

CITY HOLDING CO
Form DEF 14A
March 23, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

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

City Holding Company

Edgar Filing: CITY HOLDING CO - Form DEF 14A

(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.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 23, 2004

To Our Shareholders:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Shareholders of City Holding Company to be held at the Charleston Marriott Town Center located at 200 Lee Street, E., Charleston, West Virginia 25301, on Wednesday, April 28, 2004 at 2:30 p.m. We look forward to personally greeting those of you who are able to attend the meeting.

The notice of meeting and proxy statement accompanying this letter describes the specific business to be acted upon.

In addition to the specific matters to be acted upon, there will be a report on the progress of the Company and an opportunity for questions of general interest to the shareholders.

It is important that your shares be represented at the meeting. Whether or not you plan to attend in person, you are requested to vote, sign, date and promptly return the enclosed proxy in the postage-paid envelope provided.

City Holding Company thanks you for your consideration and your continued support.

Sincerely,

Gerald R. Francis

Chairman, President & CEO

CITY HOLDING COMPANY

25 Gatewater Road

Charleston, West Virginia 25356-0520

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 28, 2004

Notice is hereby given that the Annual Meeting of Shareholders of City Holding Company will be held at the Charleston Marriott Town Center located at 200 Lee Street, E., Charleston, West Virginia 25301, on Wednesday, April 28, 2004 at 2:30 p.m. (local time) for the following purposes:

1. To elect seven Class II directors to serve for a term of three years. The names of the nominees are set forth in the accompanying proxy statement.
2. To ratify the Board of Directors' appointment of Ernst & Young LLP as independent auditors of City Holding Company for 2004.
3. To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on March 5, 2004 are the only shareholders entitled to notice of and to vote at the annual shareholders meeting.

By Order of the Board of Directors,

Victoria A. Evans,

Secretary

March 23, 2004

IMPORTANT NOTICE

Whether you expect to attend the meeting or not, please vote, sign, date and return the enclosed proxy in the enclosed self-addressed, postage paid envelope as promptly as possible. If you attend the meeting, you may vote your shares in person, even though you have previously signed and returned your proxy.

CITY HOLDING COMPANY

25 Gatewater Road

Charleston, West Virginia 25356-0520

PROXY STATEMENT

Information Concerning the Solicitation

This statement is furnished in connection with the solicitation of proxies to be used at the Annual Meeting of Shareholders of City Holding Company (the Company) to be held on April 28, 2004.

The solicitation of proxies in the enclosed form is made on behalf of the Board of Directors of the Company. The cost of preparing, assembling, and mailing the proxy material and of reimbursing brokers, nominees, and fiduciaries for the out-of-pocket and clerical expenses of transmitting copies of the proxy material to the beneficial owners of shares held of record by such persons will be borne by the Company. The Company does not currently intend to solicit proxies otherwise than by use of the mail, but certain officers and regular employees of the Company or its subsidiaries, without additional compensation, may use their best efforts, by telephone or otherwise, to obtain proxies. The proxy materials are being mailed, on or about March 23, 2004, to shareholders of record at the close of business on March 5, 2004.

A shareholder signing and returning a proxy on the enclosed form has the power to revoke it at any time before the shares subject to it are voted by (i) notifying, in writing, Victoria A. Evans, Corporate Secretary, City Holding Company, P. O. Box 7520, Charleston, WV 25356-0520, (ii) executing a proxy with a later date, or (iii) voting in person at the Annual Meeting the shares represented by the proxy. (Your attendance at the Annual Meeting will not, by itself, revoke your proxy; you must vote in person at the Annual Meeting.) If a shareholder specifies how the proxy is to be voted with respect to any of the proposals for which a choice is provided, the proxy will be voted in accordance with such specifications. If a shareholder fails to specify with respect to such proposals, it is intended that all signed and returned proxies will be voted **FOR** proposals 1 and 2 and in the discretion of the persons named in the accompanying proxy card on any other matter that properly comes before the Annual Meeting and any adjournment or postponements of the Annual Meeting.

Outstanding Voting Shares

Only shareholders of record at the close of business on March 5, 2004 are entitled to vote at the Annual Meeting. On that day, there were issued and outstanding 16,713,845 shares of Common Stock (after deducting an aggregate of 205,403 shares held in treasury). Each share has one vote. Directors are elected by a plurality of the votes cast. The affirmative vote of a majority of the shares represented and entitled to vote at the Annual Meeting is required to ratify the appointment of Ernst & Young LLP. In elections of directors, each shareholder shall have the right to cast one vote for each share of stock owned by him for as many persons as there are directors to be elected, or, upon notice to the Company in accordance with West Virginia law, he may cumulate such votes and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares of stock, or he may distribute them on the same principle among as many candidates and in such manner as he shall desire. If one shareholder has given notice that he intends to cumulate votes, all shareholders may do so. The persons named in the accompanying proxy card may cumulate their votes at their discretion.

Edgar Filing: CITY HOLDING CO - Form DEF 14A

The presence, in person, or by properly executed proxy, of the holders of a majority of the outstanding shares of the Company's Common Stock entitled to a vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Abstentions will be counted as shares present for purposes of determining the presence of a quorum. As a consequence, abstentions will have the effect of votes against the proposal to ratify the appointment of Ernst & Young LLP. Because director nominees must receive a plurality of the votes cast at the meeting, a vote withheld will not affect the outcome of the election. Any shares held in street name that are not voted (broker non-votes) in the election of directors or the proposal to ratify the Company's appointment of Ernst & Young LLP will not be included in determining the number of votes cast.

-2-

**STOCK OWNERSHIP OF DIRECTORS, NOMINEES FOR DIRECTOR
AND NAMED EXECUTIVE OFFICERS**

The Company's only authorized voting equity security is its Common Stock, par value \$2.50 per share (the "Common Stock"). As discussed on the preceding pages, the Company's Common Stock has one vote per share on all matters except the election of directors.

The table below presents certain information as of February 1, 2004 regarding beneficial ownership of shares of Common Stock by directors, named executive officers listed under "Executive Officers of City Holding Company" on page 11, and all directors and executive officers as a group. The Company knows of no person that owns more than 5% of the outstanding Common Stock.

<u>Name of Beneficial Owner</u>	<u>Sole Voting and Investment Power</u>	<u>Other ⁽¹⁾</u>	<u>Common Shares Subject to a Right to Acquire ⁽²⁾</u>	<u>Aggregate Percentage Owned</u>
Directors:				
Samuel M. Bowling	63,176	17,427		*
Hugh R. Clonch	19,300	91,984		*
Oshel B. Craig ⁽³⁾	9,774	2,912		*
William H. File III ⁽³⁾	12,476	999		*
Robert D. Fisher	10,661			*
Gerald R. Francis ⁽³⁾	65,282	8,158	298,550	2.33%
Jay C. Goldman	11,747			*
David E. Haden	62,496			*
David W. Hambrick	32,846	3,470		*
Frank S. Harkins, Jr.	32,799	10,000		*
Tracy W. Hylton II ⁽³⁾	16,638			*
C. Dallas Kayser ⁽³⁾	33,949	481		*
Philip L. McLaughlin	41,141	4,064		*
E. M. Payne III ⁽³⁾	4,895	54,230		*
Robert T. Rogers	22,358			*
James L. Rossi	9,549			*
Sharon H. Rowe ⁽³⁾	47,488	8		*
James E. Songer II	5,417	56,779		*
Albert M. Tieche, Jr.	30,000			*
Mary H. Williams	7,101	56,740		*
Named Executive Officers:				
William L. Butcher	19,300	2,420	46,666	*
Charles R. Hageboeck	19,000	12,048	40,666	*
John S. Loeber	33,547		35,119	*
Craig G. Stilwell	16,900	1,196	37,666	*
Directors and Executive				
Officers as a group (24 persons)	627,840	322,916	458,667	8.46%

* Less than 1%.

⁽¹⁾ Includes shares (a) owned by or with certain relatives; (b) held in various fiduciary capacities; (c) held by certain corporations; (d) held in trust under the Company's 401(k) Plan and Trust.

Edgar Filing: CITY HOLDING CO - Form DEF 14A

- (2) Includes options to acquire shares of the Company's Common Stock that are exercisable within 60 days of February 1, 2004.
- (3) Messrs. Craig, File, Francis, Hylton, Kayser, Payne and Ms. Rowe are nominees for re-election to the Board of Directors.

-3-

Governance and Nominating Committee Report

The Governance and Nominating Committee of the Board of Directors (the Governance Committee) is comprised of six independent directors and operates under a written charter adopted by the Board of Directors, a copy of which is attached to this Proxy Statement as *Appendix A*. The Governance Committee is charged with the responsibilities of i) identifying individuals qualified to become Board members; ii) selecting or recommending that the Board select, the director nominees for the next annual meeting of shareholders; and iii) overseeing corporate governance matters for the Company.

Director candidates are nominated by the Governance Committee. The Governance Committee will consider director candidates recommended by shareholders. The Governance Committee's written charter directs the committee to evaluate the candidates based upon the totality of the merits of each candidate and not based upon minimum qualifications or attributes. There are no differences in the manner in which the Governance Committee evaluates director candidates based on whether the candidate is recommended by a shareholder. Some of the criteria that are used by the Governance Committee to evaluate the candidates, including those selected for nomination at the 2004 Annual Meeting, include:

Prior business experience

Education

Age

Skills that may be relevant to the Company's business

Geographic distribution of the candidates

Prior Board experience with the Company or other publicly-traded companies

The Governance Committee is also empowered to retain and to terminate outside advisors to assist in the performance of its functions with the sole authority to agree to fees and other terms of engagement. The committee did not hire any outside advisors to assist them with respect to the selection of candidates for director nominations in 2004.

The Governance Committee has nominated for election as Class II directors the following seven candidates, all of whom currently serve as Class II directors of the Company: Oshel B. Craigo, William H. File III, Gerald R. Francis, Tracy W. Hylton II, C. Dallas Kayser, E. M Payne III and Sharon H. Rowe. The Governance Committee did not receive any recommendations from any shareholders in connection with the Annual Meeting. Hugh R. Clonch was unable to attend the Governance Committee meeting and thus was unable to sign the report.

Respectfully submitted,

Jay C. Goldman, Chairman

Oshel B. Craigo

Edgar Filing: CITY HOLDING CO - Form DEF 14A

Robert D. Fisher

C. Dallas Kayser

James E. Songer II

February 25, 2004

ELECTION OF DIRECTORS (Proposal 1)

In accordance with the Company's Bylaws, the Board of Directors is classified into three classes as nearly equal in number as the then total number of Directors constituting the whole Board permits. Each class is to be elected to separate three-year terms with each term expiring in different years. At each Annual Meeting the directors or nominees constituting one class are elected for a three-year term. The term of those directors listed below as Class II expires at the Annual Meeting. There are seven nominees for election as Class II directors to serve for terms of three years expiring at the Annual Meeting in 2007. Messrs. Craigo, File, Francis, Hylton, Kayser, Payne and Ms. Rowe currently serve as directors of the Company and will stand for re-election as Class II directors.

-4-

Edgar Filing: CITY HOLDING CO - Form DEF 14A

Each director elected will continue in office until a successor has been elected. If any nominee is unable to serve, which the Board of Directors has no reason to expect, the persons named in the accompanying proxy card intend to vote for the balance of those named and, if they deem it advisable, for a substitute nominee. The names of the nominees for directors of the Company and the names of the directors of the Company whose terms of office will continue after the Annual Meeting are listed in the following table.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Principal Occupation During The Past Five Years</u>
Class II Nominees (Terms Expire in 2007):			
Oshel B. Craigo	66	2001	Owner, Better Foods, Inc. (restaurants). Owner, Craigo Real Estate, Inc. (real estate). Owner, Mt. State Properties, Inc. (real estate). Owner, Gino's Distributing Co., Inc. (restaurants). Director, City National Bank of West Virginia, since 1999.
William H. File III	56	2001	Partner, File, Payne, Scherer & File (law firm). Director, City National Bank of West Virginia since 2002.
Gerald R. Francis	60	2001	Chairman of the Board, City Holding Company and City National Bank of West Virginia since April 2002. President and Chief Executive Officer, City Holding Company and City National Bank since January 2001. Director, City National Bank of West Virginia since June 2001. President and Director, Peoples Bank Corp. of Indianapolis 1997 - 1999.
Tracy W. Hylton II	55	1993 ⁽¹⁾	President, Eller, Inc. (construction and reclamation company). Member, Harper Hotel LLC (management company). President, Lightning, Inc. (lease holding and coal sales). President, MIN, Inc. (coal sales). Vice President, Nell Jean Enterprises, Inc. (retail sales of mining, construction, sporting goods). President, Nell Jean Industries (heavy excavation and reclamation). President, New Land Leasing Company, Inc. (lease holding company). President, Patience, Inc. (surface coal mining). Secretary and Treasurer, Patton, Inc. (contract underground coal mines). Member, T & M, LLC (land owner and lessor). Director, City National Bank of West Virginia since 2002.
C. Dallas Kayser	52	1995	Senior Partner, Kayser, Layne & Clark, PLLC (formerly C. Dallas Kayser, LC) (law firm). Treasurer, Deerfield Development Corp. (land development). Director, City National Bank of West Virginia since 2002.
E. M. Payne III	68	1985 ⁽¹⁾	President, Piney Land Company (land management company) since July 2003. Attorney, File, Payne, Scherer & File (law firm) since July 2003. Partner, File, Payne, Scherer & File (law firm) until June 30, 2003. Director, City National Bank of West Virginia since June 2002.
Sharon H. Rowe	53	2001	Vice President of Communications, The Greenbrier Resort and Club Management Company and Director of Communications, The Greenbrier, since 1998. Director, City National Bank of West Virginia, Charleston, WV since 1999.

The Board of Directors recommends that shareholders vote FOR all of the Class II nominees listed above.

Class III Directors (Terms Expire in 2005)

Samuel M. Bowling	66	1983	President and Owner, Dougherty Co., Inc. (mechanical contractor). Owner, S. M. Bowling, Inc. (personal holding company). Owner, Bowling Enterprises, Inc. (auto, truck, and equipment leasing company). Vice Chairman of the Board, City Holding Company since 1999. Chairman of the Board, City National Bank of West Virginia 1990 - March 2002. Vice Chairman of the Board, City National Bank of West Virginia since April 2002.
Hugh R. Clonch	64	1995	President, Clonch Industries (lumber manufacturer). Director, City National Bank of West Virginia since 2002.
Robert D. Fisher	51	1994	Partner, Adams, Fisher & Evans, Ripley (law firm). Director, City National Bank of West Virginia since 2002.
Jay C. Goldman	60	1988	President, Goldman and Associates (real estate). Former Mayor, City of Charleston, Charleston, WV. Director, City National Bank of West Virginia since 2002.

David E. Haden	65	1998	Consultant, Ringler Associates of West Virginia, PLLC (structured settlements) since January 2003. Retired President, CityInsurance Professionals (formerly RMI, Ltd;) (insurance agency). Director, City National Bank of West Virginia since 2002.
Philip L. McLaughlin	63	1993 ⁽¹⁾	Retired as Chairman of the Board, City Holding Company in April 2002. Director, City National Bank of West Virginia since 2002. Regional President (Allegheny Region), City National Bank from 1999 - June 2001. Former President, Chief Operating Officer and Director, Horizon Bancorp, Inc. President, Chief Executive Officer and Director, Greenbrier Valley National Bank.
Robert T. Rogers	70	1985 ⁽¹⁾	President and Chief Executive Officer, R. T. Rogers Oil Co. (petroleum distributor). Director, City National Bank of West Virginia since 2002.

Class I Directors (Terms Expire in 2006)

David W. Hambrick	62	1993 ⁽¹⁾	Attorney, Guills & Via (law firm) since January 2002. Self-employed attorney from March 2000 - December 2001. Former Vice President, City Holding Company from January 1999 - March 2000. Executive Vice President, Horizon Bancorp, Inc., 1986 - 1999. Director, City National Bank of West Virginia since 2002.
Frank S. Harkins, Jr.	64	1982 ⁽¹⁾	Retired as Chairman of the Board and Chief Executive Officer, Horizon Bancorp, Inc. in May 1998. Director, City National Bank of West Virginia since 2002. Former Director, President and Chief Executive Officer, Bank of Raleigh until 1999.
James L. Rossi	49	2001	President, James Rossi, CPA (public accounting). Director, City National Bank of West Virginia, Charleston, WV since 1999.
James E. Songer II	48	2000	President, Songer Insurance Agency (insurance agency). Owner, Homeseekers LLC (real estate sales and development). Director, City National Bank of West Virginia since 2002.
Albert M. Tieche, Jr.	51	1992 ⁽¹⁾	General Manager, Black Knight Country Club (golf and country club) since February 2002. President, BHI, Inc. (surviving corporation of Beckley Hospital Inc.) 1977 - 2002. Former Administrator and Treasurer, Beckley Hospital, Inc. (health care), 1977 - 1997. Director, City National Bank of West Virginia since 2002.
Mary E. Hooten Williams	42	2001	Treasurer, Hooten Equipment Company (dealers/distributors of commercial heating and air conditioning and suppliers of food service equipment). Treasurer, Virginia Street Corporation (real estate). Director, City National Bank of West Virginia, Charleston, WV since 1999. Former Pharmaceutical Sales Specialist, AstraZeneca, from September 2000 - August 2001.

⁽¹⁾ On December 31, 1998, the merger of Horizon Bancorp, Inc. (Horizon) into City Holding Company (City Holding) (the Holding Company Merger) was consummated and certain directors of Horizon became directors of City Holding.

ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS***Board of Directors***

The Company is managed under the direction of the Board of Directors, which has adopted a Code of Ethics and charters for the Governance and Nominating Committee, Compensation Committee and the Audit Committee to set forth certain corporate governance practices. These documents are available on the Company's Internet website at <http://www.cityholding.com> under the Corporate Governance tab.

Independence of Directors

The Board of Directors has determined that the following directors are independent within the meaning of the general independence standards in the listing standards of The Nasdaq Stock Market, Inc., the market on which shares of the Company's Common Stock are quoted: Messrs. Clonch, Craigo, File, Fisher, Goldman, Hambrick, Hylton, Kayser, Payne, Rogers, Rossi, Songer, Tieche and Mmes. Rowe and Williams.

Meetings of Independent Directors

Beginning in 2004, independent members of the Board of Directors will meet in executive session at least two times a year. The Board has determined that a presiding director should chair all meetings of the independent directors. The presiding director for 2004 is Mr. E. M. Payne, III. Shareholders and other interested persons may contact the presiding director or the independent members of the Board of Directors as a group through the method described in Communications with the Board of Directors below.

Attendance at Annual Meeting

The Company expects all directors to attend the annual meeting of shareholders each year. Of the Company's 21 directors at the time of the 2003 annual meeting, 20 directors attended the 2003 annual meeting of shareholders.

Communications with the Board of Directors

The Board of Directors has unanimously approved a process for shareholders to send communications to the Board of Directors and individual directors. Shareholders and other interested persons may communicate with the full Board of Directors, a specified committee of the Board, the independent directors or a specified individual member of the Board in writing by mail c/o City Holding Company, 25 Gatewater Road, P. O. Box 7520, Charleston, WV 25356-0520, Attention: Corporate Secretary. All communications will be forwarded to the Board of Directors, the specified committee of the Board or the specified individual director, as appropriate. The Company screens all regular mail for security purposes.

Availability of Code of Ethics and Committee Charters

The Company's Code of Ethics and the charters of the Audit Committee, Compensation Committee, and Governance and Nominating Committee are available on the Company's Internet website at <http://www.cityholding.com> under the Corporate Governance tab.

Committees of the Board of Directors and Meeting Attendance

Edgar Filing: CITY HOLDING CO - Form DEF 14A

The full Board of Directors met 12 times during the fiscal year ended December 31, 2003. With the exception of Mr. Craig, no member of the Board of Directors of the Company attended less than 75% of the aggregate meetings of the Board of Directors and all committees on which such director served during 2003.

Executive Committee

During 2003, the Executive Committee consisted of Messrs. Francis (Chairman), Bowling, Clonch, Grist, Harkins, Kayser, McLaughlin, Payne, Rogers and Ms. Rowe. Subject to limitations imposed by the West Virginia Business Corporation Act, the Executive Committee has the power to act between meetings of the Board on virtually all matters that the Board could act upon, but generally as a matter of practice reserves its function for special or emergency purposes. The Executive Committee did not meet during fiscal year 2003. In January 2004, the Executive Committee was restructured and is currently comprised of the following members: Messrs. Francis (Chairman), Bowling, McLaughlin and Payne.

Compensation Committee

During 2003, the Compensation Committee consisted of Messrs. Bowling (Chairman), Clonch, Grist, Harkins, Kayser, Payne, Rogers and Ms. Rowe. Samuel M. Bowling, Chairman of the Compensation Committee, was, during the fiscal year ended December 31, 2003, an employee of the Company. See *Compensation of Directors* below. The Compensation Committee met twice during the fiscal year ended December 31, 2003. All Compensation Committee members attended the meetings held in 2003. In January 2004, the Compensation Committee was restructured. The restructured Compensation Committee is currently comprised of Messrs. Kayser (Chairman), Craig, Clonch, Fisher, Goldman and Songer. The Board of Directors has determined that each of the current members of the Compensation Committee is independent within the meaning of the general independence standards of the listing standards of The Nasdaq Stock Market, Inc. For a description of the function of the Compensation Committee, see

Compensation Committee Report on Executive Compensation beginning on page 15. The Compensation Committee met on February 25, 2004 to review and consider base executive compensation and stock option awards for 2004 and performance bonuses payable for 2003.

Audit Committee

During 2003, members of the Audit Committee included Messrs. Rossi (Chairman), File, Fisher, Hambrick, Hylton, Payne and Tieche, none of whom is employed by the Company. The Audit Committee held six meetings during fiscal year 2003. The Audit Committee selects the independent auditors (subject to shareholder ratification), considers the scope of the audit, reviews the activities and recommendations made by the Company's internal auditors, and considers comments made by the independent auditors with respect to the Company's internal control structure. No Audit Committee member, except Mr. Hylton, attended fewer than 75% of the committee meetings held during the fiscal year ended December 31, 2003. In January 2004 the Audit Committee was restructured and is currently comprised of the following directors: Messrs. Rossi (Chairman), Hambrick, Hylton, Payne, Tieche and Ms. Rowe. The Board of Directors has determined that each of the current members of the Audit Committee is independent within the meaning of the enhanced independence standards for audit committee members in the Securities and Exchange Act of 1934 and rules thereunder, as amended, as incorporated into the listing standards of The Nasdaq Stock Market, Inc. The Board of Directors has also determined that James L. Rossi, Chairman of the Audit Committee, is an audit committee financial expert within the meaning of the rules promulgated by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002.

Nominating Committee

During 2003, the Nominating Committee consisted of Messrs. Clonch (Chairman), Bowling, Craigo, Grist, Haden, Hylton and Songer. The Nominating Committee met one time during fiscal year 2003. All Nominating Committee members attended the meeting except Mr. Craigo. In January 2004, the Nominating Committee was restructured to become the Governance and Nominating Committee. The restructured Governance and Nominating Committee is currently comprised of Messrs. Goldman (Chairman), Craigo, Clonch, Fisher, Kayser and Songer. The Board of Directors has determined that each of the current members of the Governance and Nominating Committee is independent within the meaning of the general independence standards of the listing standards of The Nasdaq Stock Market, Inc. The Governance and Nominating Committee met in February 2004 to consider and nominate candidates for election as Class II directors at the 2004 annual meeting of shareholders. For a description of the function of the Governance and Nominating Committee, see the Governance and Nominating Committee Report on page 4.

Director Candidate Recommendations and Nominations by Shareholders. The Governance Committee's Charter provides that the Governance Committee will consider director candidate recommendations by shareholders. Any shareholder entitled to vote for the election of directors may (1) recommend candidates for election to the Board of Directors or (2) nominate persons for election to the Board or Directors if such shareholder complies with the procedures set forth in the Company's Amended and Restated Bylaws, which are summarized in Shareholder Proposals beginning on page 19.

Governance and Nominating Committee Process for Identifying and Evaluating Director Candidates. For a description of the Governance Committee's process for identifying and evaluating candidates for election to the Board of Directors, see the Governance and Nominating Committee Report on page 4. The Governance Committee did not receive any recommendations from any shareholders in connection with the annual meeting.

Compensation of Directors

Edgar Filing: CITY HOLDING CO - Form DEF 14A

During 2003, non-employee Directors of the Company received a \$2,500 quarterly retainer, \$500 for each Board meeting attended and \$250 for each Committee meeting attended. Based upon the Company's performance during 2003, directors (other than Messrs. Bowling and Rossi) received a bonus of \$8,500 using a formula tied to the Company's return on equity. Directors who are officers or employees of the Company and its subsidiaries receive no additional compensation for service on the Board or any of its Committees.

Mr. Bowling was paid \$27,500 during fiscal year 2003 for serving as vice-chairman of the Board of Directors and is classified as an employee, with benefits commensurate with those available to all other employees of the Company. He also received a bonus of \$23,375 based upon the Company's performance in 2003. He was not paid any other fees for director or committee service or for meeting attendance.

Mr. Rossi, who serves as Chairman of the Audit Committee, received an annual retainer of \$15,000, a bonus of \$12,750 (using a formula tied to the Company's return on equity) and meeting fees as discussed above. The annual retainer and bonus were not in addition to the quarterly retainer and bonus for non-employee directors described above.

Directors Payne, File, Songer, Harkins, Hylton, and Tieche were directors of the former Bank of Raleigh, and are covered by the Bank of Raleigh Directors' Deferred Compensation Plan. Mr. Harkins was also a director of the former National Bank of Summers and is covered under the National Bank of Summers Directors' Deferred Compensation Plan. Under the terms of these plans, directors (or their survivors) are entitled to payments for a period of 15 years upon reaching retirement age, as defined by the plans, or death. The methodology for calculating future benefits for these directors was established at the time that the deferrals were made, and is unaffected by their current service on the Board of the Company. The Company accrues the present value of these obligations on its Consolidated Balance Sheet.

During fiscal year 2003, Mr. Rogers received retirement benefit payments totaling \$14,682 under the National Bank of Summers Directors' Deferred Compensation Plan. Mr. Rogers' retirement benefit payments began at age 65, as provided for under that plan.

Report of the Audit Committee

The Audit Committee of the Board of Directors (the "Audit Committee") is comprised of six independent directors and operates under a written charter adopted by the Board of Directors, a copy of which is attached to this Proxy Statement as *Appendix B*. The Audit Committee approves the selection of the Company's independent auditors, subject to shareholder ratification. Management is responsible for the Company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. In this context, the Audit Committee has met and held discussions with management and Ernst & Young LLP ("Ernst & Young"), the Company's independent auditors.

Management represented to the Audit Committee that the Company's audited consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and Ernst & Young.

The Audit Committee has discussed with Ernst & Young the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Accounting Standards).

The Audit Committee has also received the written disclosures and the letter from Ernst & Young relating to the independence of that firm as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with Ernst & Young that firm's independence from the Company. The Audit Committee has also considered whether the provision of non-audit related services by Ernst & Young is compatible with maintaining Ernst & Young's independence.

Based upon the Audit Committee's discussions with management and Ernst & Young and the Audit Committee's review of the representations of management and the report of Ernst & Young to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 filed with the Securities and Exchange Commission.

Respectfully submitted,

James L. Rossi, Chairman

David W. Hambrick

Tracy W. Hylton, II

E.M. Payne III

Sharon H. Rowe

Albert M. Tietche, Jr.

February 24, 2004

-10-

EXECUTIVE OFFICERS OF CITY HOLDING COMPANY

At March 23, 2004, the executive officers of the Company were as follows:

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
Gerald R. Francis	60	Chairman of the Board, City Holding Company and City National Bank of West Virginia since April 2002. President and Chief Executive Officer, City Holding Company and City National Bank since January 2001. Director, City Holding Company and City National Bank of West Virginia since June 2001. President and Director, Peoples Bank Corp. of Indianapolis 1997 - 1999.
William L. Butcher	39	Executive Vice President of Retail Banking, City Holding Company and City National Bank since April 2001. Senior Vice President of Retail Banking, Fifth Third Bank from 1999 - 2000. Senior Vice President of Retail Banking, Peoples Bank Corp. of Indianapolis from 1998 - 1999.
Charles R. Hageboeck	41	Executive Vice President and Chief Financial Officer, City Holding Company and City National Bank since June 2001. Director of Forecasting, Roche Diagnostics Corp. from 2000 - 2001. Chief Financial Officer, Peoples Bank Corp. of Indianapolis from 1995 - 1999.
John S. Loeber	59	Executive Vice President of Commercial Banking and Chief Credit Officer, City Holding Company and City National Bank since May 2001. Senior Credit Officer, Union Federal Bank from 2000 - 2001. Senior Vice President and Chief Credit Officer, Peoples Bank Corp. of Indianapolis from 1998 - 1999.
Craig G. Stilwell	48	Executive Vice President of Marketing & Human Resources, City Holding Company and City National Bank since May 2001. Industry Consulting Leader-Financial Services, Olive LLP from 1999 - 2001. Senior Vice President, Human Resources & Marketing, Peoples Bank Corp. of Indianapolis from 1978 - 1999.

EXECUTIVE COMPENSATION

The following table sets forth the annual compensation for the Company's Chief Executive Officer during 2003 and its other most highly paid executive officers (the named executive officers), as well as the total compensation paid to each individual during the Company's last three fiscal years:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation		Long Term Compensation	All Other Compensation (\$) ⁽³⁾
		Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Awards Securities Underlying Options (#)	
Gerald R. Francis					
President, Chief Executive Officer and Director	2003	400,000	680,000	50,000	18,642
	2002	400,000	581,000	100,000	18,239
	2001	229,167	250,000	200,000	35,206
William L. Butcher					
Executive Vice President, Retail Banking	2003				
	2002				
	2001				