibility of our compensation programs, our Compensation Committee may from time to time approve annual compensation that exceeds the $1 million limitation. We recognize that the loss of the tax deduction may be unavoidable under these circumstances.

Accounting for Stock-Based Compensation. In 2003, we began accounting for stock-based payments in accordance with Statement of Financial Accounting Standards 123R, *Share-Based Payment.*

Conclusion

The Compensation Committee believes the philosophy and objectives set forth have allowed us to attract and retain talent needed to deliver above average shareowner return. We believe by placing a significant portion of pay at risk, behaviors are changed and management focus is placed on strategic objectives of the company. This philosophy, along with the stock ownership expectations and current levels of ownership by our senior management, aligns the interests of management with that of shareowners. We believe our compensation philosophy and objectives have been successful in attracting and retaining qualified executives with capabilities that enable the Company to achieve or exceed its designated performance targets.

COMPENSATION COMMITTEE REPORT

We, as a Compensation Committee, have reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K included in this Proxy Statement. Based on that review and discussion, we have recommended to the Board of Directors of the Company that the Compensation Discussion and Analysis be included in this Proxy Statement.

2008 Compensation Committee:
Cader B. Cox, III, Chair
DuBose Ausley
J. Everitt Drew

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, or the Securities Exchange Act of 1934, and shall not otherwise be deemed filed under these acts.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The following non-employee directors were the members of the Compensation Committee of the Board of Directors during 2008: Cader B. Cox, III (Chairman), DuBose Ausley, and J. Everitt Drew. None of the members of the Compensation Committee was an officer or an employee of ours or any of our subsidiaries in 2008. None of the members of the Compensation Committee was ever an officer of ours except Mr. Ausley, who was our Chairman, but not our Chief Executive Officer or President, from 1982 to 2003. Mr. Ausley has not received a salary for serving as our Chairman since 1998. In addition, there were no compensation committee interlocks during 2008.

INFORMATION ABOUT EXECUTIVE COMPENSATION

Summary Compensation Table

The following summary compensation table shows compensation information for our principal executive officer, principal financial officer, and our president (the only other executive officer whose total compensation exceeded $100,000) for the fiscal year ended December 31, 2008.

We have no employment agreements with our named executive officers. None of the named executive officers were entitled to receive payments which would be characterized as Bonus payments for 2006, 2007 or 2008. Amounts listed under column (g), Non-Equity Incentive Plan Compensation are determined by the Compensation Committee at its first meeting following the year in which the compensation is earned and paid to the executives shortly after such determination is made.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)(1)**	**Option Awards ($)(2)**	**Non-Equity Incentive Plan Compensation ($)(3)**	**Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(4)**	**All Other Compensation ($)(5)**	**Total ($)**
William G. Smith, Jr.,	2008	$ 285,000	$ 0	$ 16,967	$ 0	$ 0	$ 224,437	$ 5,705	$ 532,109
Chairman, President, and	2007	275,000	0	0	125,004	114,525	326,151	552	841,232
Chief Executive Officer	2006	230,000	0	91,109	205,176	204,233	174,214	29,467	934,199
Thomas A. Barron,	2008	245,000	0	11,670		0	208,480	4,215	469,365
President, Capital City Bank	2007	236,000	0	0		96,710	208,106	1,032	541,848
	2006	220,000	0	77,290		172,463	92,660	25,057	587,470
J. Kimbrough Davis,	2008	239,000	0	11,389		0	175,870	3,657	429,916
Executive Vice President and	2007	230,000	0	0		38,175	193,720	552	462,447
Chief Financial Officer	2006	200,000	0	59,562		77,155	122,355	19,399	478,471

(1) The amounts in column (e) reflect the dollar amount recognized for financial statement reporting purposes for the respective fiscal year, in accordance with SFAS 123R of awards under our Stock-Based Incentive Plan. Thus, they may include amounts from awards granted prior to the year in which the compensation is reported in this table.

(2) The amounts in column (f) reflect the dollar amount recognized for financial statement reporting purposes for the respective fiscal year, in accordance with SFAS 123R of awards pursuant to our Stock Option Program, and thus may include amounts from awards granted prior to the year in which the compensation is reported in this table. For 2003 through 2006, under the provisions of our 2005 Associate Incentive Plan (and its predecessor), our Board of Directors approved stock option agreements for Mr. Smith. These agreements granted a non-qualified stock option award upon achieving certain annual earnings per share conditions set by the Board, subject to certain vesting requirements. The options granted under the agreements have a term of 10 years and vested at a rate of one-third on each of the first, second, and third anniversaries of the date of grant. Under the 2004 and 2003 agreements, 37,246 and 23,138 options, respectively, were issued, none of which have been exercised. The fair value of a 2004 option was $13.42, and the fair value of a 2003 option was $11.64. The exercise prices for the 2004 and 2003 options are $32.69 and $32.96, respectively. Under the 2006 and 2005 agreements, the earnings per share conditions were not met; therefore, no options were granted and no expense was recognized related to these agreements.

(3) The amounts in column (g) reflect the cash awards to the named individuals under the Cash Bonus Plan, which is discussed in further detail on page 24 under the heading Short-term Incentives. Awards were paid out at 0%, 50.9%, and 90.77% of the target awards for 2008, 2007, and 2006, respectively. Assumptions used in the calculation of these amounts are included in footnote 11 to our audited consolidated financial statements for the fiscal year ended December 31, 2008 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2009.

(4) The amounts in column (h) reflect the actuarial increase in the present value of the named executive officer s benefits under all pension plans established by us determined using the assumptions consistent with those used in our financial statements, which are discussed in further detail on page 33 under the heading Pension Benefits.

(5) The amount shown in column (i) reflects for each named executive officer: tax supplement bonus paid and life insurance premium.

Grants of Plan-Based Awards in 2008

As discussed in the Compensation Discussion and Analysis, cash bonus plan payouts, performance share units are granted only when we achieve Board-approved established levels of performance.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards		
(a) Name	Award Type	(b) Grant Date	(c) Threshold ($)	(d) Target ($)	(e) Maximum ($)	(f) Threshold (#)	(g) Target (#)	(h) Maximum (#)
William G. Smith, Jr.	Cash	N/A	$ 0	$ 225,000	$ 450,000			
Thomas A. Barron	Cash	N/A	0	190,000	380,000			
J. Kimbrough Davis	Cash	N/A	0	75,000	150,000			

Outstanding Equity Awards at Fiscal Year-End 2008

The following table provides information, for our executive officers named in the Summary Compensation Table, on stock option holdings at the end of 2008.

	Option Awards				
	Number of Securities Underlying Unexercised Options (#)				
Name	Exercisable	Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
William G. Smith, Jr.	23,138	0		$ 32.96	3/12/2014
	37,246	0		32.69	3/14/2015

Option Exercises

There were no exercises of stock options by any of our named executive officers during the 2008 fiscal year.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The amount of compensation (if any) that is payable to our named executive officers upon termination of employment depends on the nature and circumstances under which employment is ended.

Change in Control

In the event of a change in control, our named executive officers will be credited with an additional two years of credited service for purposes of computation of retirement benefits payable under the SERP. Accrued benefits based upon normal retirement are payable to the named executive officer upon a change in control. A change in control under the SERP means the sale of substantially all of our assets, a change in share ownership of greater than 50% within a 24-month period, or any other determination of change in control made by our Board of Directors.

In the event of a change in control, our named executive officers would not receive any additional benefit under the qualified Retirement Plan but would have the same benefits as any associate who separates employment with the Company.

In the event of a change in control, any stock options previously granted to one of our named executive officers under the 1996 or 2005 Associate Incentive Plans would become immediately vested. A change in control for purposes of the immediate vesting of options means an acquisition of 25% of our Common Stock by any person as defined in the Securities Exchange Act of 1934, or, during any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority of the Board, unless the election or the nomination for election by our shareowners of each new director was approved by a vote of at least three-quarters of the directors then still in office who were directors at the beginning of the period.

We have no post-employment compensation programs designed to provide benefits upon our change in control, other than those discussed above.

Payments Upon Termination of Employment

Voluntary Termination. If a named executive officer voluntarily resigns from our employment, no amounts are payable under the Cash Bonus Plan or the Stock-Based Incentive Plan. The executive may be entitled to receive benefits from the Retirement Plan, and the SERP to the extent those benefits have been earned under the provisions of the plans and the executive officer has met the vesting requirements of the plans. In addition, the executive would be entitled to receive any amounts voluntarily deferred (and the earnings on deferrals) under the 401(k) Plan.

Early Retirement. As of December 31, 2008, only Mr. Smith and Mr. Barron are eligible for early retirement as defined by the Retirement Plan and the SERP. As such, each may be entitled to receive benefits from the Retirement Plan and SERP to the extent those benefits have been earned under the provisions of the plans.

Death. If a named executive officer dies while employed by us, the Retirement Plan and the SERP will provide benefits to heirs of the deceased executive. The benefits are of the same value as those provided for a voluntary termination or early retirement as applicable.

Involuntary Termination with or without Cause. If a named executive officer s employment is involuntarily terminated, the executive may be entitled to receive benefits from the Retirement Plan and the SERP to the extent those benefits have been earned under the provisions of the plans and the executive officer has met the vesting requirements of the plans. In addition, the executive would be entitled to receive any amounts voluntarily deferred (and the earnings on deferrals) under the 401(k) Plan.

Disability. In the event that a named executive officer becomes disabled on a long-term basis, the executive officer s employment by us would not necessarily terminate. Therefore, we do not disclose any such amounts in the table below. If a named executive officer becomes disabled under the terms of the Retirement Plan and SERP, the executive will continue to accrue a retirement benefit until the earliest of recovery, death or retirement. This benefit cannot be paid as a lump sum distribution.

Payment Tables

The named executive officers would have received the following payments had he terminated on December 31, 2008 under the following triggering events:

Name	Compensation Components (a)	Change in Control(1) (b)	Voluntary Termination(1) (c)	Early Retirement(1) (d)	Death(1) (e)	Disability(2) (f)	Involuntary Termination(1) (g)
William G. Smith, Jr.	Retirement Plan	$ 1,307,732	n/a	$ 1,307,732	$ 1,307,732	$ 15,417	$ 1,307,732
	SERP	1,551,598	n/a	1,551,598	1,551,598	4,617	1,551,598
Thomas A. Baron	Retirement Plan	$ 1,503,122	n/a	$ 1,503,122	$ 1,503,122	$ 15,417	$ 1,503,122
	SERP	1,292,293	n/a	1,292,293	1,292,293	2,635	1,292,293
J. Kimbrough Davis	Retirement Plan	$ 881,711	$ 881,711	n/a	$ 881,711	$ 15,020	$ 881,711
	SERP	390,293	319,945	n/a	319,945		319,945

(1) ***Lump Sum.*** Lump sum payments are determined as of December 31, 2008 using the Retirement Plan s applicable basis, namely, the mortality table found in Revenue Ruling 2007-67 and a three segment yield curve using rates specified in Revenue Notice 2007-101, which are 4.60% for the first 5 years, 4.82% for the next 15 years, and 4.91% thereafter. Under the Retirement Plan and the SERP, lump sum payments are triggered upon a change in control, voluntary termination, retirement, death, and involuntary termination. No further benefits would be payable after the lump sum payment is made.

(2) ***Annuity Payments.*** In the event that a named executive officer becomes disabled on a long-term basis, the named executive officer would receive annuity payments beginning at age 65. These payments coordinate with our long-term disability program.

PENSION BENEFITS

Retirement Plan

The key provisions of the Retirement Plan are as follows:

Monthly Benefit. Participants with a vested benefit will be eligible to receive the following retirement benefits each month for the rest of their lives beginning at age 65:

1.90% of final average monthly compensation multiplied by years of service after 1988 (limited to 30 years), plus

0.40% of final average monthly compensation in excess of $2,000 multiplied by years of service after 1988 (generally limited to 30 years), plus

the monthly benefit accrued as of December 31, 1988 updated for salary increases since 1988

Total benefits are limited by the Internal Revenue Code. In 2008, the limit was $185,000 per year or $15,417 per month. Additional provisions may apply for participants who were hired after January 1, 2002 or who worked for a bank that we acquired.

Final Average Monthly Compensation. The final average monthly compensation is the average of the highest five consecutive years of W-2 earnings (plus 401(k) deferrals). Compensation is limited to the limits described in Internal Revenue Code, which was $230,000 per year (or $19,167 per month) for 2008.

Beginning in 2008, the value of equity awarded under any of our incentive compensation plans will be included in the average monthly compensation.

Vesting. Participants become vested after reaching five years of service.

Early Retirement Benefits. Participants may elect to retire prior to their Normal Retirement Date.

Reduced Retirement: If participants are at least age 55 and have at least 15 years of service, then they may commence benefits early on a reduced basis. The monthly benefit will be calculated using the benefit formula described above, reduced 6.67% times the number of years (up to five) that the Benefit Commencement Date precedes the Normal Retirement Date, and 3.33% times any additional years (up to five).

Unreduced Retirement: If they are at least age 61 and have at least 30 years of service, then they may commence benefits early on an unreduced basis. The monthly benefit will be calculated using the benefit formula described above, reduced 6.67% times the number of years (up to five) that the Benefit Commencement Date precedes the later of age 61 or 30 years of service, and 3.33% times any additional years (up to five).

Form of Payment. Participants may receive their pension benefit as an annuity or as a lump sum.

SERP

In general, the plan provisions for the SERP are identical to the provisions of the Retirement Plan, except the benefits are calculated without regard to the limits set by the Internal Revenue Code on compensation and benefits. The net benefit payable from the SERP is the difference between this gross benefit and the benefit payable by the Retirement Plan. The SERP limits gross benefits to 60% of final average monthly compensation. As a general rule, we do not grant extra years of service under the SERP. Exceptions may occur in limited instances such as a mid-career hire.

2008 Pension Benefit Tables

The following table shows the years of credited service, present value of the accumulated benefit for the named executive officers as of December 31, 2008, assuming payment at age 61, and payments made during the last fiscal year.

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
William G. Smith, Jr.	Retirement Plan	30	$ 1,128,462	$ 0
	Supplemental Executive Retirement Plan	30	1,353,719	0
Thomas A. Barron	Retirement Plan	34	1,303,768	0
	Supplemental Executive Retirement Plan	34	1,133,310	0
J. Kimbrough Davis	Retirement Plan	27	1,033,886	0
	Supplemental Executive Retirement Plan	27	379,317	0

Assumptions Used to Calculate Pension Values

Because the pension amounts shown in the Summary Compensation Table and the Pension Benefits Table are projections of future retirement benefits, numerous assumptions must be applied. In general, the assumptions should be the same as those used to calculate the pension liabilities in accordance with SFAS No. 87, *Employers Accounting for Pensions* on the measurement date, although the Security and Exchange Commission specifies some exceptions (as noted in the table below).

The key assumptions used to determine the pension values are summarized below. The changes in the pension values shown in the Summary Compensation Table are determined as the change in the values during the fiscal year (including the impact of changing assumptions from the prior fiscal year). The accumulated pension values shown in the Pension Benefits table are based on the assumptions as of the end of the fiscal year.

Assumption	**Basis for Assumption**	**12/31/2005**	**12/31/2006**	**12/31/2007**	**12/31/2008**
Discount Rate	Under SEC rules, discount rate used to measure pension liabilities under SFAS No. 87, *Employers Accounting for Pensions*	5.75%	6.00%	6.25%	6.00%
Rate of Future Salary Increases	Under SEC rules, no salary projection	0.00%	0.00%	0.00%	0.00%
Form of Payment	Retirement Plan: form elected by officer	80% elect a lump sum and 20% elect an annuity	80% elect a lump sum and 20% elect an annuity	80% elect a lump sum and 20% elect an annuity	80% elect a lump sum and 20% elect an annuity
	SERP: form elected by officer	Lump sum	Lump sum	Lump sum	Lump sum
Lump Sum Interest Rate	Interest rate defined by the plan for the upcoming plan year	6.00%	6.00%	6.00%	6.00%
Date of Retirement	As per SEC guidance, use first age eligible for unreduced retirement	61	61	61	61
Post-Retirement Mortality	Retirement Plan: same assumption used to measure pension liabilities under SFAS No. 87, *Employers Accounting for Pensions*	For lump sums, the long-term IRC § 417(e) basis For annuity payments, RP2000 Mortality Table for males	For lump sums, the long-term IRC § 417(e) basis For annuity payments, RP2000 Mortality Table for males	For lump sums, the long-term IRC § 417(e) basis For annuity payments, RP2000 Mortality Table for males	For lump sums, the long-term IRC § 417(e) basis *(updated due to regulation changes)* For annuity payments, RP2000 Mortality Table for males

AUDIT COMMITTEE REPORT

The Audit Committee, which operates under a written charter adopted by the Board of Directors, monitors the Company s financial reporting process on behalf of the Board of Directors. This report reviews the actions taken by the Audit Committee with regard to the Company s financial reporting process during 2008 and particularly with regard to the Company s audited consolidated statements of financial condition as of December 31, 2008 and 2007, and the related statements of income, changes in shareowners equity, and cash flows for each of the years in the three-year period ended December 31, 2008.

The Audit Committee believes that it has taken the actions necessary or appropriate to fulfill its oversight responsibilities under the Audit Committee s charter. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements to be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2008, including a discussion of the quality (rather than just the acceptability) of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee also reviewed with Ernst & Young their judgments as to quality (rather than just the acceptability) of the Company s accounting principles and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61, *Communication with Audit Committees.* In addition, the Audit Committee discussed with Ernst & Young, the auditor s independence from management and the Company, including the written disclosures, letter, and other matters required of Ernst & Young by the Public Company Accounting Oversight Board.

Additionally, the Audit Committee discussed with the Company s internal and independent auditors the overall scope and plan for their respective audits. The Audit Committee met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company s internal controls, and the overall quality of the Company s financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the Securities and Exchange Commission.

2008 Audit Committee:

Frederick Carroll, III, Chairman	J. Everitt Drew
John K. Humphress	Henry Lewis III

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, and shall not otherwise be deemed filed under these acts.

PROPOSAL NO. 2 RATIFICATION OF AUDITORS

APPOINTMENT OF AUDITOR

Our Audit Committee appointed Ernst & Young LLP as our independent auditor for the 2009 fiscal year. Shareowner ratification of the selection of Ernst & Young as our independent public accountants is not required by our Bylaws or other applicable legal requirement. However, the Board is submitting the selection of Ernst & Young to the shareowners for ratification as a matter of good corporate practice. If the shareowners fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee at its discretion may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in our and our shareowners best interests.

Representatives of Ernst & Young may attend the 2009 Annual Meeting and, if in attendance, will have an opportunity to make a statement if they so desire and to respond to appropriate questions.

The proposal to ratify Ernst & Young as independent auditors will be approved if the votes cast by the shareowners present, or represented, at the Annual Meeting and entitled to vote on the matter favoring this proposal exceed the votes cast in opposition to the proposal.

The Board of Directors unanimously recommends a vote FOR ratification of the appointment of Ernst & Young.

AUDIT FEES AND RELATED MATTERS

FEES PAID TO PRINCIPAL ACCOUNTANTS

The following table represents aggregate fees, including out-of-pocket expenses, paid or to be paid to Ernst & Young for the 2008 and 2007 fiscal years.

	2008	2007
Audit Fees	$ 646,921	$ 582,269
Audit-Related Fees	34,315	
Tax Fees	98,858	
All Other Fees		
Total	$ 779,794	$ 582,269

Audit fees primarily represent amounts billed to us for auditing our annual consolidated financial statements (including services incurred with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002), reviewing the financial statements included in our Quarterly Reports on Form 10-Q, and for services that are normally provided by the auditor in connection with statutory and regulatory filings. Also included are $69,252 and $70,749 in out-of-pocket expenses in the 2008 and 2007 fees, respectively. Tax fees are fees related to the preparation of our original and amended tax returns, claims for refunds, and tax planning. Tax fees include $17,000 and $0 for tax planning services in 2008 and 2007, respectively.

POLICY ON AUDIT COMMITTEE PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES OF INDEPENDENT AUDITOR

The Audit Committee s policy is to pre-approve all audit and non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services, and other services. Pre-approval is generally provided for up to 12 months from the date of pre-approval, and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee may delegate pre-approval authority to one or more of its members when expedition of services is necessary. The independent auditors and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval policy and the fees for the services performed to date. The Audit Committee pre-approved all audit and non-audit services provided by Ernst & Young.

The Audit Committee has determined that the non-audit services provided by Ernst & Young during the fiscal year ended December 31, 2008, were compatible with maintaining their independence.

OTHER MATTERS

ANNUAL REPORT

We filed an annual report for the fiscal year ended December 31, 2008, on Form 10-K with the U.S. Securities and Exchange Commission. Shareowners may obtain, free of charge, a copy of our annual report on Form 10-K by writing to our Corporate Secretary at our principal offices.

HOUSEHOLDING

We have adopted a procedure approved by the Securities and Exchange Commission known as householding. Under this procedure, shareowners of record who have the same address and last name will receive only one copy of our Notice of Annual Meeting, Proxy Statement, and Annual Report, unless one or more of these shareowners notifies our transfer agent that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees. If you wish to receive your own copy of these materials, you may contact our transfer agent, American Stock Transfer & Trust Company, in writing, by telephone, or on the Internet:

American Stock Transfer & Trust Company
59 Maiden Lane, Plaza Level
New York, NY 10038
(800) 937-5449 (U.S. and Canada)
(718) 921-8124 (International)
www.amstock.com

Shareowners who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings. If you are eligible for householding, but you and other shareowners of record with whom you share an address currently receive multiple copies of our Notice of Annual Meeting, Proxy Statement, and Annual Report, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of each document for your household, please contact our transfer agent as indicated above. Beneficial owners can request information about householding from their banks, brokers, or other holders of record.

SHAREOWNER PROPOSALS

Shareowner proposals that are to be included in the Proxy Statement for the 2010 meeting must be received by November 27, 2009. Shareowner proposals for the 2009 meeting that are not intended to be included in the Proxy Statement for that meeting must be received by January 29, 2010, or the Board of Directors can vote the proxies in its discretion on the proposal. Proposals must comply with the proxy rules and be submitted in writing to J. Kimbrough Davis, Corporate Secretary, at our principal offices.

DIRECTOR NOMINATIONS

Any shareowner entitled to vote generally in the election of directors may recommend a candidate for nomination as a director. A shareowner may recommend a director nominee by submitting the name and qualifications of the candidate the shareowner wishes to recommend, pursuant to Article VII of our Articles of Incorporation, to:

Nominating Committee of the Board of Directors
c/o Capital City Bank Group, Inc.
217 North Monroe Street
Tallahassee, Florida 32301

To be considered, recommendations with respect to an election of directors to be held at an annual meeting must be received no earlier than 180 days and no later than 120 days prior to March 27, 2010, the first anniversary of this year s Notice of Annual Meeting date. In other words, director nominations must be received no earlier than September 29, 2009, and no later than November 27, 2009. Recommendations with respect to an election of directors to be held at a special meeting called for that purpose must be received by the 10th day following the date on which notice of the special meeting was first mailed to shareowners. Recommendations meeting these requirements will be brought to the attention of the Nominating Committee. Candidates for director recommended by shareowners are afforded the same consideration as candidates for director identified by our directors, executive officers, or search firms, if any, employed by us.

ANNUAL MEETING OF SHAREOWNERS OF

CAPITAL CITY BANK GROUP, INC.

April 21, 2009

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Meeting, proxy statement and proxy card
are available at www.snl.com/irweblinkx/corporateprofile.aspx?iid=100774

Please sign, date and mail
your proxy card in the
envelope provided as soon
as possible.

â Please detach along perforated line and mail in the envelope provided. â

20430000000000001000 7 042109

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

(1.) To elect the four persons listed below as Class III directors to serve for a term of three years, or until their successors are duly elected and qualified.

o **FOR ALL NOMINEES**

o **WITHHOLD AUTHORITY FOR ALL NOMINEES**

o **FOR ALL EXCEPT** (See instructions below)

NOMINEES:
¡ DuBose Ausley
¡ Frederick Carroll, III
¡ John K. Humphress
¡ Henry Lewis III

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: l

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

		FOR	AGAINST	ABSTAIN
(2.)	To ratify the appointment of Ernst & Young LLP as auditors for the Company for the fiscal year ending December 31, 2009.	o	o	o

(3.) In the discretion of the Proxies, to approve such other business properly coming before the meeting or any adjournments or postponements of the meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL THE PROPOSALS.

THIS PROXY WILL BE VOTED AS DIRECTED, BUT IF NO DIRECTIONS ARE GIVEN ON THE PROXY, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED FOR PROPOSALS 1 AND 2 AND AS DETERMINED BY THE PROXIES ON ANY OTHER MATTER WHICH MAY PROPERLY BE BROUGHT AT THE MEETING.

The undersigned Shareowner(s) hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement.

ELECTRONIC ACCESS TO FUTURE DOCUMENTS

If you would like to receive future shareholder communications over the Internet exclusively, and no longer receive any material by mail, please visit http://www.amstock.com. Click on Shareholder Account Access to enroll. Please enter your account number and tax identification number to log in, then select **Receive Company Mailings via E-Mail** and provide your e-mail address.

Meeting Attendance. Mark the box to the right if you plan to attend the Annual Meeting. o

Signature of Shareowner Date: Signature of Shareowner Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are owned jointly, each shareowner should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

ANNUAL MEETING OF SHAREOWNERS OF

CAPITAL CITY BANK GROUP, INC.

April 21, 2009

PROXY VOTING INSTRUCTIONS

INTERNET - Access **www.voteproxy.com** and follow the on-screen instructions. Have your proxy card available when you access the web page, and use the Company Number and Account Number shown on your proxy card.

TELEPHONE - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card.

Vote online or by phone until 11:59 PM EST the day before the meeting.

MAIL - Sign, date and mail your proxy card in the envelope provided as soon as possible.

IN PERSON - You may vote your shares in person by attending the Annual Meeting.

COMPANY NUMBER

ACCOUNT NUMBER

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Meeting, proxy statement and proxy card are available at
www.snl.com/irweblinkx/corporateprofile.aspx?iid=100774

â Please detach along perforated line and mail in the envelope provided ONLY IF you are not voting via telephone or the Internet. â

20430000000000001000 7 042109

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

(1.) To elect the four persons listed below as Class III directors to serve for a term of three years, or until their successors are duly elected and qualified.

o **FOR ALL NOMINEES**

o **WITHHOLD AUTHORITY FOR ALL NOMINEES**

o **FOR ALL EXCEPT**
(See instructions below)

NOMINEES:

¡ DuBose Ausley
¡ Frederick Carroll, III
¡ John K. Humphress
¡ Henry Lewis III

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: l

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

		FOR	AGAINST	ABSTAIN
(2.)	To ratify the appointment of Ernst & Young LLP as auditors for the Company for the fiscal year ending December 31, 2009.	o	o	o

(3.) In the discretion of the Proxies, to approve such other business properly coming before the meeting or any adjournments or postponements of the meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL THE PROPOSALS.

THIS PROXY WILL BE VOTED AS DIRECTED, BUT IF NO DIRECTIONS ARE GIVEN ON THE PROXY, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED FOR PROPOSALS 1 AND 2 AND AS DETERMINED BY THE PROXIES ON ANY OTHER MATTER WHICH MAY PROPERLY BE BROUGHT AT THE MEETING.

The undersigned Shareowner(s) hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement.

ELECTRONIC ACCESS TO FUTURE DOCUMENTS

If you would like to receive future shareholder communications over the Internet exclusively, and no longer receive any material by mail, please visit http://www.amstock.com. Click on Shareholder Account Access to enroll. Please enter your account number and tax identification number to log in, then select **Receive Company Mailings via E-Mail** and provide your e-mail address.

Meeting Attendance. Mark the box to the right if you plan to attend the Annual Meeting. o

Signature of Shareowner Date: Signature of Shareowner Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are owned jointly, each shareowner should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

CAPITAL CITY BANK GROUP, INC.

217 North Monroe Street
Tallahassee, Florida 32301

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF
CAPITAL CITY BANK GROUP, INC. FOR THE ANNUAL MEETING OF SHAREOWNERS
APRIL 21, 2009

As an alternative to completing this form, you may enter your vote instruction by telephone at 1-800-PROXIES, or via the Internet at WWW.VOTEPROXY.COM and follow the simple instructions. Use the Company Number and Account Number shown on your proxy card.

KNOW ALL MEN BY THESE PRESENTS that I, the undersigned shareowner of Capital City Bank Group, Inc. (the Company), Tallahassee, Florida, do hereby nominate, constitute and appoint Randolph M. Pople and Dale A. Thompson (collectively, the Proxies), or any one of them (with full power to act alone), my true and lawful attorneys and proxies with full power of substitution, for me and in my name, place and stead to vote all the shares of Common Stock of the Company that the shareowner signing this Proxy Card is entitled to vote at the annual meeting of its shareowners (including any shares held in the Capital City Bank Group, Inc. 401(K) Profit Sharing Plan, the 2005 Director Stock Purchase Plan, the 2005 Associate Stock Purchase Plan, the 2005 Associate Incentive Plan, and the 1996 Dividend and Optional Stock Purchase Plan and held of record by the trustees or agents of such plans) to be held at University Center Club, Building B, Floor 3, University Center, Florida State University, Tallahassee, Florida on Tuesday, April 21, 2009, at 10:00 a.m., and at any adjournments or postponements thereof, as instructed on the reverse side of this Proxy Card and in the Proxies discretion on other matters.

All proxies previously given or executed by the shareowner signing this Proxy Card are hereby revoked.

(Continued and to be signed on other side)

14475

Explanation of Responses: