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CAPITAL CITY BANK GROUP INC

Form 424B3

April 15, 2005

Filed Pursuant to Rule 424(b) (3)

Registration No. 333-123174

[FIRST ALACHUA BANKING CORPORATION LOGO]

FIRST ALACHUA BANKING CORPORATION

15000 NW 140th Street
Alachua, Florida 32615

To the shareholders of
First Alachua Banking Corporation

April 15, 2005

On behalf of First Alachua's board of directors, I am pleased to invite you to attend a Special Meeting of the shareholders of First Alachua Banking Corporation to be held at First National Bank of Alachua, located at 15000 NW 140th Street, Alachua, Florida 32615, on May 20, 2005, at 10:00 a.m., Eastern Time.

At the Special Meeting, you will be asked to approve the Agreement and Plan of Merger by and among Capital City Bank Group, Inc., First Alachua Banking Corporation and First National Bank of Alachua, whereby First Alachua Banking Corporation will merge with and into Capital City Bank Group, Inc. and First National Bank of Alachua will merge with and into Capital City Bank Group's subsidiary, Capital City Bank. When the merger is completed (and subject to certain adjustments), each share of common stock held by you will be exchanged for the right to receive \$2,847.04 in cash, plus approximately 71.176 shares of CCBG common stock. CCBG will pay First Alachua shareholders cash instead of issuing any fractional shares in the merger.

As First Alachua's board of directors, we believe that the merger will have many benefits. We believe that the combined company will have greater financial strength and greater opportunity and flexibility to expand and diversify. The merger is subject to certain conditions, including approval of the Agreement and Plan of Merger by the affirmative vote of holders of a majority of the outstanding common stock of First Alachua, and approval of the merger by various regulatory agencies.

As First Alachua's board of directors, we have unanimously approved the Agreement and Plan of Merger and recommend it to you for your approval as well.

This Proxy Statement/Prospectus provides detailed information about the merger. We urge you to read this entire document carefully, including the risk factors considered by CCBG's and First Alachua's boards of directors beginning on page 14. You can also get information about CCBG from the SEC. CCBG's common stock is traded on the Nasdaq National Market under the symbol "CCBG."

Whether or not you plan to attend the Special Meeting, you are urged to complete, sign, and promptly return the enclosed proxy card. If you attend the Special Meeting, you may vote in person if you wish, even if you have previously returned your proxy card.

On behalf of the board of directors, I strongly urge you to vote FOR approval of the Agreement and Plan of Merger by marking the enclosed proxy

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card FOR item one.

We look forward to seeing you at the Special Meeting.

Sincerely,

/s/ Jerry M. Smith

Jerry M. Smith
President and Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities regulatory body has approved or disapproved of the securities to be issued under this Proxy Statement/Prospectus or determined if this Proxy Statement/Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities offered hereby are not savings accounts or deposit accounts or other obligations of any bank or savings association and they are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund, the Savings Association Insurance Fund, or any other government agency.

This Proxy Statement/Prospectus is dated April 15, 2005, and was first mailed to shareholders on April 15, 2005.

[CAPITAL CITY BANK LOGO]

[FIRST ALACHUA BANKING CORPORATION LOGO]

PROPOSED MERGER OF FIRST ALACHUA BANKING CORPORATION
WITH CAPITAL CITY BANK GROUP, INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 20, 2005

A special meeting of the shareholders (the "Special Meeting") of First Alachua Banking Corporation will be held at First National Bank of Alachua, located at 15000 NW 140th Street, Alachua, Florida, 32615, on May 20, 2005, at 10:00 a.m., Eastern Time, for the following purposes:

- * To vote on an Agreement and Plan of Merger, pursuant to which, among other matters, (a) First Alachua Banking Corporation will merge with and into Capital City Bank Group, Inc. with Capital City Bank Group, Inc. being the resulting corporation, and (b) First National Bank of Alachua will merge with and into Capital City Bank, with Capital City Bank being the resulting bank.
- * To transact any other business that properly comes before the Special Meeting, or any adjournments or postponements of the Special Meeting.

In connection with the merger, and subject to certain potential adjustments, each share of First Alachua common stock outstanding at the

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effective time of the merger will be exchanged for \$2,847.04 in cash, plus approximately 71.176 shares of CCBG common stock. A copy of the Agreement and Plan of Merger is attached to this Proxy Statement/Prospectus as Appendix A.

The Board of Directors of First Alachua is not aware of any other business to be presented to a vote at the Special Meeting.

Only shareholders of record at the close of business on April 12, 2005, will be entitled to notice of and to vote at the Special Meeting or any adjournments. Approval of the Agreement and Plan of Merger requires the affirmative vote of a majority of the outstanding shares of First Alachua common stock on that record date.

The Board of Directors of First Alachua unanimously recommends that shareholders vote FOR approval of the Agreement and Plan of Merger.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Jerry M. Smith

Jerry M. Smith
President and Chairman of the Board

Alachua, Florida
April 15, 2005

Whether or not you plan to attend the Special Meeting, please complete, date, and sign the enclosed proxy card and promptly return it in the enclosed postage paid return envelope in order to ensure that your shares will be represented at the Special Meeting.

Sections 607.1301 - 607.1333 of the Florida Business Corporation Act provide that each First Alachua shareholder may dissent from the Agreement and Plan of Merger and demand payment of the fair value of his or her shares in cash if the merger is consummated. The right of any shareholder to receive such payment is contingent upon strict compliance with the provisions of Sections 607.1301 - 607.1333 of the Florida Business Corporation Act. We have included for your review the full text of Sections 607.1301 - 607.1333 of the Florida Business Corporation Act in Appendix C attached to the accompanying Proxy Statement/Prospectus. See "DESCRIPTION OF THE MERGER - Dissenters' Rights of Appraisal" in the accompanying Proxy Statement/Prospectus, page 33.

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SECTION I

WHERE YOU CAN FIND MORE INFORMATION ABOUT CCBG

CCBG files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials CCBG files with the SEC at the SEC's Public Reference Room at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. You should call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains a Web site that contains reports, proxy and information statements and other information about CCBG. The address of the SEC Web site is <http://www.sec.gov>.

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CCBG filed a Registration Statement on Form S-4 to register with the SEC the shares that CCBG will issue to First Alachua shareholders in the merger. This Proxy Statement/Prospectus is a part of that Registration Statement. Because the rules and regulations of the SEC allow the omission of certain portions of the Registration Statement from this document, this Proxy Statement/Prospectus does not include all of the information contained in the Registration Statement. For further information about CCBG and the securities offered in this Proxy Statement/Prospectus, you should review the Registration Statement at the SEC's Public Reference Room or on its Web site.

The SEC allows CCBG to "incorporate by reference" information into the Proxy Statement/Prospectus, which means that CCBG can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered part of this Proxy Statement/Prospectus, except when superseded by information contained in this Proxy Statement/Prospectus or in later filed documents incorporated by reference in this Proxy Statement/Prospectus.

This Proxy Statement/Prospectus incorporates by reference the documents listed below that CCBG previously filed with the SEC. These documents contain important information about CCBG and its finances.

- * Annual Report on Form 10-K for the fiscal year ended December 31, 2004
- * Current Reports on Form 8-K filed on February 9, 2005, March 11, 2005 and March 31, 2005

CCBG also incorporates by reference additional documents that it may file with the SEC between the date of this Proxy Statement/Prospectus and the completion of the merger or the termination of the Agreement and Plan of Merger. These additional documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements. We have included a copy of Amendment No. 1 to our Form 10-K for the fiscal year ended December 31, 2004 with this Proxy Statement/Prospectus.

CCBG's internet website is www.ccbg.com. CCBG's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, including any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d), and reports filed pursuant to Section 16, 13(d), and 13(g) of the Exchange Act are available free of charge through the website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. In addition, you may obtain free of charge any such documents filed by or furnished to the SEC by CCBG by requesting them from CCBG at the address or telephone number listed on page 5.

PLEASE NOTE

Neither CCBG nor First Alachua has authorized anyone to give any information or make any statement about the merger or either company that differs from, or adds to, the information in the Proxy Statement/Prospectus or in other documents filed with the SEC. Therefore, if anyone gives you different or additional information, you should not rely on it.

If you reside in a jurisdiction where it is unlawful to offer to exchange or sell, or to ask for offers to exchange or buy, the securities offered by this Proxy Statement/Prospectus or to ask for proxies, or if you are a person to whom it is unlawful to direct such activities, then the offer presented by this Proxy Statement/Prospectus does not extend to you.

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The information contained in this Proxy Statement/Prospectus speaks only as of its date unless the information specifically indicates that another date applies.

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Information in this Proxy Statement/Prospectus about CCBG has been supplied by CCBG, and information about First Alachua has been supplied by First Alachua.

IMPORTANT INFORMATION ABOUT THE AGREEMENT AND PLAN OF MERGER

The Agreement and Plan of Merger, which is included in this Proxy Statement/Prospectus in Appendix A, has been included to provide you with information regarding its terms. It is not intended to provide any other factual information about CCBG or First Alachua.

The Agreement and Plan of Merger contains representations and warranties CCBG and First Alachua made to each other. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that CCBG and First Alachua have exchanged in connection with signing the Agreement and Plan of Merger. While CCBG and First Alachua do not believe that these disclosure schedules contain information securities laws require us to publicly disclose other than information that has already been so disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached Agreement and Plan of Merger. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, because they are modified in important part by the underlying disclosure schedules. These disclosure schedules contain information that has been included in CCBG's general prior public disclosures, as well as potential additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Agreement and Plan of Merger, which subsequent information may or may not be fully reflected in CCBG's public disclosures.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Proxy Statement/Prospectus (and in other documents filed with the SEC) that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of CCBG's and First Alachua's managements and on information currently available to members of management. These forward-looking statements include information about possible or assumed future results of operations or the performance of CCBG after the merger. Many possible events or factors could cause results or performance to differ materially from those expressed in our forward-looking statements.

You should consider the events or factors detailed in the "RISK FACTORS" section of this Proxy Statement/Prospectus beginning on page 14 when you vote on the merger.

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SECTION II

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QUESTIONS AND ANSWERS ABOUT THE MEETING

Q(1): WHAT AM I BEING ASKED TO APPROVE?

A: You are being asked to approve the Agreement and Plan of Merger providing for, among other things, (a) the merger of First Alachua Banking Corporation with and into Capital City Bank Group, Inc., with Capital City Bank Group, Inc. being the resulting financial holding company, and (b) the merger of First National Bank of Alachua with and into Capital City Bank, with Capital City Bank being the resulting bank.

Q(2): WHY IS FIRST ALACHUA MERGING WITH CCBG?

A: The merger will enable First Alachua shareholders to hold stock in a larger and more diversified entity whose shares are more widely held and more actively traded. CCBG's common stock is traded on the Nasdaq National Market under the symbol "CCBG." We also believe the merger will enable First Alachua to serve better its customers with more products and services. Based upon these and other factors, we believe that the merger is in the best interest of the First Alachua shareholders. We provide the background and more detailed reasons for the merger, starting on page 19.

Q(3): AS A FIRST ALACHUA SHAREHOLDER, WHAT WILL I RECEIVE IN THE MERGER?

A: For each share of First Alachua common stock you own, CCBG will pay you a combination of \$2,847.04 in cash, plus approximately 71.176 shares of CCBG common stock. There are certain potential adjustments that may reduce the amount of cash or stock that you may receive. Cash will be paid in lieu of issuing fractional shares based upon the average daily closing prices of one share of CCBG common stock (as reported by the Nasdaq National Market) for the 20 consecutive full trading days ending on and including the fifth full trading day prior to the closing date of the merger.

Example: If you own 10 shares of First Alachua common stock, the average daily closing price is \$40.00 per share, and there are no adjustments, upon completion of the merger, you will receive 711 shares of CCBG common stock and a check for \$28,470.40, plus an additional \$30.40 in lieu of your remaining fractional share.

Q(4): WHAT HAPPENS AS THE MARKET PRICE OF CCBG COMMON STOCK FLUCTUATES?

A: Because the market value of CCBG common stock will fluctuate before and after the closing date of the merger, the value of the stock you will receive as a result of the merger will fluctuate as well and could decrease in value. However, the Agreement and Plan of Merger provides that First Alachua may terminate the Agreement and Plan of Merger (subject to CCBG's right to increase the number of CCBG shares to be issued in the merger) at any time during the two-day period commencing at the close of trading on the fifth full trading day prior to the closing date if both (i) the average daily closing price of one share of CCBG common stock is less than or equal to \$34, and (ii) the number obtained by dividing the average daily closing price of one share of CCBG common stock by 40 is less than a formula-based weighted average of an index group of 22 bank holding companies.

Q(5): WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: We expect to complete the merger during the second quarter of 2005. The merger must be approved by holders of a majority of the First

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Alachua common stock and by certain regulatory agencies, including the Board of Governors of the Federal Reserve System and the Florida Department of Financial Services. Additional approvals by or notices to other Florida state authorities may be necessary.

Q(6): WHAT ARE THE U.S. TAX CONSEQUENCES OF THE MERGER TO ME?

A: We expect that for U.S. federal income tax purposes, your exchange of First Alachua common stock for CCBG common stock in the merger generally will not cause you to recognize any gain or loss. You will, however, have to recognize gain in connection with any cash received in the merger. In addition, shareholders who exercise dissenters' rights may recognize gain or loss in the exchange of their shares for cash. We urge you to consult your own tax advisers as to the specific tax consequences of the merger to you.

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We provide a more detailed review of the U.S. federal income tax consequences of the merger at page 41 of this Proxy Statement/Prospectus.

Q(7): AS A FIRST ALACHUA SHAREHOLDER, DO I HAVE TO ACCEPT CCBG COMMON STOCK IN EXCHANGE FOR MY SHARES IF THE MERGER IS APPROVED?

A: No. If you are a First Alachua shareholder and you follow the procedures prescribed by Florida law, you may dissent from the merger and receive the fair value of your stock. If you follow those procedures, you will not receive CCBG common stock. Instead, the fair value of your First Alachua stock, determined in the manner prescribed by Florida law, will be paid to you in cash.

Q(8): WHAT SHOULD I DO NOW?

A: Just indicate on your proxy card how you want to vote, sign it and mail it in the enclosed envelope as soon as possible, so that your shares will be represented at the Special Meeting.

If you sign and send in your proxy and do not indicate how you want to vote, your proxy will be voted in favor of the proposal to approve the merger. If you do not sign and send in your proxy or attend and vote in favor of the merger at the Special Meeting, your failure to vote will count as a vote against the merger. Failure to vote against the merger will not result in a waiver of your right to dissent. However, the failure to vote or a vote against the merger, alone, will not perfect your dissenters' rights under Florida law.

The meeting is scheduled for May 20, 2005. You are invited to the meeting to vote your shares in person rather than signing and mailing your proxy card. If you do sign your card, you can take back your proxy up to and including the time of the vote at the meeting and either change your vote or attend the meeting and vote in person. We provide more detailed instructions about voting starting on page 17.

Q(9): SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. After the merger is completed, you will be sent written instructions explaining how to exchange your First Alachua common stock certificates for CCBG common stock certificates and the cash

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portion of the merger consideration.

Q(10): WHO CAN HELP ANSWER MY QUESTIONS?

A: If you want additional copies of this document, or if you want to ask any questions about the merger, you should contact:

Jerry M. Smith, President
First Alachua Banking Corporation
15000 NW 140th Street
Alachua, Florida 32615
(386) 462-1041

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SUMMARY

This summary highlights selected information contained elsewhere in this Proxy Statement/Prospectus. Because this is a summary, it does not contain all of the information that may be important to you. You should read the entire Proxy Statement/Prospectus carefully. We have included page references in this summary to direct you to other places in this Proxy Statement/Prospectus where you can find a more complete description of the topics we have summarized.

The Companies (See Page 55 for First Alachua, Page 57 for CCBG)
First Alachua Banking Corporation
15000 NW 140th Street
Alachua, Florida 32615
(386) 462-1041

First Alachua Banking Corporation is a financial services company and the parent company of First National Bank of Alachua which was established in 1908. First National Bank of Alachua is headquartered in Alachua, Florida and has assets totaling \$229 million in seven banking offices and one mortgage office in north central Florida and one banking office in St. Johns County, Florida. First National Bank of Alachua offers its clients a variety of services including deposit services, loans, ATMs, credit card merchant services, investment services, mortgage lending and business accounts. First National Bank of Alachua's website is www.fnba.net.

Capital City Bank Group, Inc.
217 North Monroe Street
Tallahassee, Florida 32301
(850) 671-0300

CCBG is a \$2.4 billion financial holding company headquartered in Tallahassee, Florida providing traditional deposit and credit services, asset management, trust, mortgage banking, bankcards, data processing and securities brokerage services. Founded in 1895, CCBG has 60 banking offices, 5 residential lending offices, 75 ATMs, and 11 Bank 'N Shop locations in Florida, Georgia and Alabama. For more information about CCBG, go to www.ccbg.com.

The Merger (See Page 18)

The Agreement and Plan of Merger provides for CCBG to acquire First Alachua by merging First Alachua with and into CCBG, with CCBG being the resulting corporation. Immediately thereafter, First National Bank of

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Alachua will merge with and into Capital City Bank, with Capital City Bank being the resulting bank. A copy of the Agreement and Plan of Merger is attached as Appendix A to this Proxy Statement/Prospectus. We encourage you to read the Agreement and Plan of Merger because it is the legal document that governs the merger.

Background of the Merger (See Page 19)

In April 2004, Jerry M. Smith, Chief Executive Officer and controlling shareholder of First Alachua, contacted representatives of SunTrust Robinson Humphrey to discuss possible strategic alternatives, because he had concerns about management succession. Immediately thereafter, management of First Alachua and SunTrust Robinson Humphrey began gathering the appropriate information and developing a confidential memorandum describing First Alachua that could be distributed to potential interested parties.

Upon completion of the confidential memorandum, in mid-July 2004, SunTrust Robinson Humphrey contacted 25 potential acquirers with respect to First Alachua. Nine entities signed confidentiality agreements and requested the confidential memorandum on First Alachua. Of these nine entities, two entities provided bids to First Alachua on August 26, 2004. After requesting the two bidders to enhance their bids and reviewing the revised bids with SunTrust Robinson Humphrey, Mr. Smith concluded that it would be preferable to pursue a transaction with CCBG.

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After SunTrust Robinson Humphrey and First Alachua's counsel conducted due diligence on CCBG in October and November and SunTrust Robinson Humphrey conducted intensive due diligence with CCBG management in late November 2004, Mr. Smith called a meeting of the board of directors of First Alachua to apprise the directors of the potential transaction with CCBG. SunTrust Robinson Humphrey and First Alachua's counsel reviewed the terms of the transaction with the board of directors of First Alachua. The board of directors of First Alachua unanimously agreed to pursue the opportunity with CCBG.

On February 3, 2005, after extensive additional discussion and deliberation, the boards of directors of First Alachua and First National Bank of Alachua approved the Agreement and Plan of Merger and authorized Mr. Smith to execute the agreement on behalf of both entities.

Our Reasons for the Merger and Recommendation to First Alachua Shareholders (See Page 21)

The First Alachua Board of Directors believes that the merger is in the best interests of First Alachua and its shareholders. The First Alachua Board of Directors has unanimously approved the Agreement and Plan of Merger. In deciding to approve the Agreement and Plan of Merger, the First Alachua Board of Directors considered a number of factors, including:

- * the value of the consideration to be received by First Alachua shareholders relative to the book value and earnings per share of First Alachua common stock;
- * certain information concerning the financial condition, results of operations and business prospects of CCBG;
- * the financial terms of recent business combinations in the financial

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services industry and a comparison of the multiples of selected combinations with the proposed transaction with CCBG;

- * the alternatives to the merger, including remaining an independent institution;
- * the previous experience of management of CCBG in completing acquisition transactions;
- * the expanded range of banking services that the merger will allow First Alachua to provide to its customers;
- * the competitive and regulatory environment for financial institutions generally;
- * the fact that the merger will enable First Alachua shareholders to exchange their shares of First Alachua common stock, in a partially tax-free transaction, for cash and shares of common stock of a larger company, the stock of which is more widely held and more liquid than that of First Alachua; and
- * the opinion of SunTrust Robinson Humphrey that the consideration to be received by First Alachua shareholders as a result of the merger is fair to First Alachua shareholders from a financial point of view.

The CCBG Board of Directors believes that the merger is in the best interests of CCBG and its shareowners. The CCBG Board of Directors has unanimously approved the Agreement and Plan of Merger. In deciding to approve the Agreement and Plan of Merger, the CCBG Board of Directors considered a number of factors, including:

- * a review, based in part on a presentation by CCBG's management, of
 - the business, operations, earnings, and financial condition, including the capital levels and asset quality, of First Alachua on historical, prospective, and pro forma bases and in comparison to other financial institutions in the area; and

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- the demographic, economic, and financial characteristics of the Alachua and St. Johns County markets, including existing competition, history of the market area with respect to financial institutions, and average demand for credit, on historical and prospective bases.

- * the results of CCBG's due diligence review of First Alachua;
- * the likelihood of regulators approving the merger without undue conditions or delay;
- * the compatibility and the community bank orientation of both CCBG and First Alachua; and
- * a variety of factors affecting and relating to the overall strategic focus of CCBG.

The Boards of Directors of First Alachua and CCBG believe that the merger will result in a company with expanded opportunities for profitable growth and that the combined resources and capital of First Alachua and CCBG will provide the combined company with greater ability to compete in the

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changing and competitive financial services industry.

The First Alachua Board believes that the merger of First Alachua with and into CCBG is in the best interests of First Alachua and First Alachua's shareholders. The First Alachua Board unanimously recommends that you vote FOR the merger.

Summary of SunTrust Robinson Humphrey Opinion to the Board of Directors of First Alachua (See Page 22)

In deciding to approve the merger, we have considered an opinion from our financial adviser, SunTrust Robinson Humphrey, that the price to be paid to First Alachua shareholders is fair to First Alachua shareholders, from a financial point of view. The full text of this opinion is attached to this Proxy Statement/Prospectus as Appendix D. We encourage you to read this opinion.

First Alachua Special Shareholder Meeting (See Page 16)

The Special Meeting will be held at First National Bank of Alachua, located at 15000 NW 140th Street, Alachua, Florida 32615, on Friday, May 20, 2005, at 10:00 a.m., Eastern Time. The First Alachua Board of Directors is soliciting proxies for use at the Special Meeting. At the Special Meeting, the First Alachua Board of Directors will ask the First Alachua shareholders to vote on a proposal to approve the Agreement and Plan of Merger.

Record Date for Special Shareholder Meeting (See Page 17)

You may vote at the Special Meeting if you owned shares of First Alachua common stock of record as of the close of business on Tuesday, April 12, 2005. You will have one vote for each share of First Alachua common stock you owned as of that date. You may revoke your proxy at any time prior to or at the time of the vote at the Special Meeting.

Vote Required (See Page 17)

Shareholders holding a majority of the outstanding shares of First Alachua common stock entitled to vote at the Special Meeting must be present in person or by proxy at the Special Meeting in order to form a quorum.

In order to approve the merger, however, shareholders holding a majority of the outstanding shares of First Alachua common stock must approve the Agreement and Plan of Merger. At the record date, the directors and executive officers of First Alachua as a group (5 persons) could vote approximately 6,878 shares of First Alachua common stock, constituting approximately 67.5% of the total number of shares of First Alachua common stock outstanding at that date. The First Alachua directors, as well as the directors of First National Bank of Alachua, have committed to vote their shares of First Alachua common stock in favor of the merger.

What First Alachua Shareholders will Receive (See Page 29)

Under the Agreement and Plan of Merger and subject to certain potential adjustments, CCBG will pay First Alachua shareholders \$2,847.04 in cash, plus approximately 71.176 shares of CCBG common stock for each share of First Alachua common stock that they own.

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First Alachua shareholders will not receive fractional shares of CCBG common stock. Instead, they will receive a payment for any fractional shares based on the average of the daily closing sales prices of one share of CCBG common stock, as reported by the Nasdaq National Market, for the 20 consecutive full trading days ending on and including the fifth full trading day prior to the closing date of the merger.

In addition, as a condition to the merger, First Alachua must have, immediately prior to the effective date of the merger, a net worth of at least \$25.375 million, subject to certain adjustments. Based on First Alachua's last call report filed with the FDIC, as of December 31, 2004, First Alachua had an unaudited net worth of approximately \$25.392 million. Based on CCBG's closing market price on the Nasdaq National Market on February 3, 2005 (the day prior to the public announcement of the Agreement and Plan of Merger), shareholders would receive total aggregate consideration of approximately \$58.0 million, or \$5,690.53 per share (assuming 10,186 shares of First Alachua common stock are outstanding).

Once the merger is complete, CCBG's transfer agent will mail you materials and instructions for exchanging your First Alachua stock certificates for CCBG stock certificates and the cash portion of the consideration. You should not send in your First Alachua stock certificates until you receive the transmittal materials and instructions from CCBG's transfer agent.

Regulatory Approvals (See Page 31)

We cannot complete the merger until we receive the approval of the Board of Governors of the Federal Reserve System and the Florida Department of Financial Services. CCBG and First Alachua have filed applications with the Federal Reserve Board and the Florida Department of Financial Services seeking approval of the merger. The approvals of these regulators may impose conditions or restrictions that, in the opinion of CCBG and/or First Alachua, would have a material adverse effect on the economic or business benefits of the merger. In that event, CCBG and First Alachua may terminate the Agreement and Plan of Merger by mutual consent.

Conditions to the Merger (See Page 30)

The completion of the merger depends upon CCBG and First Alachua satisfying a number of conditions, including:

- * the holders of a majority of the outstanding First Alachua common stock must approve the Agreement and Plan of Merger;
- * First Alachua must have a minimum net worth of at least \$25.375 million, subject to certain adjustments;
- * CCBG and First Alachua must receive all required regulatory approvals and any waiting periods required by law must have passed; and
- * CCBG and First Alachua must each receive a legal opinion confirming the tax-free nature of the merger.

Termination of the Agreement and Plan of Merger (See Page 31)

Either CCBG or First Alachua may terminate the Agreement and Plan of Merger without completing the merger if, among other things, any of the following occurs:

- * the merger is not completed by August 31, 2005;

- * the holders of a majority of the outstanding shares of First Alachua common stock do not approve the Agreement and Plan of Merger; or
- * the other party breaches or materially fails to comply with any of its representations or warranties, covenants or obligations under the Agreement and Plan of Merger.
- * First Alachua may terminate the Agreement and Plan of Merger without completing the merger if both:
 - * the adjusted average daily closing price of CCBG common stock is less than or equal to \$34.00; and
 - * the quotient obtained by dividing the average closing price by 40 is less than a formula based on the weighted average of the closing prices of an index group of 22 bank holding companies.

CCBG may terminate the Agreement and Plan of Merger without completing the merger:

- * in the event that the due diligence investigation of First Alachua by CCBG results in a finding of an event or circumstance that has had or is reasonably likely to have a material adverse effect on First Alachua's financial position or business;
- * if the audit opinion of First Alachua's auditor is qualified and the total capital of First Alachua as of September 30, 2004 is not readily determinable by First Alachua's auditor, and if CCBG and First Alachua cannot agree upon appropriate audit adjustments within 30 days of delivery of the audit opinion from First Alachua's auditors; or
- * in the event that the Board of Directors of First Alachua or First National Bank of Alachua does not reaffirm its approval of the Agreement and Plan of Merger.

Dissenters' Rights of Appraisal (See Page 33 and Appendix C)

Each holder of First Alachua common stock as of the record date who perfects his or her rights is entitled to the dissenters' rights of appraisal under the Florida Business Corporation Act, subject to compliance with the procedures set forth in those dissenters' rights of appraisal provisions. Pursuant to Section 607.1302 of the Florida Business Corporation Act, a First Alachua shareholder who does not wish to accept the shares of CCBG common stock to be received pursuant to the terms of the Agreement and Plan of Merger may dissent from the merger and elect to receive the fair value of his or her shares immediately prior to the completion of the merger. A copy of the dissenters' rights of appraisal statute under the Florida Business Corporation Act is set forth in Appendix C to this Proxy Statement/Prospectus and a summary is included under "DESCRIPTION OF THE MERGER - Dissenters' Rights of Appraisal."

Interests of Officers and Directors in the Merger that are Different from Yours (See Page 39)

Certain members of First Alachua's management and Board of Directors have interests in the merger that are in addition to their interests as shareholders of First Alachua.

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Jerry M. Smith, Chairman, President and Chief Executive Officer, will be paid a bonus of up to \$1,000,000 by either CCBG or Capital City Bank upon the successful completion of the merger and will enter into a three-year employment agreement with CCBG.

The Agreement and Plan of Merger contains provisions for the indemnification of First Alachua directors, officers and employees by CCBG, and provisions for the officers and employees of First Alachua to receive certain employee benefits that CCBG already provides to its officers and employees.

In addition, the Agreement and Plan of Merger contains provisions for CCBG to provide directors' and officers' liability insurance (with certain cost restraints) to First Alachua's officers and directors, for three years after the effective time of the merger.

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The CCBG and First Alachua Boards of Directors were aware of these interests and took them into account in approving the Agreement and Plan of Merger.

Important Federal Income Tax Consequences of the Merger (See Page 41)

It is anticipated that CCBG, First Alachua and their shareowners will not recognize any gain or loss for U.S. federal income tax purposes from the merger, except for the cash portion of the consideration paid to First Alachua shareholders for their First Alachua common stock and the cash received by First Alachua shareholders instead of fractional shares. Both CCBG and First Alachua will receive a legal opinion to that effect. Forms of these legal opinions are filed as exhibits to the Registration Statement of which this Proxy Statement/Prospectus is a part. However, the opinions do not bind the Internal Revenue Service, which could take a different view. In addition, this tax treatment will not apply to any First Alachua shareholder who receives cash for his or her shares due to the exercise of dissenters' rights. Determining the actual tax consequences of the merger to you as an individual taxpayer can be complicated, and the tax treatment also may depend upon facts that are unique to your specific situation. Accordingly, you should consult your own tax adviser for a full understanding of the tax consequences of the merger.

Accounting Treatment of the Merger (See Page 42)

The merger will be accounted for as a "purchase," as that term is used under accounting principles generally accepted in the United States, for accounting and financial reporting purposes. Under purchase accounting, the assets and liabilities of First Alachua as of the effective time of the merger will be recorded at their respective fair values and added to those of CCBG. Any excess of purchase price over the fair values is recorded as goodwill. Financial statements of CCBG issued after the merger would reflect such fair values and would not be restated retroactively to reflect the historical financial position or results of operations of First Alachua.

Certain Differences in Shareholders' Rights (See Page 44)

When the merger is consummated, First Alachua shareholders, whose rights are governed by First Alachua's Articles of Incorporation and Bylaws, as amended, and by the Florida Business Corporation Act, will automatically

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become CCBG shareowners, and their rights as CCBG shareowners will be determined by CCBG's Articles of Incorporation and Bylaws and by the Florida Business Corporation Act. The rights of CCBG shareowners differ from the rights of First Alachua shareholders in certain important respects. For example:

- * CCBG's Articles of Incorporation and Bylaws contain certain provisions designed to assist the CCBG Board of Directors with protecting the interests of CCBG and its shareowners if any group or person attempts to acquire control of CCBG, while First Alachua's do not.
- * CCBG is authorized to issue both common and preferred stock (which has not been designated), whereas First Alachua has only Class A common stock and Class B common stock authorized.
- * The affirmative vote of the holders of at least two-thirds of all the issued and outstanding voting shares of capital stock is required to amend certain provisions of CCBG's Articles of Incorporation, including provisions relating to shareowner meetings, nomination, election and removal of directors, acquisition offers, indemnification, and amendments. Amendment of the First Alachua Articles of Incorporation only requires a majority of the outstanding shares of capital stock.
- * CCBG has a classified Board of Directors, divided into three classes. Each class serves a three-year term with one class's term expiring each year. The effect of CCBG having a classified Board of Directors is that only approximately one-third of the members of the Board is elected each year. First Alachua does not have a classified board, and each director of First Alachua is subject to annual elections.
- * CCBG's bylaws expand the Florida Business Corporation Act's statutory scheme of indemnification of officers and directors by providing for the mandatory indemnification of any of its officers and directors for costs and expenses actually and reasonably incurred in connection with a legal proceeding, regardless of

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whether the officer or director is successful on the merits or otherwise, including amounts paid in settlement of such a proceeding, to the fullest extent permitted by the Florida Business Corporation Act, and requires advancement of such costs and other expenses during pending proceedings. The Board of Directors also has discretionary ability to provide indemnification with respect to other persons, such as agents and employees. Indemnification of First Alachua's directors, officers, employees, and other agents is provided pursuant to the Florida Business Corporation Act. Neither the Articles of Incorporation nor the Bylaws of First Alachua provide for an expansion of the indemnification rights provided under the Florida Business Corporation Act.

- * CCBG's Articles of Incorporation expressly require the Board of Directors to consider all factors it deems relevant in evaluating a proposed share exchange, tender offer, merger, consolidation, or other similar transaction. Under the Florida Business Corporation Act, First Alachua's Board of Directors may rely upon such factors as the directors deem relevant in evaluating such transactions.
- * CCBG's Bylaws provide that any action required or permitted to be taken at a meeting of shareowners may not be effected by the written consent

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of the shareowners entitled to vote on the action, whereas First Alachua's Bylaws provide that any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth the action taken, shall be signed by all of the shareholders entitled to vote with respect to the relevant subject matter.

- * Because CCBG's common stock is traded on the Nasdaq National Market, shareowners of CCBG generally do not have dissenters' rights of appraisal under the Florida Business Corporation Act, whereas First Alachua's shareholders do.

Comparative Market Prices of Common Stock (See Page 51)

CCBG common stock is traded on the Nasdaq National Market under the symbol "CCBG." First Alachua common stock is not traded in any established market. On February 3, 2005, the last day prior to the public announcement of the Agreement and Plan of Merger, the last reported sale price per share of CCBG common stock on the Nasdaq National Market was \$39.95. Based on the combined \$2,847.04 in cash and the exchange ratio of approximately 71.176 shares of CCBG stock for each share of stock, the resulting equivalent pro forma price per share of First Alachua common stock would have been \$5,690.53.

To the knowledge of First Alachua, the most recent sale of First Alachua common stock prior to February 3, 2005, the last day prior to the public announcement of the Agreement and Plan of Merger, was on January 30, 2002, which was a sale of 25 shares for a purchase price of \$1,537.67 per share. To the knowledge of First Alachua, there have been no sales since the announcement of the merger. There can be no assurance as to what the market price of the CCBG common stock will be if and when the merger is consummated.

Listing of CCBG Common Stock (See Page 43)

CCBG will list the shares of CCBG common stock to be issued in connection with the merger on the Nasdaq National Market.

Risk Factors (See Page 14)

An investment in CCBG common stock involves risks. In determining whether to approve the Agreement and Plan of Merger, you should consider the various risks associated with an investment in CCBG common stock as more fully described in the "Risk Factors" section beginning on page 14.

Recent Developments in CCBG's Business

On March 19, 2004, Capital City Bank completed its merger with Quincy State Bank, a former affiliate of Synovus Financial Corp. Results of Quincy's operations have been included in CCBG's consolidated financial statements since March 20, 2004. Quincy had \$116.6 million in assets with one office in Quincy, Florida and one

office in Havana, Florida. The transaction was accounted for as a purchase and resulted in approximately \$14.9 million of intangible assets, including approximately \$12.5 million in goodwill and a core deposit intangible of \$2.4 million. The core deposit intangible is being amortized over a seven-year period.

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On October 15, 2004, CCBG completed its merger with Farmers and Merchants Bank. Results of Farmers and Merchants Bank's operations have been included in CCBG's consolidated financial statements since October 16, 2004. Farmers and Merchants Bank had \$411 million in assets with three full-service offices in Laurens County, Georgia. The transaction was accounted for as a purchase and resulted in approximately \$41.1 million of intangible assets, including approximately \$34.7 million in goodwill, a core deposit intangible of \$5.9 million and a non-compete agreement of approximately \$0.5 million. The core deposit intangible is being amortized over a seven-year period and the non-compete is being amortized over a two-year period.

Selected Financial Data

The following table presents selected consolidated financial data for CCBG for the five-year period ended December 31, 2004. The CCBG information is based on the consolidated financial statements contained in reports CCBG filed with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2004. These documents are incorporated by reference in this Proxy Statement/Prospectus. See "WHERE YOU CAN FIND MORE INFORMATION ABOUT CCBG," on page 1. You should read the following tables in conjunction with the consolidated financial statements of CCBG described above and the footnotes to them.

Historical results are not necessarily indicative of results to be expected for any future period. In the opinion of the management of CCBG, all adjustments (which include only normal recurring adjustments) necessary to arrive at a fair statement of interim results of operations of CCBG have been included.

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Capital City Bank Group, Inc. and Subsidiary

(Dollars in Thousands, Except Per Share Data) (1)	At or for the year ended December			
	2004	2003	2002	2001
Interest Income	\$101,525	\$94,830	\$104,165	\$111,625
Net Interest Income	86,084	79,991	81,662	66,000
Provision for Loan Losses	2,141	3,436	3,297	3,297
Net Income	29,371	25,193	23,082	19,406
 Per Common Share:				
Basic Net Income	\$2.18	\$1.91	\$1.75	\$1.58
Diluted Net Income	2.18	1.90	1.74	1.57
Cash Dividends Declared	.730	.656	.502	.450
Diluted Book Value	18.13	15.27	14.08	12.85
 Based on Net Income:				
Return on Average Assets	1.46%	1.40%	1.34%	1.28%
Return on Average Equity	13.31%	12.82%	12.85%	12.85%
Net Interest Margin (FTE)	4.88%	5.01%	5.35%	5.35%
Dividend Payout Ratio	33.42%	34.51%	28.87%	28.87%
Equity to Assets Ratio	10.86%	10.98%	10.22%	10.22%

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Averages for the Period:

Loans, Net of Unearned Interest	\$1,538,744	\$1,318,080	\$1,256,107	\$1,188,000
Earning Assets	1,789,843	1,624,680	1,556,500	1,533,000
Assets	2,006,745	1,804,895	1,727,180	1,700,000
Deposits	1,599,201	1,431,808	1,424,999	1,440,000
Subordinated Note	5,155	--	--	--
Long-Term Debt	59,462	55,594	30,423	1,000,000
Shareowners' Equity	220,731	196,588	179,652	160,000

Period-End Balances:

Loans, Net of Unearned Interest	\$1,828,825	\$1,341,632	\$1,285,221	\$1,240,000
Earning Assets	2,113,571	1,648,818	1,636,472	1,620,000
Assets	2,364,013	1,846,502	1,824,771	1,820,000
Deposits	1,894,886	1,474,205	1,434,200	1,550,000
Subordinated Note	30,928	--	--	--
Long-Term Debt	68,453	46,475	71,745	1,000,000
Shareowners' Equity	256,800	202,809	186,531	170,000

Other Data:

Basic Average Shares Outstanding	13,443,753	13,222,487	13,225,285	13,240,000
Diluted Average Shares Outstanding	13,447,937	13,251,189	13,274,355	13,290,000
Shareowners of Record	1,598	1,512	1,457	1,400
Banking Locations	60	57	54	50
Full-Time Equivalent Associates	926	795	781	750

 (1) All shares and per share data have been adjusted to reflect the 5-for-4 stock split effective

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this Proxy Statement/Prospectus, in deciding whether to approve the Agreement and Plan of Merger, you should consider the various risks associated with an investment in CCBG common stock, including, but not limited to the following:

CCBG may have difficulties integrating First Alachua's operations into CCBG's operations.

The merger involves the integration of two companies that have previously operated independently of each other. Successful integration of First Alachua's operations will depend primarily on CCBG's ability to consolidate its operations, systems and procedures into those of CCBG and to eliminate redundancies and costs. We may not be able to integrate our operations without encountering difficulties including, without limitation:

- * the loss of key employees and customers;
- * possible inconsistencies in standards, control procedures and policies; and
- * unexpected problems with costs, operations, personnel, technology or credit.

In determining that the merger is in the best interests of CCBG and

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First Alachua, as the case may be, the Board of Directors of each of CCBG and First Alachua considered that enhanced earnings may result from the consummation of the merger, including from the reduction of duplicate costs, improved efficiency and cross-marketing opportunities. However, we cannot assure that any enhanced earnings or cost savings will actually occur from the merger.

There is a limited market for shares of CCBG common stock.

While CCBG common stock is listed and traded on the Nasdaq National Market, there has been limited trading activity in CCBG common stock. The average daily trading volume of CCBG common stock over the twelve-month period ending December 31, 2004 was approximately 10,761 shares. CCBG does not anticipate that the merger will cause any significant improvements in the trading of CCBG common stock.

CCBG and Capital City Bank are subject to extensive governmental regulation.

CCBG and Capital City Bank are subject to extensive governmental regulation. CCBG, as a financial holding company, is regulated primarily by the Federal Reserve. Capital City Bank is a commercial bank chartered by the State of Florida and regulated by the Federal Reserve, the Federal Deposit Insurance Corporation and the Florida Department of Financial Services. These federal and state bank regulators have the ability, should the situation require, to place significant regulatory and operational restrictions upon CCBG and Capital City Bank. Any such restrictions imposed by federal and state bank regulators could affect the profitability of CCBG and Capital City Bank.

The financial institution industry is very competitive.

CCBG and Capital City Bank compete directly with financial institutions that are well established and have significantly greater resources and lending limits than CCBG and Capital City Bank. As a result of those greater resources, the large financial institutions may be able to provide a broader range of services to their customers than CCBG and may be able to afford newer and more sophisticated technology than CCBG. The long-term success of CCBG will be dependent on the ability of Capital City Bank to compete successfully with other financial institutions in its service areas.

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Management of CCBG holds a large portion of CCBG common stock.

As of the record date, the directors and executive officers of CCBG beneficially owned about 4.85 million shares of CCBG common stock, or 34.3%, of the total outstanding shares of CCBG. As a result, CCBG's management has significant control of CCBG.

CCBG's Articles of Incorporation and Bylaws may prevent or delay a takeover by another company.

CCBG's Articles of Incorporation permit the Board of Directors of CCBG to issue preferred stock without shareholder action. The ability to issue preferred stock could discourage a company from attempting to obtain control of CCBG by means of a tender offer, merger, proxy contest or otherwise. Additionally, CCBG's Articles of Incorporation and Bylaws divide the Board of Directors of CCBG into three classes, as nearly equal in size as possible, with staggered three-year terms. One class is elected each year. The

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classification of the Board of Directors could make it more difficult for a company to acquire control of CCBG. CCBG is also subject to certain provisions of the Florida Business Corporation Act and the CCBG Articles of Incorporation which relate to business combinations with interested shareowners.

The fairness opinion obtained by First Alachua will not reflect changes in circumstances between the signing of the Agreement and Plan of Merger and the closing date.

First Alachua has not obtained an updated opinion as of the date of this document from its financial adviser. Changes in the operations and prospects of First Alachua, general market and economic conditions and other factors which may be beyond the control of First Alachua, and on which the fairness opinion was based, may alter the value of First Alachua or the prices of shares of First Alachua common stock and shares of CCBG common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. For a description of the opinion that First Alachua received from its financial adviser, please refer to "DESCRIPTION OF THE MERGER - Summary of SunTrust Robinson Humphrey Opinion to the Board of Directors of First Alachua" on page 22.

Because the market price of CCBG common stock may fluctuate, you cannot be sure of the value of the merger consideration that you will receive.

Upon completion of the merger, and subject to certain potential adjustments, each share of First Alachua common stock will be converted into merger consideration consisting of \$2,847.04 in cash and approximately 71.176 shares of CCBG common stock pursuant to the terms of the Agreement and Plan of Merger. The price of CCBG common stock may increase or decrease before or after completion of the merger and, therefore, the implied value of the stock portion of the merger consideration may be higher or lower than the implied value of the stock portion of the merger consideration on February 3, 2005 or the closing time of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control.

If, at the effective time, the CCBG stock does not constitute at least 45% of the merger consideration, the parties will re-evaluate the transaction before consummating the merger.

As a condition to the merger, at the effective time, each of Gunster, Yoakley & Stewart, P.A., counsel to CCBG, and Smith, Gambrell & Russell, LLP, counsel to First Alachua, is expected to opine that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and that neither CCBG nor First Alachua will recognize gain or loss by reason of the merger (except for amounts resulting from any required change in accounting methods and any income and deferred gain or loss recognized pursuant to Treasury regulations issued under Section 1502 of the Internal Revenue Code). If at the effective time, however, the CCBG stock does not constitute at least 45% of the merger consideration, the firms will re-evaluate the transaction to determine whether to issue the referenced tax opinions, and the parties will re-evaluate the transaction before consummating the merger. If the parties re-evaluate the transaction in this event, the parties may decide not to consummate the merger or may renegotiate the terms of the merger.

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We may not receive required regulatory approvals, and, if received, such approvals may be subject to adverse regulatory conditions.

Before the merger may be completed, various approvals must be obtained from the Board of Governors of the Federal Reserve System and the Florida Department of Financial Services. We cannot guarantee that we will receive all required regulatory approvals in order to complete the merger. In addition, some of the governmental authorities from whom those approvals must be obtained may impose conditions on the completion of the merger or require changes in the terms of the merger. These conditions or changes could have the effect of delaying the merger or imposing additional costs or limiting the possible revenues of the combined company.

CCBG's financial success depends in part on the successful integration of its recent acquisitions.

CCBG's future growth and profitability depend, in part, on its ability to complete successfully its acquisition of First Alachua and manage the combined operations as well as the operations of Farmers and Merchants Bank, which was acquired on October 15, 2004 and Quincy State Bank, which was acquired on March 14, 2004. For the acquisitions to be successful, CCBG will have to succeed in combining the personnel and operations of CCBG, First Alachua, Farmers and Merchants Bank and Quincy State Bank and in achieving expense savings by eliminating selected redundant operations. We cannot assure you that our plan to integrate and operate the combined operations will be timely or efficient, or that we will successfully retain existing customer relationships of First National Bank of Alachua.

First Alachua Directors and Executive Officers Have Interests in the Merger Besides Those of a Shareholder.

Some of First Alachua's executive officers participated in negotiations of the Agreement and Plan of Merger with CCBG, and the board of directors approved the Agreement and Plan of Merger and is recommending that First Alachua shareholders vote for the Agreement and Plan of Merger. In considering these facts and the other information contained in this Proxy Statement/Prospectus, you should be aware that First Alachua's executive officers and directors have financial interests in the merger besides being First Alachua shareholders. Please refer to "Interests of Certain Persons in the Merger" on page 39. These interests include:

Jerry M. Smith, Chairman, Chief Executive Officer and President, will be paid a bonus of up to \$1,000,000 by either CCBG or Capital City Bank upon the successful completion of the merger and will enter into a three-year employment agreement with CCBG.

The Agreement and Plan of Merger contains provisions for the indemnification of First Alachua directors, officers and employees by CCBG, and provisions for the officers and employees of First Alachua to receive certain employee benefits that CCBG already provides to its officers and employees.

In addition, the Agreement and Plan of Merger contains provisions for providing directors' and officers' liability insurance (with certain cost restraints), for three years after the effective time of the merger.

MEETING OF FIRST ALACHUA SHAREHOLDERS

Date, Place, Time, and Purpose

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The First Alachua Board of Directors is sending you this Proxy Statement/Prospectus in connection with the solicitation by the First Alachua Board of Directors of proxies for use at the Special Meeting. CCBG will pay the filing fees and one-half of the printing costs incurred in connection with this Proxy Statement/Prospectus and the registration statement of which this Proxy Statement/Prospectus is a part. First Alachua will pay one-half of the printing costs. At the Special Meeting, the First Alachua Board of Directors will ask you to vote on a proposal to approve the Agreement and Plan of Merger. First Alachua will pay all other costs associated with the solicitation of proxies for the Special Meeting. The Special Meeting will be held at First National Bank of Alachua, located at 15000 NW 140th Street, Alachua, Florida 32615, on Friday, May 20, 2005, at 10:00 a.m., Eastern Time.

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Record Date, Voting Rights, Required Vote, and Revocability of Proxies

First Alachua has set the close of business on Tuesday, April 12, 2005, as the record date for determining the holders of First Alachua common stock entitled to notice of and to vote at the Special Meeting. Only holders of First Alachua common stock of record on the books of First Alachua at the close of business on the record date are entitled to notice of and to vote at the Special Meeting. As of the record date, First Alachua had 4,456 shares of Class A common stock and 5,730 shares of Class B common stock outstanding. First Alachua has no other classes of authorized capital stock. First Alachua shareholders do not have the preemptive right to purchase or subscribe to any unissued authorized shares of First Alachua common stock.

The Class B common stock was created in connection with the assumption by First Alachua of debt of certain Class B shareholders. While the debt was outstanding, Class A shareholders were entitled to dividend and liquidation preferences. The principal and interest on the debt related to the Class B common stock was repaid in full and retired as of March 26, 1990. Thus, the Class A common stock and Class B common stock currently have identical rights, preferences and limitations.

The directors of First Alachua and First National Bank of Alachua have committed to vote their shares in favor of the merger. CCBG holds no shares of First Alachua common stock.

You are entitled to one vote for each share of First Alachua common stock (whether Class A or Class B) you own on the record date. Pursuant to Sections 607.1103 and 607.1004 of the Florida Business Corporation Act, both Class A common stock and Class B common stock will vote together as a single voting group. Shareholders holding a majority of the outstanding shares of First Alachua common stock entitled to vote at the Special Meeting must be present, in person or by proxy, at the Special Meeting to form a quorum. In order to approve the merger, shareholders holding at least a majority of the outstanding shares of First Alachua common stock must approve the Agreement and Plan of Merger. Consequently, abstentions and broker non-votes, as well as instructions to withhold authority to vote, will have the same effect as a vote "against" the Agreement and Plan of Merger.

Failure either to vote by proxy or in person at the Special Meeting will have the same effect as a vote cast "against" approval of the Agreement and Plan of Merger and the transactions contemplated therein.

Persons named as proxies will vote shares of First Alachua common stock in accordance with the instructions on the proxies if such proxies are properly executed, received in time, and not revoked. If the proxy does not contain instructions on how to vote, persons named as proxies will vote for approval of the Agreement and Plan of Merger. If any other matters properly come before the Special Meeting, the persons named as proxies will vote upon such matters according to their judgment. If necessary, such persons may vote in favor of a proposal to adjourn the Special Meeting in order to permit further solicitation of proxies in the event there are not sufficient votes to approve the Agreement and Plan of Merger at the time of the Special Meeting. However, no proxy that is voted against the approval of the Agreement and Plan of Merger will be voted in favor of an adjournment of the Special Meeting in order to permit further solicitation of proxies.

A First Alachua shareholder who has given a proxy may revoke it at any time prior to its exercise at the Special Meeting by:

- * giving written notice of revocation to the Secretary of First Alachua;
- * properly submitting to First Alachua a duly executed proxy bearing a later date; or
- * attending the Special Meeting and voting in person.

All written notices of revocation and other communications with respect to revocation of proxies should be addressed as follows: First Alachua Banking Corporation, 15000 NW 140th Street, Alachua, Florida 32615, Attention: Jerry M. Smith, President.

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At the record date, the directors and executive officers of First Alachua as a group (5 persons) were entitled to vote approximately 6,878 shares of First Alachua common stock, constituting approximately 67.5% of the total number of shares of First Alachua common stock outstanding at that date. The First Alachua directors, as well as the directors of First National Bank of Alachua, have committed to vote their shares of First Alachua common stock in favor of the Agreement and Plan of Merger. See "BUSINESS OF FIRST ALACHUA - Management Stock Ownership," on page 55.

DESCRIPTION OF THE MERGER

The following information describes certain aspects of the merger. The Agreement and Plan of Merger is attached as Appendix A to this Proxy Statement/Prospectus, and you are urged to read carefully the Agreement and Plan of Merger in its entirety.

General

The Holding Company Merger

Subject to the terms and conditions of the Agreement and Plan of Merger, at the effective time, First Alachua will merge with and into CCBG in accordance with the provisions of, and with the effect provided in, Sections 607.1101, 607.1103, 607.1105, 607.1106 and 607.1107 of the Florida Business Corporation Act. CCBG will be the surviving corporation resulting from this

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holding company merger and will continue to be governed by the laws of the State of Florida.

The Bank Merger

Subsequent to the consummation of the holding company merger, First National Bank of Alachua will be merged with and into Capital City Bank in accordance with the provisions of and with the effect provided in Section 658.41 of the Florida Statutes on terms and subject to the provisions of the Bank Plan of Merger, attached as Appendix B to this Proxy Statement/Prospectus. First Alachua, as the sole shareholder of First National Bank of Alachua, has already approved the bank merger.

At the effective time, and subject to any audit adjustments, each share of First Alachua common stock outstanding immediately prior to the effective time will be converted into and exchanged for the right to receive:

- * approximately 71.176 shares of CCBG common stock, and
- * \$2,847.04 in cash.

Each share of First National Bank of Alachua common stock issued and outstanding immediately prior to the effective time will cease to be outstanding and will be extinguished.

In the event that the First Alachua audited financial statements provided to CCBG indicate total shareholders' equity, as that term is defined in accordance with accounting principles generally accepted in the United States, as of September 30, 2004, to be less than \$24,665,000, the difference obtained by subtracting total shareholders' equity (as determined by the auditor) from \$24,665,000 will be deemed to be audit adjustments to the First Alachua financial statements. The total purchase price of \$58,000,000 to be paid by CCBG for the First Alachua common stock will be reduced by the amount of any audit adjustments.

If, pursuant to the preceding paragraph, the opinion of First Alachua's auditor with respect to First Alachua's audited financial statements is qualified and the total capital is not readily determinable by the auditor, then the parties agree to negotiate appropriate audit adjustments; provided, that, if the parties cannot agree as to the amount of such audit adjustments within 30 days of the delivery of the auditor's audit opinion, CCBG may terminate the Agreement and Plan of Merger. In the event that CCBG elects not to terminate the Agreement and Plan of Merger, then there will be no audit adjustments.

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As a result, shareholders of First Alachua will become shareowners of CCBG, and CCBG and Capital City Bank will conduct the business and operations of First Alachua and First National Bank of Alachua, respectively.

Shares held by First Alachua, CCBG, or their subsidiaries, other than shares held in a fiduciary capacity or in satisfaction of debts previously contracted, will not be exchanged for the right to receive either CCBG common stock or cash. Shares held by First Alachua shareholders who perfect their dissenters' rights of appraisal will not be converted to CCBG common stock. The Agreement and Plan of Merger provides that the exchange ratio will be adjusted to prevent dilution in the event CCBG changes the number of shares

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of CCBG common stock issued and outstanding prior to the effective time of the merger as a result of a stock split, stock dividend, recapitalization, reclassification, or similar transaction.

The market value of the CCBG common stock that shareholders of First Alachua will receive may vary significantly between the date of this Proxy Statement/Prospectus and the effective time of the merger. Further, because CCBG and First Alachua must satisfy various conditions, including receipt of necessary regulatory approvals, the merger may not be consummated until a substantial period of time following the Special Meeting. During the time between the date of the Special Meeting and the effective time of the merger, shareholders of First Alachua who do not properly perfect their dissenters' rights of appraisal, or who do not sell their shares of First Alachua common stock, will be subject to the risk of a decline in the market value of CCBG common stock.

CCBG will not issue fractional shares. Instead of issuing any fractional share to which any First Alachua shareholder would otherwise be entitled upon consummation of the merger, CCBG will pay such shareholder cash equal to the fractional part of a share of CCBG common stock multiplied by the average daily closing price of one share of CCBG common stock, as reported by the Nasdaq National Market, for the 20 consecutive full trading days ending on and including the fifth full trading day prior to the closing date of the merger.

In addition, as a condition to the merger, First Alachua must have, immediately prior to the effective date of the merger, a consolidated net worth of at least \$25.375 million, subject to certain adjustments. See "- Conditions to Consummation of the Merger," on page 30. Based on the last call report filed by First Alachua with the FDIC, as of December 31, 2004, First Alachua had a net worth of approximately \$25.392 million.

At the record date, First Alachua had 4,456 shares of Class A common stock and 5,730 shares of Class B common stock outstanding, for a total of 10,186 shares of common stock. Based on the number of shares of First Alachua common stock outstanding on the record date and the exchange ratio of approximately 71.176 shares, CCBG anticipates that it will issue approximately 725,000 shares of CCBG common stock to holders of First Alachua common stock once the merger is complete. Accordingly, CCBG would then have issued and outstanding approximately 14,887,106 shares of CCBG common stock based on the number of shares of CCBG common stock issued and outstanding on the record date. Following the merger, and assuming no exercise of dissenters' rights, the current shareholders of First Alachua will beneficially own approximately 4.9% of the outstanding CCBG common stock.

Background of the Merger

First Alachua has nearly a 100-year history of involvement in the Alachua County community. Founded in 1908, First Alachua's bank subsidiary, First National Bank of Alachua, is the oldest continuously operating national bank in Florida and the largest community bank operating in Alachua County. In 1971, a group of investors led by current Chairman of the Board and President Jerry M. Smith purchased a controlling interest in First National Bank of Alachua. In 1983, Mr. Smith formed First Alachua Banking Corporation, with the bank as the sole subsidiary.

In early 2004, Mr. Smith, as the Chief Executive Officer and controlling shareholder of First Alachua, began to consider strategic alternatives for First Alachua, primarily due to his concerns about management succession.

In April 2004, Mr. Smith contacted representatives of SunTrust Robinson Humphrey to discuss possible strategic alternatives. On April 26, 2004,

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representatives of SunTrust Robinson Humphrey met with Mr. Smith and certain members of his family. The representatives of SunTrust Robinson Humphrey discussed the mergers and

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acquisitions landscape in the State of Florida for banking institutions similar to First Alachua, including the purchase price multiples that other transactions had obtained. SunTrust Robinson Humphrey also discussed the potential partners which might be interested in the markets and profile of First Alachua, as well as the process and timing for a potential transaction.

In May 2004, SunTrust Robinson Humphrey provided First Alachua management a list of materials which would be required in order to develop a confidential memorandum describing the Company, including financial information. Management of First Alachua and SunTrust Robinson Humphrey began gathering the appropriate information and developing a confidential memorandum describing the Company that could be distributed to potential interested parties.

On June 25, 2004, SunTrust Robinson Humphrey and First Alachua signed an engagement letter whereby SunTrust Robinson Humphrey would (i) assist the board of directors of the Company in its consideration of various strategic alternatives, including determining whether a sale of the Company was advisable; (ii) identify opportunities for sale; (iii) advise the Company concerning opportunities for such sale; and (iv) participate on the Company's behalf in negotiations concerning any sale.

Upon completion of the confidential memorandum, in mid-July 2004, SunTrust Robinson Humphrey contacted 25 potential acquirers with respect to First Alachua. Nine entities signed confidentiality agreements and requested the confidential memorandum on First Alachua.

Two bids were received with respect to an acquisition of First Alachua on August 26, 2004. One bid was received from CCBG and another bid was received from a larger bank holding company headquartered outside the State of Florida in another southeastern state. Mr. Smith reviewed the bids with SunTrust Robinson Humphrey. After reviewing the bids, SunTrust Robinson Humphrey was instructed to contact both prospective purchasers to ask each to consider enhancing their bids, which they did. On September 2, 2004, CCBG submitted a nonbinding expression of interest to acquire First Alachua, stating that CCBG was prepared to offer \$58.0 million in a combination of 50% cash and 50% CCBG common stock for all of the outstanding shares of First Alachua. The other bidder offered \$58.0 million to be paid 100% in its stock as consideration for the purchase of the outstanding shares of First Alachua. Both offers also contemplated an employment agreement with Mr. Smith and change of control payment to Mr. Smith. After reviewing the revised bids from CCBG and the other bidder with SunTrust Robinson Humphrey, Mr. Smith concluded that it would be preferable to pursue a transaction with CCBG.

Due diligence was commenced by CCBG in early October and the parties began the process of negotiating the terms of a potential Agreement and Plan of Merger. SunTrust Robinson Humphrey and First Alachua's counsel conducted due diligence on CCBG in October and November, with SunTrust Robinson Humphrey conducting intensive due diligence with CCBG management in late November 2004.

The parties continued due diligence and business and legal negotiations on the terms of the Agreement and Plan of Merger through the month of

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November and into the first few days of December 2004. As of December 3, 2004, it appeared that all business and legal issues respecting the Agreement and Plan of Merger would be resolved to both parties' satisfaction. Mr. Smith then called a meeting of the Board of Directors of First Alachua to apprise the directors of the potential transaction with CCBG and its status. At the board meeting, including the attendance of representatives of SunTrust Robinson Humphrey and First Alachua's legal counsel, Mr. Smith distributed drafts of the operative agreements, and reviewed in detail the history leading up to the potential transaction. SunTrust Robinson Humphrey and First Alachua's counsel reviewed the terms of the transaction as they had been negotiated to date. The Board of Directors of First Alachua unanimously agreed to pursue the opportunity with CCBG. Mr. Smith advised the directors that upon completion of final negotiations and drafting of the definitive agreements, another meeting of the Board of Directors would be called.

From December 7, 2004 through January 31, 2005, management of the two companies and their respective legal and financial advisors continued final negotiations of the terms of the proposed Agreement and Plan of Merger.

On February 3, 2005, the boards of directors of First Alachua and First National Bank of Alachua held a joint special board meeting. Mr. Smith updated the directors on the successful completion of the due diligence

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review of CCBG and the negotiation of a definitive Agreement and Plan of Merger and ancillary agreements. Representatives of First Alachua's counsel, Smith, Gambrell & Russell, LLP, reviewed the proposed definitive Agreement and Plan of Merger, together with all exhibits, in detail. Representatives of SunTrust Robinson Humphrey reviewed with the Boards of Directors its financial analysis of the merger and delivered its oral fairness opinion, which was subsequently confirmed in writing, that, as of the date of such opinion and based upon and subject to certain matters stated in such opinion, the 71.176 shares of CCBG common stock and the \$2,847.04 in cash to be exchanged for each share of First Alachua common stock was fair from a financial point of view to the holders of First Alachua common stock. Based upon the value of the stock of CCBG on February 3, 2005, the total consideration per share for purposes of the fairness opinion was \$5,690.53 and the total aggregate consideration was \$57,963,750.

After extensive discussion and deliberation, the boards of directors of First Alachua and First National Bank of Alachua approved the Agreement and Plan of Merger and authorized Mr. Smith to execute the agreement on behalf of both entities. The officers of First Alachua and First National Bank of Alachua were authorized to take such further action as necessary to consummate the merger, subject to the required regulatory and shareholder approvals.

Immediately following the conclusion of the joint board meeting, the parties entered into the Agreement and Plan of Merger.

Our Reasons for the Merger and Recommendation to First Alachua Shareholders

In evaluating and determining to approve the Agreement and Plan of Merger, the First Alachua Board of Directors, with the assistance of SunTrust Robinson Humphrey and outside legal counsel, considered a variety of factors and based their opinion as to the fairness of the transactions contemplated by the Agreement and Plan of Merger primarily on the following factors:

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- * The financial terms of the merger, including the value of the consideration offered, the premium to book value paid, the ratio of CCBG's offer price to First Alachua's earnings and the prices paid in comparable transactions in Florida and the Southeastern United States over the last few years.
- * The future prospects of First Alachua and possible alternatives to the proposed merger, including the prospects of continuing as an independent institution.
- * The opinion of SunTrust Robinson Humphrey that the merger consideration is fair, from a financial point of view, to First Alachua's shareholders.
- * Information with respect to the financial condition, results of operations, business and prospects of First Alachua and the current industry, economic and market conditions, as well as the risks associated with achieving those prospects.
- * The non-financial terms and structure of the Agreement and Plan of Merger and the proposed merger, in particular, the fact that the merger would qualify as a tax-free reorganization to First Alachua's shareholders with respect to the exchange of First Alachua stock for CCBG stock.
- * The business and financial condition and earnings prospects of CCBG, the potential appreciation of CCBG common stock and the competence and experience of CCBG management.
- * The social and economic effects of the merger on First Alachua and its employees, depositors, loan and other customers, creditors and other constituencies of the communities in which First Alachua is located.

Each of the above factors supports, directly or indirectly, the determination of the First Alachua Board as to the fairness of the Agreement and Plan of Merger and the related merger. This discussion of the information and factors considered by the First Alachua Board of Directors in making its decision is not intended to be exhaustive, but does include all material factors considered by the First Alachua Board of Directors. The First Alachua Board

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did not quantify or attempt to assign relative weights to the specific factors considered in reaching its determination; however, the First Alachua Board placed special emphasis on the consideration payable in the proposed merger and the receipt of a favorable fairness opinion from its financial advisor. For additional information regarding the fairness opinion, see " - Summary of SunTrust Robinson Humphrey Opinion to the Board of Directors of First Alachua."

On February 3, 2005, CCBG, First Alachua and First National Bank of Alachua executed the Agreement and Plan of Merger. CCBG and First Alachua each conducted a due diligence review of the material financial, operating and legal information relating to the other party.

First Alachua's Board of Directors unanimously recommends that shareholders vote "FOR" approval of the Agreement and Plan of Merger.

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Summary of SunTrust Robinson Humphrey Opinion to the Board of Directors of First Alachua

First Alachua engaged SunTrust Robinson Humphrey as its financial advisor in connection with the merger. At the February 3, 2005 joint meeting of the Board of Directors of First Alachua and First National Bank of Alachua, SunTrust Robinson Humphrey reviewed its financial analysis of the merger and delivered its oral opinion, which was subsequently confirmed in writing, that, as of the date of such opinion and based upon and subject to certain matters stated therein, the 71.176 shares of CCBG common stock and \$2,847.04 in cash (collectively, the "Merger Consideration") to be exchanged for each share of First Alachua common stock (other than certain shares specified in the Agreement and Plan of Merger) was fair from a financial point of view to the holders of First Alachua common stock.

The full text of the opinion of SunTrust Robinson Humphrey, which sets forth the assumptions made, matters considered and limitations on the review undertaken, is attached as Appendix D and is incorporated by reference into this Proxy Statement/Prospectus. The summary of the SunTrust Robinson Humphrey opinion described below is qualified in its entirety by reference to the full text of the SunTrust Robinson Humphrey opinion. First Alachua shareholders are urged to read the opinion carefully and in its entirety.

SunTrust Robinson Humphrey's opinion is directed to the Board of Directors of First Alachua and relates only to the fairness from a financial point of view of the Merger Consideration to be received by the holders of First Alachua common stock. SunTrust Robinson Humphrey's opinion does not address any other aspect of the merger and does not constitute a recommendation to any shareholder as to how such shareholder should vote at the First Alachua shareholders meeting. It addresses the aggregate consideration to be received by the holders of First Alachua common stock as a whole, without regard to size of holdings by individual shareholders, and does not address the particular situations of specific shareholders.

Material and Information Considered with Respect to the Merger

In arriving at its opinion, SunTrust Robinson Humphrey among other things:

- * reviewed the January 31, 2005 draft of the Agreement and Plan of Merger;
- * reviewed certain publicly available business and historical financial information and other data relating to the business and financial prospects of First Alachua and CCBG, including certain publicly available consensus financial forecasts and estimates of CCBG that were reviewed and discussed with the management of CCBG;
- * reviewed internal financial and operating information with respect to the business, operations and prospects of First Alachua furnished to SunTrust Robinson Humphrey by First Alachua that is not publicly available;
- * reviewed the reported prices and trading activity of CCBG's common stock and compared those prices and activity with other publicly-traded companies that SunTrust Robinson Humphrey deemed relevant;

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- * compared the historical financial results and present financial condition of First Alachua and CCBG and, for CCBG only, compared stock market data, with those of publicly traded companies that SunTrust Robinson Humphrey deemed relevant;
- * reviewed certain pro forma effects of the merger on CCBG's financial statements and potential benefits of the merger and discussed these items with the management of First Alachua and CCBG;
- * compared the financial terms of the merger with the publicly available financial terms of certain other recent transactions that SunTrust Robinson Humphrey deemed relevant;
- * conducted discussions with members of the management of First Alachua and CCBG concerning their respective businesses, operations, assets, present condition and future prospects; and
- * undertook such other studies, analyses and investigations, and considered such information, as SunTrust Robinson Humphrey deemed appropriate.

SunTrust Robinson Humphrey assumed and relied upon, without independent verification, the accuracy and completeness of all of the financial and other information discussed with or reviewed by it in arriving at its opinion. With respect to the financial forecasts, estimates, pro forma effects and estimates of synergies and other potential benefits of the merger provided to or discussed with it, SunTrust Robinson Humphrey assumed, at the direction of the management of First Alachua and without independent verification or investigation, that they have been reasonably prepared on bases reflecting the best currently available information, estimates and judgments of the management of First Alachua and CCBG and are otherwise reasonable. SunTrust Robinson Humphrey also assumed with the approval of First Alachua that the future financial results referred to in its opinion that were provided to it by First Alachua will be achieved, and that the synergies and other potential benefits of the merger will be realized, at the times and in the amounts estimated by the management of First Alachua.

In arriving at its opinion, SunTrust Robinson Humphrey did not conduct a physical inspection of the properties and facilities of First Alachua. SunTrust Robinson Humphrey did not review individual credit files nor did it make any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets or liabilities) of First Alachua or CCBG or any of their respective subsidiaries, and SunTrust Robinson Humphrey was not furnished with any such evaluation or appraisal. SunTrust Robinson Humphrey is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect to such portfolios and, accordingly, SunTrust Robinson Humphrey assumed that First Alachua's and CCBG's allowances for losses are in the aggregate adequate to cover those losses.

The SunTrust Robinson Humphrey opinion is necessarily based upon market, economic and other conditions as they existed on and could be evaluated as of, the date of its opinion. SunTrust Robinson Humphrey's opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available to First Alachua or First Alachua's underlying business decision to effect the merger. SunTrust Robinson Humphrey was not asked to, nor did it, offer any opinion as to any terms or conditions of the Agreement and Plan of Merger or the form of the merger (other than the Merger Consideration). The financial markets in general and the market for the common stock of First Alachua and CCBG, in particular, are subject to volatility, and SunTrust Robinson Humphrey's

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opinion did not address potential developments in the financial markets or what the value of CCBG common stock will be when issued pursuant to the Agreement and Plan of Merger or the prices at which it will trade or otherwise be transferable at any time.

For purposes of its opinion, SunTrust Robinson Humphrey assumed that:

- * the Agreement and Plan of Merger does not differ in any respect from the draft it examined and that CCBG and First Alachua will comply in all material respects with the terms of the Agreement and Plan of Merger and the transaction will be consummated in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement;
- * the merger will be treated as a tax-free reorganization for federal income tax purposes; and

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- * all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on First Alachua or CCBG or on the expected benefits of the merger.

Subsequent developments may affect SunTrust Robinson Humphrey's opinion and SunTrust Robinson Humphrey does not have any obligation to update or revise its opinion.

In preparing its opinion, SunTrust Robinson Humphrey performed a variety of financial and comparative analyses, a summary of which is described below. The summary is not a complete description of the analyses underlying SunTrust Robinson Humphrey's opinion or the presentation made to First Alachua's Board, but summarizes the material analyses performed and presented in connection with its opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Accordingly, SunTrust Robinson Humphrey believes that its analyses must be considered as an integrated whole and that selecting portions of its analyses and factors, without considering all analyses and factors, or focusing on information in tabular format, could create a misleading or incomplete view of the processes underlying such analyses and SunTrust Robinson Humphrey's opinion.

In performing its analyses, SunTrust Robinson Humphrey made numerous assumptions with respect to First Alachua, CCBG, industry performance and general business, economic, market and financial conditions, many of which are beyond the control of First Alachua and CCBG. The estimates contained in these analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by such analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

SunTrust Robinson Humphrey's opinion and analyses were only one of many factors considered by the First Alachua Board of Directors in its evaluation

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of the merger and should not be viewed as determinative of the views of the First Alachua Board of Directors or management of First Alachua with respect to the merger or the consideration to be received by First Alachua in the merger. The Merger Consideration was determined on the basis of negotiations between First Alachua and CCBG. In arriving at its opinion, SunTrust Robinson Humphrey did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative) supported or failed to support its opinion. Rather, SunTrust Robinson Humphrey arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and believes that the totality of the factors considered and analysis it performed in connection with its opinion operated collectively to support its determination as to the fairness of the exchange ratio from a financial point of view. First Alachua's decision to enter into the merger was made solely by the First Alachua Board of Directors and not as a result of a recommendation by SunTrust Robinson Humphrey.

The following is a summary of the material financial and comparative analyses presented by SunTrust Robinson Humphrey in connection with its opinion to the First Alachua Board of Directors. The summary includes information presented in a tabular format. In order to understand fully the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.

Summary of Merger Consideration

Shareholders of First Alachua in the aggregate will receive 725,000 shares of CCBG common stock and \$29.0 million in cash. Based on the 10,186 shares of First Alachua common stock outstanding as of February 3, 2005, each shareholder of First Alachua would receive approximately 71.176 shares of CCBG common stock and \$2,847.04 in cash for each share of First Alachua common stock that it owns. Based on the last trading price of CCBG common stock on February 3, 2005 of \$39.95, the value of the shares of CCBG common stock to be received in exchange for each share of First Alachua common stock was \$2,843.48 and the total Merger Consideration per share for purposes of the SunTrust Robinson Humphrey opinion was \$5,690.53.

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Analysis of First Alachua

Analysis of Selected Publicly-Traded Reference Companies

SunTrust Robinson Humphrey reviewed and compared publicly available financial data, market information and trading multiples for First Alachua with other selected publicly-traded banks and thrifts located in the State of Florida that SunTrust Robinson Humphrey deemed relevant to First Alachua.

Atlantic BancGroup, Inc. (ATBC)
BankAtlantic Bancorp, Inc. (BBX)
BankUnited Financial Corporation (BKUNA)
Capital City Bank Group, Inc. (CCBG)
Centerstate Banks of Florida, Inc. (CSFL)
Commercial Bankshares, Inc. (CLBK)
Federal Trust Corporation (FDT)
Fidelity Bankshares, Inc. (FFFL)

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First Community Bank Corporation of America (FCFL)
 First National Bancshares, Inc. (FBMT)
 Harbor Florida Bancshares, Inc. (HARB)
 Jacksonville Bancorp, Inc. (JAXB)
 Seacoast Banking Corporation of Florida, Inc. (SBCF)
 TIB Financial Corp. (TIBB)

For the selected publicly-traded reference companies, SunTrust Robinson Humphrey analyzed, among other things, stock price as a multiple of calendar year 2004 and projected calendar year 2005 earnings per share, book value per share, tangible book value per share and assets to market capitalization. All multiples were based on closing stock prices as of February 1, 2005. Projected earnings per share for the reference companies were based on First Call consensus estimates. First Call is an information provider that publishes a compilation of estimates of projected financial performance for publicly-traded companies produced by equity research analysts at leading investment banking firms. The following tables set forth the median multiples indicated by the market analysis of selected publicly-traded reference companies compared to multiples based upon the implied Merger Consideration of \$5,690.53 per share:

Market Price to:	Peer Median -----	Merger -----
Calendar 2004 EPS	21.0 x	21.8 x
Calendar 2005 EPS	18.2	18.8
Book Value Per Share	2.5	2.3
Tangible Book Value Per Share	2.6	2.4
Assets/Market Capitalization	20.8%	25.0%

SunTrust Robinson Humphrey noted that none of the companies used in the market analysis of selected publicly-traded companies was identical to First Alachua and that, accordingly, the analysis necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies reviewed and other factors that would affect the market values of the selected publicly-traded companies.

Analysis of Selected Merger and Acquisition Transactions -----

SunTrust Robinson Humphrey reviewed and analyzed the financial terms, to the extent publicly available and deemed relevant by SunTrust Robinson Humphrey, for all completed and pending mergers and acquisitions involving banks and thrifts in the State of Florida involving a transaction value of between \$10.0 million and \$100.0 million that were announced between January 1, 1995 and February 1, 2005. The universe included 110 reference transactions.

For the selected transactions, SunTrust Robinson Humphrey analyzed, among other things, acquisition price as a multiple of latest twelve months earnings per share, book value per share, tangible book value per share, adjusted tangible book value per share and total assets. SunTrust Robinson Humphrey calculated adjusted tangible book value per share by adjusting the tangible equity to tangible assets ratio for each of the target banks and thrifts in the reference transactions to equal 10.5%, the tangible equity to tangible assets ratio of First Alachua as of December 31, 2004. All multiples for the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. The

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following tables set forth the median multiples indicated by this analysis compared to multiples based upon the implied Merger Consideration of \$5,690.53 per share:

Market Price to:	Reference Transactions Median -----	x	Merger -----	x
LTM EPS	22.1	x	21.8	x
Book Value Per Share	2.4		2.3	
Tangible Book Value Per Share	2.5		2.4	
Adjusted Tangible Book Value Per Share	2.2		2.4	
Total Assets	20.0%		25.0%	

SunTrust Robinson Humphrey noted that no transaction considered in the analysis of selected merger and acquisition transactions is identical to the CCBG/First Alachua merger and that the selected merger and acquisition transactions may differ significantly from the CCBG/First Alachua merger based on, among other things, the size of the transactions, the structure of the transactions and the dates that the transactions were announced and consummated. All multiples for the selected transactions were based on public information available at the time of announcement of such transaction, without taking into account differing market and other conditions during the period during which the selected transactions occurred.

Dividend Discount Analysis -----

SunTrust Robinson Humphrey performed a dividend discount analysis based upon projections provided by First Alachua's management for the fiscal years ending December 31, 2005 through 2009 to estimate the net present equity value per share of First Alachua. SunTrust Robinson Humphrey discounted five years of estimated cash flows for First Alachua, assuming a dividend rate sufficient to maintain an equity capital ratio (defined as equity divided by assets) of 8.00% and using a range of discount rates from 14% to 16%. In order to derive the terminal value of First Alachua's earnings stream beyond 2009, SunTrust Robinson Humphrey assumed terminal value multiples of fiscal year 2009 earnings per share ranging from 16.0x to 18.0x. The present value of this terminal amount was then calculated based on the range of discount rates mentioned above. These rates and values were chosen to reflect different assumptions regarding the required rates of return of holders or prospective buyers of First Alachua common stock. This analysis yielded a range of stand-alone values for First Alachua common stock of between \$4,840.80 and \$5,678.80 per share, with a median value of \$5,245.20 per share.

Analysis of CCBG

Analysis of Selected Publicly-Traded Reference Companies -----

SunTrust Robinson Humphrey reviewed and compared publicly available financial data, market information and trading multiples for CCBG with other selected publicly-traded reference companies that SunTrust Robinson Humphrey deemed relevant to CCBG. These companies are:

- Alabama National Bancorporation (ALAB)
- BankAtlantic Bancorp, Inc. (BBX)
- BankUnited Financial Corporation (BKUNA)
- Fidelity Bankshares, Inc. (FFFL)
- Main Street Banks, Inc. (MSBK)

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Seacoast Banking Corporation of Florida (SBCF)
United Community Banks, Inc. (UCBI)

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For the selected publicly-traded reference companies, SunTrust Robinson Humphrey analyzed, among other things, stock price as a multiple of calendar year 2004 and projected calendar year 2005 earnings per share, book value per share, tangible book value per share and assets as a percentage of total market capitalization. All multiples were based on closing stock prices as of February 1, 2005. Projected earnings per share for the reference companies were based on First Call consensus estimates. The following table sets forth the median multiples indicated by the market analysis of selected publicly-traded reference companies:

Market Price to:	CCBG		Reference Companies Median	
Calendar 2004 EPS	21.0	x	20.4	x
Calendar 2005E EPS	18.2		17.1	
Book Value Per Share	2.2		2.5	
Tangible Book Value Per Share	3.2		3.0	
Assets/Market Capitalization	23.5%		19.4%	

SunTrust Robinson Humphrey noted that none of the companies used in the market analysis of selected publicly-traded companies was identical to CCBG and that, accordingly, the analysis necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies reviewed and other factors that would affect the market values of the selected publicly-traded companies.

Dividend Discount Analysis

SunTrust Robinson Humphrey performed a dividend discount analysis based upon projections provided by First Call for the fiscal years ending December 31, 2005 and 2006 and based upon net income growth and asset growth of 8% and 10%, respectively, for the fiscal years ending December 31, 2007, 2008 and 2009 to estimate the net present equity value per share of CCBG. Net income growth for the years ending December 31, 2007, 2008 and 2009 was based upon consensus five year projected growth estimates for CCBG provided by First Call. SunTrust Robinson Humphrey discounted five years of estimated cash flows for CCBG using a range of discount rates from 10% to 12%. In order to derive the terminal value of CCBG's earnings stream beyond 2009, SunTrust Robinson Humphrey assumed terminal value multiples of fiscal year 2009 earnings per share ranging from 16.0x to 18.0x. The present value of this terminal amount was then calculated based on the range of discount rates mentioned above. These rates and values were chosen to reflect different assumptions regarding the required rates of return of holders or prospective buyers of CCBG common stock. This analysis yielded a range of stand-alone values for CCBG common stock of between \$34.88 and \$41.39 per share, with a median value of \$38.02 per share. SunTrust Robinson Humphrey noted as part of its analysis that CCBG's closing stock price on February 3, 2005 was \$39.95 per share.

Other Factors and Analyses

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SunTrust Robinson Humphrey took into consideration various other factors and analyses, including: historical market prices and trading volumes for CCBG's common stock; movements in the common stock of selected publicly-traded companies; movements in the S&P Bank Index; and analyses of the costs of equity of each of First Alachua and CCBG.

Information Regarding SunTrust Robinson Humphrey

The First Alachua Board of Directors selected SunTrust Robinson Humphrey to act as its financial advisor and render a fairness opinion regarding the merger because SunTrust Robinson Humphrey is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and because it is familiar with First Alachua, its business and its industry. SunTrust Robinson Humphrey is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, secondary distributions of listed and unlisted securities and private placements.

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Pursuant to a letter agreement dated June 25, 2004, First Alachua paid SunTrust Robinson Humphrey an opinion fee of \$75,000 upon the signing of the Agreement and Plan of Merger. In addition, First Alachua has agreed to pay SunTrust Robinson Humphrey a financial advisory fee at closing of the merger equal to 1.25% of the aggregate consideration to be received pursuant to the merger, less amounts previously received. Based on the current market price of CCBG common stock as of the record date, the additional fee payable to SunTrust Robinson Humphrey under the preceding formula would be approximately \$650,000. In addition, First Alachua has agreed to reimburse SunTrust Robinson Humphrey for its reasonable out of pocket expenses and to indemnify SunTrust Robinson Humphrey and certain related persons against certain liabilities arising out of or in conjunction with its rendering of services under its engagement, including certain liabilities under the federal securities laws. In the ordinary course of its business, SunTrust Robinson Humphrey and its affiliates may actively trade in the debt and equity securities of CCBG for its own account and the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. In addition, SunTrust Robinson Humphrey and its affiliates (including SunTrust Banks, Inc.) may have other financing and business relationships with First Alachua or CCBG in the ordinary course of business.

CCBG's Reasons for the Merger

The CCBG Board of Directors believes that the merger is in the best interests of CCBG and its shareowners. The CCBG Board of Directors has unanimously approved the Agreement and Plan of Merger. In deciding to approve the Agreement and Plan of Merger, the CCBG Board of Directors considered a number of factors, including:

- * a review, based in part on a presentation by CCBG's management, of
 - the business, operations, earnings, and financial condition, including the capital levels and asset quality, of First Alachua on historical, prospective, and pro forma bases and in comparison to other financial institutions in the area,
 - the demographic, economic, and financial characteristics of the Alachua County and St. Johns County, Florida markets, including existing competition, history of the market areas with respect to

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financial institutions, and average demand for credit, on historical and prospective bases, and

- the results of CCBG's due diligence review of First Alachua;
- * the likelihood of regulators approving the merger without undue conditions or delay;
- * the compatibility and the community bank orientation of both CCBG and its subsidiary and First Alachua;
- * that the merger will provide CCBG with significant opportunities to market its fee based products, such as cash management, asset management and securities products to the existing customers of First Alachua;
- * that after the merger, First Alachua will be able to draw upon the resources and competencies of CCBG and Capital City Bank to provide a broader range of services and product delivery channels; and
- * a variety of factors affecting and relating to the overall strategic focus of CCBG.

While CCBG's Board of Directors considered the foregoing and other factors, the Board of Directors did not assign any specific or relative weights to the factors considered and did not make any determination with respect to any individual factor. CCBG's Board of Directors collectively made its determination with respect to the merger based on the unanimous conclusion reached by its members, in light of the factors that each of them considered appropriate, that the merger is in the best interests of CCBG's shareowners.

The terms of the merger, including the exchange ratio, were the result of arm's-length negotiations between representatives of CCBG and representatives of First Alachua. Based upon its consideration of the foregoing

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factors, the Board of Directors of CCBG approved the Agreement and Plan of Merger and the merger as being in the best interests of CCBG and its shareowners.

Effective Time of the Merger

The effective time of the merger will occur on the date and at the time the Articles of Merger reflecting the holding company merger become effective with the Secretary of State of the State of Florida. Unless First Alachua and CCBG otherwise agree in writing, and subject to the conditions to the obligations of CCBG and First Alachua to effect the merger, the parties will use their reasonable efforts to cause the effective time of the merger to occur at a mutually-agreed upon time within 60 days after the last to occur of:

- * the effective date (including expiration of any applicable waiting period) of the last required consent of any regulatory authority having authority over and approving or exempting the merger, and
- * the date on which the shareholders of First Alachua approve the Agreement and Plan of Merger.

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CCBG and First Alachua cannot assure that they can obtain the necessary regulatory approvals or that they can or will satisfy the other conditions to the merger. CCBG and First Alachua anticipate that they will satisfy all conditions to consummation of the merger so that the merger can be completed during the second quarter of 2005. However, delays in the consummation of the merger could occur.

The Board of Directors of either CCBG or First Alachua may terminate the Agreement and Plan of Merger if the merger is not consummated by August 31, 2005, unless the failure to consummate the merger by that date is the result of a breach of the Agreement and Plan of Merger by the party seeking termination. See "- Conditions to Consummation of the Merger," on page 30 and "- Waiver, Amendment, and Termination," on page 31.

Distribution of CCBG Stock Certificates

Promptly after the effective time of the merger, CCBG will mail to each holder of record of First Alachua common stock appropriate transmittal materials and instructions for the exchange of First Alachua stock certificates for CCBG stock certificates and the cash portion of the consideration.

Holders of First Alachua common stock should NOT send in their First Alachua stock certificates until they receive the transmittal materials and instructions.

After CCBG's exchange agent receives your First Alachua stock certificates and properly completed transmittal materials, the Exchange Agent will issue and mail to you a certificate representing the number of shares of CCBG common stock to which you are entitled. The Exchange Agent will also send First Alachua shareholders a check for the amount to be paid, without interest for the cash portion of the consideration, for any fractional shares and for all undelivered dividends or distributions in respect of such shares.

After the effective time of the merger, to the extent permitted by law, holders of First Alachua common stock of record as of the effective time of the merger will be entitled to vote at any meeting of CCBG shareowners the number of whole shares of CCBG common stock they will receive in the merger, regardless of whether such shareholders have surrendered their First Alachua stock certificates. Whenever CCBG declares a dividend or other distribution on CCBG common stock, the record date for which is at or after the effective time of the merger, the declaration will include dividends or other distributions on all shares issuable pursuant to the Agreement and Plan of Merger. However, CCBG will not pay any dividend or other distribution payable after the effective time of the merger with respect to CCBG common stock to the holder of any unsurrendered First Alachua stock certificate until the holder duly surrenders such First Alachua stock certificate. In no event will the holder of any surrendered First Alachua stock certificate(s) be entitled to receive interest on any cash to be issued to such holder, except to the extent required in connection with dissenters' rights. In no event will CCBG or the Exchange Agent be liable to any holder of First Alachua common stock for any amounts paid or property delivered in good faith to a public official pursuant to any applicable abandoned property, escheat, or similar law.

After the effective time of the merger, no transfers of shares of First

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Alachua common stock on First Alachua's stock transfer books will be recognized. If First Alachua stock certificates are presented for transfer after the effective time of the merger, they will be canceled and exchanged for shares of CCBG common stock and a check for the cash portion of the consideration to be received in the merger and the amount due in lieu of a fractional share, if any.

After the effective time of the merger, holders of First Alachua stock certificates will have no rights with respect to the shares of First Alachua common stock other than the right to surrender such First Alachua stock certificates and receive in exchange the shares of CCBG common stock and the cash portion to be received in the merger to which such holders are entitled. After the effective time of the merger, holders of First Alachua stock certificates who have complied with the provisions regarding the right to dissent (as detailed in the Florida Business Corporation Act), may be entitled to receive the fair value of such shareholder's shares of First Alachua common stock in cash, determined immediately prior to the merger, excluding any appreciation or depreciation in anticipation of the merger. Failure to comply with the procedures prescribed by applicable law will result in the loss of dissenters' rights of appraisal. A copy of the dissenters' rights of appraisal statute under the Florida Business Corporation Act is set forth in Appendix C to this Proxy Statement/Prospectus.

Conditions to Consummation of the Merger

Consummation of the merger is subject to various conditions, including:

- * the approval of the Agreement and Plan of Merger by the holders of a majority of the outstanding First Alachua common stock;
- * the receipt of all regulatory approvals required for consummation of the merger (see "- Regulatory Approvals," on page 31);
- * receipt of all consents required for consummation of the merger or for the prevention of any default under any contract or permit which consent, if not obtained, is reasonably likely to have, individually or in the aggregate, a material adverse effect;
- * the absence of any law or order, whether temporary, preliminary or permanent, or any action taken by any court, governmental, or regulatory authority of competent jurisdiction prohibiting, restricting, or making illegal the consummation of the transactions contemplated by the Agreement and Plan of Merger;
- * the Registration Statement, of which this Proxy Statement/Prospectus forms a part, being declared effective by the SEC and the receipt of all necessary SEC and state approvals relating to the issuance or trading of the shares of CCBG common stock issuable pursuant to the Agreement and Plan of Merger;
- * the approval of the CCBG common stock issuable pursuant to the Agreement and Plan of Merger for listing on the Nasdaq National Market;
- * the receipt of a written opinion from counsel for each of CCBG and First Alachua as to the tax aspects of the merger, including that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- * the accuracy, in all material respects, as of the date of the Agreement and Plan of Merger and as of the effective time of the merger, of the representations and warranties of First Alachua and CCBG as set forth in

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the Agreement and Plan of Merger;

- * the performance of all agreements and the compliance with all covenants of First Alachua and First National Bank of Alachua and CCBG as set forth in the Agreement and Plan of Merger;
- * the receipt by CCBG and First Alachua of certain required written opinions of counsel;

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- * the receipt by CCBG of agreements from each person First Alachua reasonably believes may be deemed an affiliate of First Alachua with respect to certain matters;
- * First Alachua must have, immediately prior to the effective time, a consolidated minimum net worth of at least \$25,375,000, provided that "net worth" (a) shall not be reduced by fees, costs and expenses (i) incurred or paid by First Alachua in connection with the execution and performance of the Agreement and Plan of Merger up to a maximum amount of \$1,100,000 or (ii) incurred or paid at the request of CCBG, and (b) shall be reduced for adjustments requested by CCBG for purposes of complying with accounting principles generally accepted in the United States and adjustments for purposes of booking any audit adjustments to First Alachua's audited financial statements and for purposes of establishing First Alachua's allowance for loan losses;
- * the delivery to CCBG by each First Alachua and First National Bank of Alachua director of a Director and Voting Agreement;
- * the receipt by CCBG of letters from each director and executive officer of First Alachua and First National Bank of Alachua releasing any claims they may have against either First Alachua or First National Bank of Alachua;
- * the delivery to CCBG by First Alachua and First National Bank of Alachua of any required clearance certificate or similar document required by any state taxing authority in order to relieve CCBG of any obligation to withhold any portion of the consideration under the Agreement and Plan of Merger;
- * CCBG shall have received an executed Executive Employment Agreement from Jerry M. Smith;
- * CCBG shall have received an executed letter agreement from Jerry M. Smith; and
- * First Alachua and First National shall have received from CCBG an agreement related to the First Alachua Executive Indexed Salary Continuation Plan.

CCBG and First Alachua cannot assure you when or if all of the conditions to the merger can or will be satisfied. In the event the merger is not completed by August 31, 2005, the Agreement and Plan of Merger may be terminated and the merger abandoned by either First Alachua or CCBG, unless the failure to consummate the merger by that date is the result of a breach of the Agreement and Plan of Merger by the party seeking termination. See "-Waiver, Amendment, and Termination," on page 31.

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Regulatory Approvals

CCBG and First Alachua cannot complete the merger unless and until they receive regulatory approvals from the Federal Reserve Board and the Florida Department of Financial Services. These regulators will evaluate financial, managerial and competitive criteria, as well as the supervisory history of the parties and the public benefits of the merger. CCBG and First Alachua have filed all required regulatory applications relating to the merger. CCBG and First Alachua cannot assure when or whether they will receive the required regulatory approvals. Additionally, the parties cannot assure that the regulatory approvals will impose no conditions or restrictions that in the judgment of their Boards of Directors would so adversely impact the economic or business benefits of the merger that, had such conditions or restrictions been known, the parties would not have entered into the Agreement and Plan of Merger.

CCBG and First Alachua are not aware of any other material governmental approvals or actions that are required for consummation of the merger.

Waiver, Amendment, and Termination

To the extent permitted by applicable law, First Alachua and CCBG may amend the Agreement and Plan of Merger by written agreement at any time, whether before or after approval of the Agreement and Plan of Merger by

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the First Alachua shareholders. After the First Alachua shareholders approve the Agreement and Plan of Merger, the Agreement and Plan of Merger cannot be amended in a way that reduces or modifies the consideration to be received by the holders of First Alachua common stock without further approval of First Alachua shareholders. In addition, after the First Alachua shareholders approve the Agreement and Plan of Merger, the provisions of the Agreement and Plan of Merger relating to the manner or basis in which shares of First Alachua common stock will be exchanged for shares of CCBG common stock cannot be amended in a manner adverse to the holders of CCBG common stock without any requisite approval of CCBG shareowners entitled to vote on such an amendment. In addition, prior to or at the effective time of the merger, either First Alachua or CCBG, or both, acting through their respective Boards of Directors, chief executive officers or other authorized officers, may:

- * waive any default in the performance of any term of the Agreement and Plan of Merger by the other party;
- * waive or extend the time for the compliance or fulfillment by the other party of any and all of its obligations under the Agreement and Plan of Merger; and
- * waive any of the conditions precedent to the obligations of such party under the Agreement and Plan of Merger, except any condition that, if not satisfied, would result in the violation of any applicable law or governmental regulation.

No such waiver will be effective unless written and unless signed by a duly authorized officer of First Alachua or CCBG, as the case may be.

The Agreement and Plan of Merger may be terminated at any time prior to the effective time of the merger:

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- * by the mutual agreement of CCBG and First Alachua;
- * by CCBG or First Alachua:
 - in the event of any material breach of any representation or warranty of the other party contained in the Agreement and Plan of Merger which cannot be or has not been cured within 30 days after written notice to the breaching party and which breach is reasonably likely, in the opinion of the non-breaching party, to have, individually or in the aggregate, a material adverse effect on the breaching party (provided that the terminating party is not then in material breach of any representation, warranty, covenant, or other agreement contained in the Agreement and Plan of Merger),
 - in the event of any material breach of any covenant or agreement of the other party contained in the Agreement and Plan of Merger which cannot be or has not been cured within 30 days after written notice to the breaching party,
 - if any approval of any regulatory authority required for consummation of the merger has been denied by final nonappealable action, or if any action taken by such authority is not appealed within the time limit for appeal,
 - if the shareholders of First Alachua fail to approve the Agreement and Plan of Merger at the Special Meeting,
 - if the merger is not consummated by August 31, 2005, provided that the failure to consummate is not due to a breach by the party electing to terminate, or
 - in the event that any of the conditions precedent to the obligations of such party to consummate the merger cannot be satisfied or fulfilled by August 31, 2005, provided that the terminating party is not then in material breach of any representation, warranty, covenant, or other agreement contained in the Agreement and Plan of Merger;

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- * by CCBG, in the event that the Board of Directors of First Alachua or First National Bank of Alachua does not reaffirm its approval of the Agreement and Plan of Merger (excluding any other acquisition proposal from a third party), or shall have resolved not to reaffirm the merger, or shall have affirmed, recommended or authorized entering into any acquisition proposal or other transaction involving a merger, share exchange, consolidation or transfer of substantially all of the assets of First Alachua;
- * by CCBG if the audit opinion of First Alachua's auditor is qualified and the total capital of First Alachua as of September 30, 2004 cannot be readily determinable by First Alachua's auditor, and if CCBG and First Alachua cannot agree upon appropriate audit adjustments within 30 days of delivery of First Alachua's auditor's audit opinion;
- * by First Alachua at any time during the two-day period commencing at the close of trading on the fifth full trading day prior to the closing date, if both (i) the average of the daily closing prices of one share of CCBG common stock (as reported by the Nasdaq National Market) for the

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20 consecutive full trading days ending on and including the fifth full trading day prior to the closing date is less than or equal to \$34, and (ii) the quotient obtained by dividing the average closing price of one share of CCBG common stock (as calculated above) by 40 is less than the number obtained by subtracting 0.15 from the quotient obtained by dividing (x) the weighted average of the closing prices of an index group of 22 bank holding companies at the close of trading on the fifth full trading day prior to the closing date by (y) the weighted average of the closing prices of the index group on February 2, 2005 (the day before the Agreement and Plan of Merger was executed). However, if First Alachua elects to exercise this termination right, then it must give prompt written notice to CCBG (and provided that this notice of election to terminate may be withdrawn at any time within the two-day termination period). During the three-day period beginning with its receipt of the notice of election to terminate, CCBG has the option of adjusting the number of shares of CCBG common stock to be issued per share of First Alachua common stock accordingly. If CCBG makes this election, it shall give prompt written notice to First Alachua. In that event, the Agreement and Plan of Merger will remain in effect in accordance with its terms (except for the share exchange ratio); and

- * by CCBG in the event of a First Alachua material adverse effect, and, if CCBG provides notice of and grants time to cure such material adverse effect, such material adverse effect is not cured to CCBG's satisfaction within the time frame specified in the notice.

In addition to any other payments required by the Agreement and Plan of Merger, in the event that the Agreement and Plan of Merger is terminated as a result of First Alachua or the holders of at least a majority of the shares of First Alachua common stock entering into an agreement with respect to the merger of First Alachua with a party other than CCBG or the acquisition of a majority of the outstanding shares of First Alachua common stock by any party other than CCBG, or is terminated in anticipation of any such agreement or acquisition, then, in either event, First Alachua shall immediately pay CCBG, by wire transfer, \$2,320,000 in full satisfaction of CCBG's losses and damages resulting from such termination.

If CCBG and/or First Alachua terminate the merger as described in this section, the Agreement and Plan of Merger will become void and have no effect, except that certain provisions of the Agreement and Plan of Merger will survive, including those relating to the obligations to maintain the confidentiality of certain information. In addition, termination of the Agreement and Plan of Merger will not relieve any breaching party from liability for any uncured willful breach of a representation, warranty, covenant, or agreement giving rise to such termination.

Dissenters' Rights of Appraisal

Holders of First Alachua common stock as of the record date are entitled to dissenters' rights of appraisal under the Florida Business Corporation Act. Pursuant to Section 607.1302 of the Florida Business Corporation Act, a First Alachua shareholder who does not wish to accept the shares of CCBG common stock to be received pursuant to the terms of the Agreement and Plan of Merger may dissent from the merger and elect to receive the fair value of his or her shares immediately prior to the completion of the merger. Such fair value is exclusive of any appreciation or depreciation in anticipation of the merger, unless such exclusion would be inequitable to First Alachua and its remaining shareholders.

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In order to exercise appraisal rights, a dissenting shareholder of First Alachua must strictly comply with the statutory procedures of Sections 607.1301 through 607.1333 of the Florida Business Corporation Act, which are summarized below. A copy of the full text of those Sections is attached as Appendix C to this Proxy Statement/Prospectus. Shareholders of First Alachua are urged to read Appendix C in its entirety and to consult with their legal advisers. Each shareholder of First Alachua who desires to assert his or her appraisal rights is cautioned that failure on his or her part to adhere strictly to the requirements of Florida law in any regard will cause a forfeiture of any appraisal rights.

Procedures for Exercising Dissenters' Rights of Appraisal. The following summary of Florida law is qualified in its entirety by reference to the full text of the applicable provisions of the Florida Business Corporation Act attached as Appendix C to this Proxy Statement/Prospectus.

1. A dissenting shareholder must file with First Alachua, prior to the taking of the vote on the merger, a written notice of intent to demand payment for his or her shares if the merger is effectuated. A vote against the merger will not alone be deemed to be the written notice of intent to demand payment. A dissenting shareholder need not vote against the merger, but cannot vote, or allow any nominee who holds such shares for the dissenting shareholder to vote, any of his First Alachua shares for the merger. Such written notification should be delivered either in person or by mail (certified mail, return receipt requested, being the recommended form of transmittal) to:

First Alachua Banking Corporation
15000 N.W. 140th Street
Alachua, Florida 32615
Attention: Jerry M. Smith, President

All such notices must be signed in the same manner as the shares are registered on the books of First Alachua. If a shareholder has not provided written notice of intent to demand fair value before the vote is taken at the special meeting, the shareholder will be deemed to have waived his or her appraisal rights.

2. Within 10 days after the completion of the merger, CCBG must supply to each First Alachua shareholder who filed a notice of intent to demand payment for his or her shares a written appraisal notice and an appraisal election form that specifies, among other things,

- * the date of the completion of the merger,
- * CCBG's estimate of the fair value of the First Alachua shares,
- * where to return the completed appraisal election form and the shareholder's stock certificates and the date by which they must be received by CCBG or its agent, which date may not be fewer than 40 nor more than 60 days after the date CCBG sent the appraisal notice and appraisal election form to the shareholder, and
- * the date by which a notice from the shareholder of his or her desire to withdraw his or her appraisal election must be received by CCBG, which date must be within 20 days after the date set for receipt by CCBG of the appraisal election form from the shareholder.

The form must also contain CCBG's offer to pay to the shareholder the amount that it has estimated as the fair value of the First Alachua shares,

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and request certain information from the shareholder, including:

- * the shareholder's name and address,
- * the number of shares as to which the shareholder is asserting appraisal rights,
- * whether the shareholder voted for the merger,

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- * whether the shareholder accepts the offer of CCBG to pay its estimate of the fair value of the First Alachua shares to the shareholder, and
- * if the shareholder does not accept the offer of CCBG, the shareholder's estimated fair value of the First Alachua shares and a demand for payment of the shareholder's estimated value plus interest.

A dissenting shareholder must send the certificate(s) representing his or her shares with the appraisal election form. Any dissenting shareholder failing to return a properly completed appraisal election form and his or her stock certificates within the period stated in the form will lose his or her appraisal rights and be bound by the terms of the Agreement and Plan of Merger.

3. Upon returning the appraisal election form, a dissenting shareholder shall thereafter be entitled only to payment pursuant to the procedure set forth in the applicable sections of the Florida Business Corporation Act and shall not be entitled to vote or to exercise any other rights of a shareholder, unless the dissenting shareholder withdraws his or her demand for appraisal within the time period specified in the appraisal election form.

4. A dissenting shareholder who has delivered the appraisal election form and his or her stock certificates may decline to exercise appraisal rights and withdraw from the appraisal process by giving written notice to CCBG within the time period specified in the appraisal election form. Thereafter, a dissenting shareholder may not withdraw from the appraisal process without the written consent of CCBG. Upon such withdrawal, the right of the dissenting shareholder to be paid the fair value of his or her shares will cease, and he or she will be reinstated as a shareholder.

5. If the dissenting shareholder accepts the offer of CCBG in the appraisal election form to pay CCBG's estimate of the fair value of the First Alachua shares, payment for the shares of the dissenting shareholder is to be made within 90 days after the receipt of the appraisal election form by CCBG or its agent. Upon payment of the agreed value, the dissenting shareholder will cease to have any interest in such shares.

6. A shareholder must demand appraisal rights with respect to all of the shares registered in his or her name, except that a record shareholder may assert appraisal rights as to fewer than all of the shares registered in the record shareholder's name but which are owned by a beneficial shareholder, if the record shareholder objects with respect to all shares owned by the beneficial shareholder. A record shareholder must notify First Alachua in writing of the name and address of each beneficial shareholder on whose behalf appraisal rights are being asserted. A beneficial shareholder may assert appraisal rights as to any shares held on behalf of the shareholder only if the shareholder submits to First Alachua the record

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shareholder's written consent to the assertion of such rights before the date specified in the appraisal notice, and does so with respect to all shares that are beneficially owned by the beneficial shareholder.

The current Florida Statute, Section 607.1330, addresses what should occur if a dissenting shareholder fails to accept the offer of CCBG to pay the value of the shares as estimated by CCBG, and CCBG fails to comply with the demand of the dissenting shareholder to pay the value of the shares as estimated by the dissenting shareholder, plus interest. The following paragraphs summarize these provisions of Florida law:

1. If a dissenting shareholder refuses to accept the offer of CCBG to pay the value of the shares as estimated by CCBG, and CCBG fails to comply with the demand of the dissenting shareholder to pay the value of the shares as estimated by the dissenting shareholder, plus interest, then within 60 days after receipt of a written demand from any dissenting shareholder given within 60 days after the date on which the merger was effected, CCBG shall, or at its election at any time within such period of 60 days may, file an action in any court of competent jurisdiction in the county in Florida where the registered office of CCBG, maintained pursuant to Florida law, is located requesting that the fair value of such shares be determined by the court.

2. If CCBG fails to institute such a proceeding within the above-prescribed period, any dissenting shareholder may do so in the name of CCBG. A copy of the initial pleading will be served on each dissenting shareholder. CCBG is required to pay each dissenting shareholder the amount found to be due within 10 days after final determination of the proceedings, which amount may, in the discretion of the court, include a fair rate of

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interest, which will also be determined by the court. Upon payment of the judgment, the dissenting shareholder ceases to have any interest in such shares.

The current Florida Statute, Section 607.1331, provides that the costs of a court appraisal proceeding, including reasonable compensation for, and expenses of, appraisers appointed by the court, shall be determined by the court and assessed against CCBG, except that the court may assess costs against all or some of the dissenting shareholders, in amounts the court finds equitable, to the extent that the court finds such shareholders acted arbitrarily, vexatiously or not in good faith with respect to their appraisal rights. The court also may assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable, against (i) CCBG and in favor of any or all dissenting shareholders if the court finds CCBG did not substantially comply with the notification provisions set forth in Sections 607.1320 and 607.1322, or (ii) either CCBG or a dissenting shareholder, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the appraisal rights. If the court in an appraisal proceeding finds that the services of counsel for any dissenting shareholder were of substantial benefit to other dissenting shareholders, and that the fees for those services should not be assessed against CCBG, the court may award to such counsel reasonable fees to be paid out of the amounts awarded the dissenting shareholders who were benefited. To the extent that CCBG fails to make a required payment when a dissenting shareholder accepts CCBG's offer to pay the value of the shares as estimated by CCBG, the dissenting shareholder may sue directly for the amount owed and, to the extent successful, shall be entitled to recover from CCBG

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all costs and expenses of the suit, including counsel fees.

Any dissenting shareholder who perfects his or her right to be paid the value of his or her shares will recognize gain or loss, if any, for federal income tax purposes upon the receipt of cash for such shares. The amount of gain or loss and its character as ordinary or capital gain or loss will be determined in accordance with applicable provisions of the Code. See "- Certain Federal Income Tax Consequences."

BECAUSE OF THE COMPLEXITY OF THE PROVISIONS OF THE FLORIDA LAW RELATING TO DISSENTERS' APPRAISAL RIGHTS, SHAREHOLDERS WHO ARE CONSIDERING DISSENTING FROM THE MERGER ARE URGED TO CONSULT THEIR OWN LEGAL ADVISERS.

Conduct of Business Pending the Merger

First Alachua has agreed in the Agreement and Plan of Merger that, unless CCBG gives prior written consent, and except as otherwise expressly contemplated in the Agreement and Plan of Merger, First Alachua will, and will cause First National Bank of Alachua to:

- * operate its business only in the usual, regular, and ordinary course;
- * preserve intact its business organization and assets and maintain its rights and franchises; and
- * take no action which would:
 - adversely affect the ability of any party to obtain any consents required for the transactions contemplated by the Agreement and Plan of Merger without the imposition of certain conditions or restrictions referred to in the Agreement and Plan of Merger, or
 - adversely affect the ability of any party to perform its covenants and agreements under the Agreement and Plan of Merger.

In addition, First Alachua has agreed that, from the date of the Agreement and Plan of Merger until the earlier of the effective time of the merger or the termination of the Agreement and Plan of Merger, unless CCBG has given prior written consent, and except as otherwise expressly contemplated by the Agreement and Plan of Merger, First Alachua will not do or agree or commit to do, or permit any of its subsidiaries to do or agree or commit to do, any of the following:

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- * amend its Articles of Incorporation, Bylaws or other governing instruments (except as specified in the Agreement and Plan of Merger);
- * incur any additional debt obligation or other obligation for borrowed money (except indebtedness by First Alachua or one of its subsidiaries to First Alachua or one of its subsidiaries) in excess of an aggregate of \$25,000 (on a consolidated basis) except in the ordinary course of the business of First Alachua and its subsidiaries consistent with past practices (which shall include creation of deposit liabilities, purchases of federal funds, and entry into repurchase agreements fully secured by U.S. government or agency securities), or impose, or suffer the imposition, on any asset of First Alachua or any of its subsidiaries of any lien or permit any such lien to exist (other than in connection with deposits, repurchase agreements, bankers acceptances, "treasury tax

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and loan" accounts established in the ordinary course of business, the satisfaction of legal requirements in the exercise of trust powers, and liens in effect as of the date of the Agreement and Plan of Merger that were previously disclosed to CCBG by First Alachua);

- * repurchase, redeem, or otherwise acquire or exchange (other than exchanges in the ordinary course under employee benefit plans), directly or indirectly, any shares, or any securities convertible into any shares, of the capital stock of First Alachua or any of its subsidiaries or, except as consistent with past practice, declare or pay any dividend or make any other distribution in respect of First Alachua's capital stock or First National Bank of Alachua's capital stock;
- * except for the Agreement and Plan of Merger, or as previously disclosed to CCBG by First Alachua, issue, sell, pledge, encumber, authorize the issuance of, enter into any contract to issue, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding, any additional shares of First Alachua common stock or any other capital stock of First Alachua or any of its subsidiaries, or any stock appreciation rights, or any option, warrant, or other equity right;
- * adjust, split, combine or reclassify any capital stock of First Alachua or any of its subsidiaries or issue or authorize the issuance of any other securities in respect of or in substitution for shares of First Alachua common stock, or sell, lease, mortgage or otherwise dispose of or otherwise encumber any asset having a book value in excess of \$25,000 (other than in the ordinary course of business for reasonable and adequate consideration);
- * except for purchases of U.S. Treasury securities or U.S. Government agency securities, which in either case have maturities of one year or less, purchase any securities or make any material investment, either by purchase of stock or securities, contributions to capital, asset transfer, or purchase of any assets, in any entity, or otherwise acquire direct or indirect control over any entity, other than in connection with:
 - foreclosures in the ordinary course of business, or
 - acquisitions of control by a depository institution subsidiary in its fiduciary capacity;
- * make any new loans or extensions of credit or renew, extend or renegotiate any existing loans or extensions of credit:
 - with respect to properties or businesses outside of First National Bank of Alachua's current market area, or to borrowers whose principal residence is outside of First National Bank of Alachua's current market area,
 - that are unsecured in excess of \$100,000, or
 - that are secured in excess of \$300,000;
- * purchase or sell (except for sales of single-family residential first mortgage loans in the ordinary course of First Alachua's or First National Bank of Alachua's business for fair market value) any whole loans, leases, mortgages or any loan participations or agented credits or other interest therein;

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- * renew or renegotiate any loans or credits that are on any watch list and/or are classified or special mentioned or take any similar actions with respect to collateral held with respect to debts previously contracted or other real estate owned, except pursuant to safe and sound banking practices and with prior disclosure to CCBG;
- * First Alachua or First National Bank of Alachua may, however, without the prior notice to or written consent of CCBG, renew or extend existing credits on substantially similar terms and conditions as present at the time such credit was made or last extended, renewed or modified, for a period not to exceed one year and at rates not less than market rates for comparable credits and transactions and without any release of any collateral except as First Alachua or any of its subsidiaries is presently obligated under existing written agreements kept as part of First Alachua's or any of its subsidiaries' official records;
- * grant any increase in compensation or benefits to the employees or officers of First Alachua or any of its subsidiaries, except in accordance with past practice previously disclosed to CCBG by First Alachua or as required by law, pay any severance or termination pay or any bonus other than pursuant to written policies or written contracts in effect on the date of the Agreement and Plan of Merger and previously disclosed to CCBG by First Alachua; enter into or amend any severance agreements with officers of First Alachua; grant any increase in fees or other increases in compensation or other benefits to directors of First Alachua, except in accordance with past practice previously disclosed to CCBG by First Alachua; or voluntarily accelerate the vesting of any stock options or other stock-based compensation or employee benefits or other equity rights;
- * enter into or amend any employment contract between First Alachua or any of its subsidiaries and any person (unless such amendment is required by law) that First Alachua or any of its subsidiaries does not have the unconditional right to terminate without liability (other than liability for services already rendered) at any time on or after the effective time of the merger;
- * adopt any new employee benefit plan of First Alachua or terminate or withdraw from, or make any material change in or to, any existing employee benefit plans of First Alachua other than any such change that is required by law or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan, or make any distributions from such employee benefit plans, except as required by law, the terms of such plans or consistent with past practice;
- * make any significant change in any tax or accounting methods or systems of internal accounting controls, except as may be appropriate to conform to changes in tax laws or regulatory accounting requirements or accounting principles generally accepted in the United States;
- * commence any litigation other than in accordance with past practice, or settle any litigation involving any liability of First Alachua or any of its subsidiaries for material money damages or restrictions upon the operations of First Alachua or any of its subsidiaries; or
- * except in the ordinary course of business, enter into, modify, amend or terminate any material contract calling for payments exceeding \$25,000 or waive, release, compromise or assign any material rights or claims.

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CCBG has agreed in the Agreement and Plan of Merger that from the date of the Agreement and Plan of Merger until the earlier of the effective time of the merger or the termination of the Agreement and Plan of Merger, unless First Alachua has given prior written consent, and except as otherwise expressly contemplated in the Agreement and Plan of Merger, CCBG will:

- * continue to conduct its business and the business of its subsidiaries in a manner designed in its reasonable judgment, to enhance the long-term value of the CCBG capital stock and the business prospects of CCBG and its subsidiaries and (to the extent consistent) use all reasonable efforts to preserve intact CCBG's and its subsidiaries' core businesses and goodwill with their respective employees and the communities they serve, and

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- * take no action which would:
 - materially adversely affect the ability of any party to obtain any consents required for the transactions contemplated by the Agreement and Plan of Merger without the imposition of certain conditions or restrictions referred to in the Agreement and Plan of Merger, or
 - materially adversely affect the ability of any party to perform its covenants and agreements under the Agreement and Plan of Merger; provided, that this will not prevent CCBG or any of its subsidiaries from acquiring any assets or other businesses or from discontinuing or disposing of any of its assets or businesses if such action is, in the judgment of CCBG, desirable in the conduct of the business of CCBG and its subsidiaries, and
- * not amend or agree or commit to amend or permit any of its subsidiaries to amend or agree or commit to amend, without the prior written consent of First Alachua, which consent shall not be unreasonably withheld, the Articles of Incorporation or Bylaws of CCBG, in any manner adverse to the holders of First Alachua common stock as compared to the rights of holders of CCBG common stock generally as of the date of the Agreement and Plan of Merger.

Management and Operations after the Merger; Interests of Certain Persons in the Merger

Following the merger, First Alachua will be merged with and into CCBG and First National Bank of Alachua will be merged with and into Capital City Bank. Certain members of First Alachua's management and the First Alachua Board of Directors have interests in the merger in addition to their interests as shareholders of First Alachua generally. These include, among other things, provisions in the Agreement and Plan of Merger relating to indemnification of directors and officers and eligibility for certain CCBG employee benefits.

Indemnification and Advancement of Expenses.

----- With respect to all claims brought during the period of three years after the effective time of the merger, the Agreement and Plan of Merger provides that CCBG will indemnify, defend and hold harmless the present and former directors, officers and employees of First Alachua and First National Bank of Alachua against all liabilities arising out of actions or omissions arising out of the indemnified party's service as a director, officer or employee of First

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Alachua and First National Bank of Alachua or, at First Alachua's request, of another corporation, partnership, joint venture, trust or other enterprise occurring at or prior to the effective time of the merger (including the transactions contemplated by the Agreement and Plan of Merger) to the fullest extent permitted under Florida law. Notwithstanding the foregoing, with respect to all losses, liabilities, damage, costs, claims, and expenses related to the First National Bank of Alachua 401(k) Plan liabilities, if any, neither CCBG nor any of its subsidiaries will indemnify, defend or hold harmless the present and former trustees of the First National Bank of Alachua 401(k) Plan, including Jerry M. Smith and Frank Bevis. Without limiting the foregoing, in any case in which approval by CCBG is required to effectuate any indemnification, CCBG will direct, at the election of the indemnified party, that the determination of any such approval will be made by independent counsel mutually agreed upon between CCBG and the indemnified party.

CCBG will, to the extent available (and First Alachua and First National Bank of Alachua shall cooperate prior to the effective time of the merger in these efforts), maintain in effect for a period of three years after the effective time of the merger directors' and officers' liability insurance with respect to claims arising from facts or events which occurred up to 12 months prior to the effective time of the merger and covering the indemnified parties; provided, that CCBG will not be obligated to make aggregate premium payments for such three-year period in respect of such an insurance policy (or coverage replacing such a policy) which exceed \$45,000 for the portion related to First Alachua's and First National Bank of Alachua's directors and officers.

Other Matters Relating to Employee Benefit Plans.

----- The Agreement and Plan of Merger also provides that, following the effective time of the merger, CCBG will provide generally to officers and employees of First Alachua and its subsidiaries employee benefits under employee benefit and welfare plans (other than stock option or other plans involving the potential issuance of CCBG common stock), on terms and conditions which when taken as a whole are substantially similar to those currently provided by CCBG and its subsidiaries to their similarly situated officers and employees. CCBG will waive any pre-existing condition exclusion under any employee health plan for

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which any employees and/or officers and dependents covered by First Alachua plans as of the effective time of the merger will become eligible by virtue of the preceding sentence, to the extent:

- * the pre-existing condition was covered under the corresponding plan maintained by First Alachua or any of its subsidiaries, and
- * the individual affected by the pre-existing condition was covered by First Alachua's or any of its subsidiaries' corresponding plan on the date which immediately precedes the effective time; provided further, however, that any portion of a pre-existing condition exclusion period imposed by a CCBG employee health plan will not be enforced to the extent it exceeds in duration any corresponding provision in effect under a First Alachua benefit plan immediately prior to closing. In addition, CCBG will credit employees of First Alachua or any of its subsidiaries for amounts paid under First Alachua benefit plans for the applicable plan year that contains the closing date for purposes of applying deductibles, co-payments and out-of-pocket limitations under

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CCBG health plans.

For purposes of participation and vesting (but not benefit accrual) under CCBG's employee benefit plans, the service of the employees of First Alachua prior to the effective time of the merger will be treated as service with CCBG or its subsidiaries participating in such employee benefits plans.

Subject to compliance with applicable laws and the absence of any material adverse effect upon CCBG or any First Alachua benefit plans or CCBG benefit plans, First Alachua will, prior to closing, take such actions as are necessary to terminate each First Alachua benefit plan (other than the Executive Indexed Salary Continuation Plan, by and between Jerry M. Smith and First National Bank of Alachua, dated June 1, 1995, the Endorsement Method Split Dollar Plan Agreement, dated June 1, 1995, and the First National Bank of Alachua 401(k) Profit Sharing Plan) and to distribute all benefits attributable to such benefit plans as soon as administratively feasible.

In addition, Jerry M. Smith will enter into a three year employment agreement with CCBG.

First National Bank of Alachua 401(k) Plan Qualification.

----- First National Bank of Alachua, as the sponsor of the First National Bank of Alachua 401(k) Plan, and Jerry M. Smith, as co-trustee of the First National Bank of Alachua 401(k) Plan, will take all actions reasonably necessary prior to the closing time to submit a proper application to the Internal Revenue Service pursuant to the Employee Plans Compliance Resolution System ("EPCRS Application") as set forth in Revenue Procedure 2003-44 (or successor guidance) that will contain a reasonable proposal to address certain matters previously disclosed to CCBG so as to obtain IRS approval of certain corrections, if needed. It is understood and agreed that these corrections may, if necessary, be made after the closing time and that IRS approval may be obtained after the closing time. Jerry M. Smith, as co-trustee of the First National Bank of Alachua 401(k) Plan, will consult with CCBG and CCBG's legal counsel prior to taking any actions, will obtain CCBG and CCBG's legal counsel's prior approval in connection with any IRS or Pension Benefit Guaranty Corporation submissions, communications, filings, or applications, and will provide CCBG at closing with documentation of the actions ultimately implemented.

In the Agreement and Plan of Merger, CCBG, First Alachua, First National Bank of Alachua, and Jerry M. Smith, as co-trustee of the First National Bank of Alachua 401(k) Plan, expressly agreed that, at all times subsequent to closing, all participants in the First National Bank of Alachua 401(k) Plan will make all elective deferrals exclusively to the Capital City Bank Group, Inc. 401(k) Plan. Upon approval by the IRS of the EPCRS Application, CCBG, in its sole discretion, may elect to (1) freeze the First National Bank of Alachua 401(k) Plan; (2) terminate the First National Bank of Alachua 401(k) Plan; or (3) merge the First National Bank of Alachua 401(k) Plan with the Capital City Bank Group, Inc. 401(k) Plan as a successor plan. Prior to the closing, First National Bank of Alachua may continue to pay in the ordinary course the reasonable fees and expenses relating to the administration of the First National Bank of Alachua 401(k) Plan, subject, however, to the provisions of the Agreement and Plan of Merger relating to certain potential 401(k) Plan liabilities and any corrections required pursuant to the EPCRS Application. After the closing, CCBG will pay in the ordinary course all reasonable fees and expenses relating to the administration of the First National Bank of Alachua 401(k) Plan, subject, however, to the provisions of the Agreement and Plan of Merger relating to certain Alachua potential 401(k) Plan liabilities and any corrections required pursuant to the EPCRS Application. First Alachua and First National Bank of Alachua have previously

disclosed to CCBG the fees and expenses that First National Bank of Alachua has paid to service providers relating to the First National Bank of Alachua 401(k) Plan.

In the Agreement and Plan of Merger, CCBG, First Alachua, First National Bank of Alachua, and Jerry M. Smith, as co-trustee of the First National Bank of Alachua 401(k) Plan, also expressly agreed that, at all times subsequent to the execution of the Agreement and Plan of Merger, no stock or other security issued by First Alachua or any of its subsidiaries held in the First National Bank of Alachua 401(k) Plan may be withdrawn or transferred by any participant until CCBG, in its sole discretion, determines that the terms of the IRS compliance statement, if any, pursuant to the EPCRS Application have been met.

With respect to the EPCRS Application, First National Bank of Alachua, and subsequent to closing, CCBG, will pay all fees and expenses, including all legal fees of counsel to First National Bank of Alachua, accounting fees, filing fees, and application fees, subject to the indemnification provisions in a letter agreement between Jerry M. Smith and CCBG; provided, however, that to the extent the IRS or any other governmental agency or applicable law (i) prohibits First Alachua, CCBG, or any of their respective subsidiaries from paying such fees and expenses; or (ii) deems such amount to be penalties, Jerry M. Smith, individually, will pay all fees and expenses, including all legal fees, accounting fees, filing fees, and application fees.

Jerry M. Smith, to the extent Mr. Smith has direct control over the implementation of corrections, if any, set forth in the IRS compliance statement, and the then-sponsor of the First National Bank of Alachua 401(k) Plan will be responsible for timely and properly implementing the corrections set forth in the IRS compliance statement pursuant to the EPCRS Application, subject to the indemnification provisions in the letter agreement mentioned in the preceding paragraph.

Certain Federal Income Tax Consequences

This section summarizes the material anticipated federal income tax consequences of the merger for First Alachua shareholders. This summary is based on the federal income tax laws now in effect. It does not take into account possible changes in these laws or interpretations, including amendments to applicable statutes or regulations or changes in judicial decisions or administrative rulings, some of which may have retroactive effect. This summary does not purport to address all aspects of the possible federal income tax consequences of the merger and is not intended as tax advice to any person. This summary does not address the federal income tax consequences of the merger to shareholders in light of their particular circumstances or status (for example, as foreign persons, tax-exempt entities, dealers in securities, and insurance companies, among others), nor does this summary address any consequences of the merger under any state, local, estate, or foreign tax laws. You are urged to consult your own tax advisers as to the specific tax consequences of the merger to you, including tax return reporting requirements, the application and effect of federal, foreign, state, local, and other tax laws, and the implications of any proposed changes in the tax laws.

The parties to the merger have not required, and will not request, a federal income tax ruling from the IRS as to the tax consequences of the merger. Instead, at the effective time, Gunster, Yoakley & Stewart, P.A.,

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counsel to CCBG, will render an opinion to CCBG, and Smith, Gambrell & Russell, LLP, counsel to First Alachua, will render its opinion to First Alachua, concerning the material federal income tax consequences of the proposed merger under federal income tax law. Both firms are expected to opine, based upon (a) the assumption that the merger is consummated in accordance with the Agreement and Plan of Merger, (b) the accuracy of representations made by the management of CCBG and First Alachua, and (c) specifically assuming that CCBG stock will constitute at least 45% of the total merger consideration as of the effective time, that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code, and that neither CCBG nor First Alachua will recognize gain or loss by reason of the merger (except for amounts resulting from any required change in accounting methods and any income and deferred gain or loss recognized pursuant to Treasury regulations issued under Section 1502 of the Code).

If, at the effective time, the CCBG stock does not constitute at least 45% of the merger consideration and the referenced tax opinions are not rendered, the parties will re-evaluate the transaction before consummating the merger.

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Assuming the merger qualifies as a reorganization pursuant to Section 368(a) of the Code, the shareholders of First Alachua will have the following federal income tax consequences:

- * First Alachua shareholders will recognize gain (but not loss) from the exchange, but not in excess of the cash received; the computation of gain is made on a share by share basis; it is not anticipated that any portion of such gain will be characterized as a dividend;
- * the basis of the CCBG common stock received by the First Alachua shareholders in the merger (including fractional shares deemed received and redeemed) will, in each instance, be the same as the basis of the First Alachua common stock surrendered in exchange therefor, (i) decreased by the cash received (other than cash received in lieu of a fractional share of CCBG common stock) and (ii) increased by the gain recognized in the exchange;
- * the holding period of the CCBG common stock received by the First Alachua shareholders will, in each instance, include the period during which the First Alachua common stock surrendered in exchange therefor was held, provided that the First Alachua common stock was held as a capital asset on the date of the exchange;
- * the payment of cash to First Alachua shareholders in lieu of fractional shares of CCBG common stock will be treated for federal income tax purposes as if the fractional shares were distributed as part of the exchange and then were redeemed by CCBG; it is anticipated that any gain or loss recognized upon such exchange will be capital gain or loss (rather than a dividend), provided the fractional share constitutes a capital asset in the hands of the exchanging shareholder;
- * subject to the conditions and limitations of Code Section 302, a holder of First Alachua common stock who exercises statutory dissenters' rights in connection with the merger generally will recognize gain or loss equal to the difference, if any, between such holder's tax basis in the First Alachua common stock exchanged and the amount of cash received in exchange therefor; and

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- * unless the exchange is deemed to have the effect of the distribution of a dividend, any gain or loss recognized by a holder of First Alachua common stock as a result of the merger will be capital gain or loss and will be long-term capital gain or loss if such holder's stock has been held for more than one year at the effective time of the merger.

Assuming the merger qualifies as a tax-free reorganization, each First Alachua shareholder who receives CCBG common stock in the merger will be required to attach to his or her federal income tax return for the year of the merger a complete statement of all facts pertinent to the non-recognition of gain, including the shareholder's basis in the First Alachua common stock exchanged, and the number of shares of CCBG common stock and cash received in exchange for First Alachua common stock. Each shareholder should also keep as part of such shareholder's permanent records information necessary to establish such shareholder's basis in, and holding period for, the CCBG common stock received in the merger.

Accounting Treatment

The merger will be accounted for as a "purchase," as that term is used under accounting principles generally accepted in the United States, for accounting and financial reporting purposes. Under purchase accounting, the assets and liabilities, including intangibles, of First Alachua as of the effective time of the merger will be recorded at their respective fair values and added to those of CCBG. Any excess of purchase price over the fair values is recorded as goodwill. Financial statements of CCBG issued after the merger would reflect such fair values and would not be restated retroactively to reflect the historical financial position or results of operations of First Alachua.

There are certain conditions on the exchange of First Alachua common stock for CCBG common stock by affiliates of First Alachua, and there are certain restrictions on the transferability of the CCBG common stock received by those affiliates. See "- Resales of CCBG Common Stock," on page 43.

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Expenses and Fees

The Agreement and Plan of Merger provides that each of the parties will bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated by the Agreement and Plan of Merger, including filing, registration and application fees, printing fees, and fees and expenses of financial or other consultants, investment bankers, accountants, and counsel, except that CCBG shall bear and pay the filing fees payable, and one-half of the printing costs incurred, in connection with the registration statement of which this Proxy Statement/Prospectus is a part. First Alachua will pay one-half of the printing costs.

In the event that First Alachua terminates the Agreement and Plan of Merger by entering into a definitive agreement with respect to the sale of First Alachua to any person or entity who or which has made a proposal to acquire First Alachua, First Alachua will pay CCBG \$2,320,000 for losses and damages of CCBG incurred in connection with the merger.

Resales of CCBG Common Stock

The CCBG common stock issued to shareholders of First Alachua in

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connection with the merger will be registered under the Securities Act of 1933, as amended, and will be freely transferable by those shareholders of First Alachua and CCBG not considered to be "Affiliates" of First Alachua or CCBG. "Affiliates" generally are defined as persons or entities who control, are controlled by, or are under common control with First Alachua or CCBG (generally, directors, executive officers and 10% shareholders).

Rules 144 and 145 under the Securities Act restrict the sale of CCBG common stock received in the merger by Affiliates and certain of their family members and related interests. Generally speaking, during the one-year period following the effective time of the merger, Affiliates of First Alachua may resell publicly the CCBG common stock received by them in the merger within certain limitations as to the amount of CCBG common stock sold in any three-month period and as to the manner of sale. After this one-year period, Affiliates of First Alachua who are not Affiliates of CCBG may resell their shares without restriction. The ability of Affiliates to resell shares of CCBG common stock received in the merger under Rule 144 or 145 as summarized in this Proxy Statement/Prospectus generally will be subject to CCBG's having satisfied its reporting requirements under the Securities Exchange Act of 1934, as amended, for specified periods prior to the time of sale. Affiliates also would be permitted to resell CCBG common stock received in the merger pursuant to an effective registration statement under the Securities Act or an available exemption from the Securities Act registration requirements. This Proxy Statement/Prospectus does not cover any resales of CCBG common stock received by persons who may be deemed to be Affiliates of First Alachua or CCBG.

First Alachua has caused each person First Alachua reasonably believes to be an Affiliate of First Alachua to sign and deliver to CCBG an agreement providing that such Affiliate will not sell, pledge, transfer, or otherwise dispose of any CCBG common stock obtained as a result of the merger except in compliance with the Securities Act and the rules and regulations of the SEC. The certificates representing CCBG common stock issued to Affiliates in the merger may bear a legend summarizing these restrictions. See "- Conditions to Consummation of the Merger," on page 30.

The receipt of the First Alachua Affiliate Agreements by CCBG is a condition to CCBG's obligations to consummate the merger.

DESCRIPTION OF CCBG CAPITAL STOCK

General. The authorized capital stock of CCBG currently consists of 90,000,000 shares of common stock, \$.01 par value per share, of which 14,162,106 shares of common stock were issued and outstanding as of the record date. CCBG is also authorized to issue 3,000,000 shares of preferred stock, par value \$.01 per share, none of which is issued and outstanding. Additionally, as of the record date, there were exercisable options to acquire 6,170 shares of CCBG common stock.

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Common Stock. Owners of CCBG common stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor. The ability of CCBG to pay dividends is affected by the ability of its subsidiary depository institution to pay dividends. The approval of the Florida Department of Financial Services is required if the total of all dividends declared by Capital City Bank, in any calendar year exceeds Capital City Bank's net profits (as defined in the Florida Statutes) for that year combined with its retained net profits for the preceding two

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calendar years. In 2005, Capital City Bank may declare dividends without regulatory approval of \$35.2 million plus an additional amount equal to the net profits of Capital City Bank for 2005 up to the date of any such dividend declaration. See "BUSINESS - Supervision and Regulation - The Bank - Dividends" and "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Note 15 - Dividend Restrictions" in CCBG's 2004 Form 10-K.

For a further description of CCBG Capital Stock, see "EFFECT OF THE MERGER ON THE RIGHTS OF SHAREHOLDERS - Authorized Capital Stock," on page 45.

EFFECT OF THE MERGER ON RIGHTS OF SHAREHOLDERS

In the merger, shareholders of First Alachua will receive shares of CCBG as part of the consideration for their shares of First Alachua. First Alachua, a financial services company, is a Florida corporation headquartered in Alachua, Florida and is governed by Florida law and the Articles of Incorporation and Bylaws, as amended, adopted by First Alachua. CCBG, a financial holding company, is a Florida corporation headquartered in Tallahassee, Florida and is governed by Florida law and CCBG's Articles of Incorporation and Bylaws, as amended. There are some significant differences between the rights of First Alachua's shareholders and the rights of CCBG's shareowners. The following is a summary of the principal differences between the current rights of First Alachua's shareholders and those of CCBG's shareowners.

The following summary is not intended to be complete and is qualified in its entirety by reference to the Florida Business Corporation Act, as well as the Articles of Incorporation and Bylaws, as amended, of First Alachua and CCBG.

Anti-Takeover Provisions Generally

CCBG.

---- CCBG's Articles of Incorporation and Bylaws contain certain provisions designed to assist the CCBG Board of Directors in protecting the interests of CCBG and its shareowners if any group or person attempts to acquire control of CCBG. These provisions may help the CCBG Board of Directors determine whether a sale of control is in the best interests of CCBG's shareowners, or enhance their ability to maximize the value to be received by the shareowners upon a sale of control of CCBG. In addition, as of the record date, William G. Smith, Jr., Chairman, President, and Chief Executive Officer of CCBG, and his brother, Robert Hill Smith, Vice President of CCBG, together beneficially owned approximately 30.0% of CCBG's outstanding common stock. Such concentrated ownership could also have the effect of deterring takeover proposals.

Although CCBG's management believes that these provisions and concentrated ownership are beneficial to CCBG's shareowners, these two factors may tend to discourage some takeover bids. As a result, CCBG's shareowners may be deprived of opportunities to sell some or all of their shares at prices that represent a premium over prevailing market prices. On the other hand, defeating undesirable acquisition offers can be a very expensive and time-consuming process. To the extent that these factors discourage undesirable proposals, CCBG may be able to avoid those expenditures of time and money.

CCBG's anti-takeover provisions and concentrated ownership also may discourage open market purchases by a company that may desire to acquire CCBG. Those purchases may increase the market price of CCBG common stock temporarily, and enable shareowners to sell their shares at a price higher than they might otherwise obtain. In addition, CCBG's anti-takeover provisions and concentrated ownership may decrease the market price of CCBG

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common stock by making the stock less attractive to persons who invest in securities in anticipation of price increases from potential acquisition attempts. The anti-takeover provisions and concentrated ownership also may make it more difficult and time consuming for a potential acquiror to obtain control of CCBG by replacing the Board of Directors and management. Furthermore, the anti-takeover provisions and concentrated ownership may make it more difficult for CCBG's shareowners to replace the Board of Directors or management, even if a majority

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of the shareowners believes that replacing the Board of Directors or management is in the best interests of CCBG. Because of these factors, these anti-takeover provisions and concentrated ownership may tend to perpetuate the incumbent Board of Directors and management. For more information about these provisions, see "- Authorized Capital Stock," on page 45, "- Amendment of Articles of Incorporation and Bylaws," on page 46, "- Classified Board of Directors and Absence of Cumulative Voting," on page 47, "- Director Removal and Vacancies," on page 47, "- Indemnification," on page 48, "- Ability of Directors to Consider Interests Other than Shareowner Interests" on page 50, "- Actions by Shareowners Without a Meeting," on page 50, "- Shareowner Nominations," on page 51.

First Alachua.

----- First Alachua's Articles of Incorporation and Bylaws do not contain anti-takeover provisions. However, First Alachua's five directors and executive officers collectively beneficially own 6,878 shares, or 67.5% of First Alachua's common stock. Such concentrated ownership could have the effect of deterring takeover proposals.

Authorized Capital Stock

CCBG.

---- CCBG's Articles of Incorporation authorize the issuance of up to (1) 90,000,000 shares of CCBG \$.01 par value common stock, of which 14,162,106 shares were issued and outstanding as of the record date, and (2) 3,000,000 shares of \$.01 par value preferred stock, of which no shares are issued. CCBG's Board of Directors may authorize the issuance of additional shares of CCBG common stock without further action by CCBG's shareowners, unless such action is required in a particular case by applicable laws or regulations or by any stock exchange upon which CCBG's capital stock may be listed. CCBG's shareowners do not have the preemptive right to purchase or subscribe to any unissued authorized shares of CCBG common stock or any option or warrant for the purchase thereof.

CCBG's Board of Directors may issue, without any further action by the shareowners, shares of CCBG preferred stock, in one or more classes or series, with such voting, conversion, dividend, redemption and liquidation rights as the Board may specify. In establishing and issuing shares of CCBG preferred stock, CCBG's Board of Directors may designate that CCBG preferred stock will vote as a separate class on any or all matters, thus diluting the voting power of the CCBG common stock. The existence of this ability could render more difficult or discourage an attempt to gain control of CCBG by means of a tender offer, merger, proxy contest or otherwise. The Board also may designate that CCBG preferred stock will have dividend rights that are cumulative and that receive preferential treatment compared to CCBG common stock, and that CCBG preferred stock will have liquidation rights with priority over CCBG common stock in the event of CCBG's liquidation. The Board of Directors also may designate whether or not CCBG preferred stock

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shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such preferred shares, and the terms and provisions relative to the operation thereof.

Subject to certain potential adjustments, the payment of cash in lieu of fractional shares and payments made to dissenting shareholders, CCBG will issue 725,000 shares of CCBG common stock in the merger. Based on the number of shares of CCBG common stock outstanding on the record date, it is anticipated that, following the consummation of the merger, approximately 14,887,106 shares of CCBG common stock will be outstanding.

The authority to issue additional shares of CCBG common stock provides CCBG with the flexibility necessary to meet its future needs without the delay resulting from seeking shareholder approval. The authorized but unissued shares of CCBG common stock will be issuable from time to time for any corporate purpose, including, without limitation, stock splits, stock dividends, employee benefit and compensation plans, acquisitions, and public or private sales for cash as a means of raising capital. Such shares could be used to dilute the stock ownership of persons seeking to obtain control of CCBG. In addition, the sale of a substantial number of shares of CCBG common stock to persons who have an understanding with CCBG concerning the voting of such shares, or the distribution or declaration of a dividend of shares of CCBG common stock (or the right to receive CCBG common stock) to CCBG shareholders, may have the effect of discouraging or increasing the cost of unsolicited attempts to acquire control of CCBG.

First Alachua.

----- First Alachua is authorized to issue 500,000 shares, consisting of 250,000 shares of \$0.10 par value Class A common stock and 250,000 shares of \$0.10 par value Class B common stock, of which 4,456 shares of Class A common stock and 5,730 shares of Class B common stock are outstanding as of the record date.

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First Alachua has no other classes of authorized capital stock. First Alachua shareholders do not have the preemptive right to purchase or subscribe to any unissued authorized shares of First Alachua common stock.

The Class B common stock was created in connection with the assumption by First Alachua of debt of certain Class B shareholders. While the debt was outstanding, Class A shareholders were entitled to dividend and liquidation preferences. The principal and interest on the debt related to the Class B common stock was repaid in full and retired as of March 26, 1990. Thus, the Class A common stock and Class B common stock currently have identical rights, preferences and limitations.

Amendment of Articles of Incorporation and Bylaws

CCBG.

---- CCBG's Articles of Incorporation provide that the affirmative vote of the holders of at least two-thirds of all the issued and outstanding voting shares of capital stock is required to amend certain provisions, including provisions relating to shareholder meetings, nomination, election and removal of directors, acquisition offers, indemnification, and amendments. However, if such amendment has received the prior approval by an affirmative vote of a majority of "Disinterested Directors," as defined in Section 607.0901(1)(h), Florida Statutes, then the affirmative vote of the holders of a majority of all the shares of capital stock of CCBG issued and

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outstanding and entitled to vote, or such greater percentage approval as is required by Florida law, is sufficient to amend the Articles. A "Disinterested Director" is defined in Section 607.0901(1)(h), Florida Statutes, as:

- * any member of the Board of Directors who was a member of the Board of Directors before the later of January 1, 1987, or the date on which an interested shareowner became an interested shareowner; and
- * any member of the Board of Directors who was recommended for election by, or was elected to fill a vacancy and received the affirmative vote of, a majority of the Disinterested Directors then on the Board.

The remaining provisions of CCBG's Articles of Incorporation may be amended by the holders of at least a majority of the issued and outstanding voting shares of capital stock.

Subject to certain restrictions set forth below, either the Board of Directors or the shareowners of CCBG may amend CCBG's Bylaws by majority vote. The Board of Directors may amend the Bylaws and adopt new Bylaws provided that:

- * the Board of Directors may not alter, amend, or repeal any bylaw adopted by shareowners if the shareowners specifically provide that such bylaw is not subject to amendment or repeal by the Board; and
- * in the case of any shareowner action, the approval of two-thirds of the shareowners, acting only by voting at a special meeting, is required to amend any bylaw provision pertaining to:
 - meetings of shareowners,
 - directors,
 - indemnification of directors, officers, employees and agents, and
 - amendments.

First Alachua.

----- First Alachua's Articles of Incorporation are silent as to any vote requirement to amend such Articles. Accordingly, amendments to the First Alachua Articles of Incorporation are subject to the Florida Business Corporation Act as it relates to amendments made to articles of incorporation. The Florida Business Corporation Act provides that, other than in the case of certain routine amendments which may be made by the corporation's Board of Directors without shareholder action (such as changing the corporate name), an amendment to a corporation's articles requires the affirmative vote of a majority of the outstanding shares of each voting group.

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The First Alachua Bylaws may be amended by the affirmative vote of a majority of the directors at any regular meeting or special meeting. In addition, under the Florida Business Corporation Act, the Bylaws can be amended or repealed by an affirmative vote of a majority of the First Alachua shareholders.

Classified Board of Directors and Absence of Cumulative Voting

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CCBG.

---- CCBG's Articles of Incorporation provide that CCBG's Board of Directors is divided into three classes, with each class to be as nearly equal in number as possible. The term of the Class I directors terminates on the date of the 2007 annual meeting of shareowners, the term of the Class II directors terminates on the date of the 2005 annual meeting of shareowners and the term of the Class III directors terminates on the date of the 2006 annual meeting of shareowners. At each annual meeting of shareowners, successors to the class of directors whose term expires at that annual meeting are to be elected for a three-year term. The effect of CCBG having a classified Board of Directors is that only approximately one-third of the members of the Board is elected each year, which effectively requires two annual meetings for CCBG's shareowners to change a majority of the members of the Board of Directors. The purpose of dividing CCBG's Board of Directors into classes is to facilitate continuity and stability of leadership of CCBG by ensuring that experienced personnel familiar with CCBG will be represented on CCBG's Board of Directors at all times, and to permit CCBG's management to plan for the future for a reasonable period of time. However, by potentially delaying the time within which an acquiror could obtain working control of the Board of Directors, this provision may discourage some potential mergers, tender offers, or takeover attempts.

Pursuant to the CCBG Bylaws, each shareowner is entitled to one vote for each share of CCBG common stock held and is not entitled to cumulative voting rights in the election of directors. With cumulative voting, a shareowner has the right to cast a number of votes equal to the total number of such holder's shares multiplied by the number of directors to be elected. The shareowner has the right to distribute all of his or her votes in any manner among any number of candidates or to accumulate such shares in favor of one candidate. Directors are elected by a plurality of the total votes cast by the shares entitled to vote in the election. With cumulative voting, it may be possible for minority shareowners to obtain representation on the Board of Directors. Without cumulative voting, the holders of more than 50% of the shares of CCBG common stock generally have the ability to elect 100% of the directors. As a result, the holders of the remaining CCBG common stock effectively may not be able to elect any person to the Board of Directors. The absence of cumulative voting thus could make it more difficult for a shareowner who acquires less than a majority of the shares of CCBG common stock to obtain representation on CCBG's Board of Directors.

First Alachua.

----- Pursuant to the Bylaws of First Alachua, each director of First Alachua is subject to annual elections. First Alachua shareholders do not have cumulative voting rights.

Director Removal and Vacancies

CCBG.

---- CCBG's Articles of Incorporation provide that:

- * a director or the entire Board of Directors may be removed, but only for cause, by the shareowners upon the affirmative vote of the holders of two-thirds of the voting power of all shares of capital stock entitled to vote generally in the election of directors; and
- * subject to the rights of the holders of any series of preferred stock, then outstanding vacancies on the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors.

The purpose of this provision is to prevent a majority shareowner from circumventing the classified board system by removing directors and filling

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the vacancies with new individuals selected by that shareowner. Accordingly, the provision may have the effect of impeding efforts to gain control of the Board of Directors by anyone who obtains a controlling interest in CCBG common stock. The term of a director appointed to fill a vacancy shall coincide with the term of the class of which such director shall have been elected.

First Alachua.

----- First Alachua's Bylaws do not provide for the removal of a director by the shareholders or directors of First Alachua. Pursuant to the Florida Business Corporation Act, the shareholders may remove, with or

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without cause, the entire board of directors or an individual director. First Alachua's Bylaws provide that if any vacancy shall occur among the directors for any reason, the vacancy may be filled by a majority vote of the remaining directors.

Indemnification

CCBG.

---- The Florida Business Corporation Act provides that a director, officer, employee, or other agent of a Florida corporation:

- * shall be indemnified by the corporation for all expenses of such litigation actually and reasonably incurred when he or she is successful on the merits on any legal proceeding;
- * may be indemnified by the corporation for liability incurred in connection with such legal proceedings (other than a derivative suit), even if he or she is not successful on the merits, if he or she acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation (and in the case of a criminal proceeding, he or she had no reasonable cause to believe that such conduct was unlawful); and
- * may be indemnified by the corporation for expenses of a derivative suit (a suit by a shareowner alleging a breach by a director or officer of a duty owed to the corporation) and amounts paid in settlement not to exceed, in the judgment of the Board of Directors, the estimated costs and expenses of litigating the proceeding to conclusion, even if he or she is not successful on the merits, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and the shareowners. If he or she is adjudged liable in the performance of his or her duties to the corporation, indemnification may be made in accordance with this paragraph, if and only to the extent that, a court determines that in view of all of the circumstances, he or she is fairly and reasonably entitled to indemnification for expenses.

The indemnification described in the second and third bullet-points immediately above will be made only upon a determination by:

- * a majority of a quorum of disinterested directors;
- * if a quorum of disinterested directors is not obtainable, or even if obtainable, by majority vote of a committee duly designated by the Board of Directors (in which directors who are parties may participate)

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consisting solely of two or more directors who are not at the time parties to the proceeding;

- * independent legal counsel in a written opinion;
- * the shareowners (excluding the shares owned by the person seeking indemnification); or
- * the court in which the proceeding is or was pending, if indemnification is proper under the circumstances because the applicable standard of conduct has been met.

The Board of Directors may authorize the advancement of litigation expenses to a director or officer upon receipt of an undertaking by the director or officer to repay such expenses if it is ultimately determined that he or she is not entitled to be indemnified for them.

The Florida Business Corporation Act's statutory scheme of indemnification is not exclusive and allows expanded indemnification by bylaw, agreement, vote of shareowners or disinterested directors, or otherwise. Notwithstanding the permissible expansion of indemnification rights, the Florida Business Corporation Act does not permit indemnification for:

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- * acts or omissions that involve a violation of the criminal law, unless the director, officer, employee or agent had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful;
- * any transaction from which a director, officer or agent derived an improper personal benefit;
- * willful misconduct or a conscious disregard for the best interests of the corporation in a proceeding by or in the right of the corporation to procure a judgment in its favor or in a proceeding by or in the right of a shareowner; or
- * approving an improper distribution to shareowners.

CCBG's Bylaws expand the Florida Business Corporation Act's statutory scheme of indemnification by providing for the mandatory indemnification of any of its officers and directors for costs and expenses actually and reasonably incurred in connection with a legal proceeding, regardless of whether the officer or director is successful on the merits or otherwise, including amounts paid in settlement of such a proceeding, to the fullest extent permitted by the Florida Business Corporation Act, and requires advancement of such costs and other expenses during pending proceedings. The Board of Directors has discretionary ability to provide indemnification with respect to other persons, such as agents and employees.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling CCBG pursuant to the foregoing provisions, CCBG has been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

First Alachua.

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----- Indemnification of First Alachua's directors, officers, employees, and other agents is provided pursuant to the Florida Business Corporation Act. Neither the Articles of Incorporation nor the Bylaws of First Alachua provide for an expansion of the indemnification rights provided under the Florida Business Corporation Act.

Special Meetings of Shareowners

CCBG.

---- CCBG's Bylaws provide that special meetings of the shareowners shall be held:

- * when directed by the Board of Directors through a resolution adopted by a majority of the total number of directors (whether or not any vacancies of previously authorized directorships exist at the time the Board is presented with such resolution); or
- * when requested in writing and upon appropriate notice by the holders of not less than 50% of all the shares entitled to vote on any issue at the meeting.

As a result, this provision, taken together with the restriction on the removal of directors, would prevent a substantial shareowner who held less than 50% of CCBG's common stock from compelling shareowner consideration of any proposal (such as a proposal for a merger) over the opposition of CCBG's Board of Directors by calling a special meeting of shareowners at which such shareowner could replace the entire Board of Directors with nominees who were in favor of such proposal.

First Alachua.

----- First Alachua's Bylaws provide that special meetings of the shareholders may be called at any time by the President or a majority of the members of the Board of Directors and shall be called by the President at the request of the holders of not less than one-tenth of all the outstanding shares of First Alachua entitled to vote at the meeting.

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Ability of Directors to Consider Interests Other Than Shareowners' Interests

CCBG.

---- CCBG's Articles of Incorporation expressly require the Board of Directors to consider all factors it deems relevant in evaluating a proposed share exchange, tender offer, merger, consolidation, or other similar transaction, including:

- * the best interests of the shareowners;
- * the social, legal, and economic effects on employees, customers, depositors, and communities served by CCBG and any subsidiary;
- * the consideration offered in relation to the then current market value of CCBG or any subsidiary in a freely negotiated transaction;
- * estimations of future value of the stock of CCBG or any subsidiary as an independent entity; and
- * any other factor deemed relevant by the Board of Directors.

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This gives the Board the ability to consider factors other than shareowner value in considering acquisition overtures and places such considerations within the duty of the Board of Directors. This requires the Board to evaluate all factors in considering a potential future acquisition offer, including the long-term value of CCBG as a going concern versus the short-term benefit to shareowners, in order to maximize shareowner value.

This provision might have the effect of discouraging some tender offers which are above market price or which might otherwise be favorable to shareowners in the short run. A decrease in the likelihood of tender or acquisition offers could lower shareowner value by minimizing or eliminating acquisition market premiums associated with CCBG's capital stock.

This constituency provision of CCBG's Articles of Incorporation may discourage or make more difficult certain acquisition proposals or business combinations and, therefore, may adversely affect the ability of shareowners to benefit from certain transactions opposed by the CCBG Board of Directors. The constituency provision would allow the CCBG Board of Directors to take into account the effects of an acquisition proposal on a broad number of constituencies and to consider any potential adverse effects in determining whether to accept or reject such proposal.

First Alachua.

----- First Alachua's Articles of Incorporation and Bylaws do not contain provisions allowing the directors to consider the effect of potential transactions on any constituency other than the First Alachua shareholders; however, under the Florida Business Corporation Act, directors may rely upon such factors as the director deems relevant, including the long-term prospects and interests of the corporation and its shareholders, and the social, economic, legal, or other effects of any action on the employees, suppliers, customers of the corporation or its subsidiaries, the communities and society in which the corporation or its subsidiaries operate, and the economy of the state and the nation.

Actions by Shareowners Without a Meeting

CCBG.

---- CCBG's Bylaws provide that any action required or permitted to be taken at a meeting of shareowners may not be effected by the written consent of the shareowners entitled to vote on the action.

First Alachua.

----- First Alachua's Bylaws provide that any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth the action taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Shareowner Nominations

CCBG.

---- CCBG's Articles of Incorporation and Bylaws provide that nominations of persons for election to the Board of Directors at an annual or special meeting of shareowners may be made:

- * by or at the direction of the Board of Directors by any nominating committee of or person appointed by the Board of Directors; or

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- * by any shareowner of CCBG entitled to vote for the election of directors at the meeting who complies with the applicable notice procedures set forth in the Articles of Incorporation and the Bylaws.

Despite these provisions, nominations for Board of Director positions at special meetings may be made only if the election of directors is one of the purposes described in the special meeting notice.

Nominations of individuals for election at annual meetings, other than nominations made by or at the direction of the Board of Directors, including by any nominating committee, shall be made according to the notice procedures set forth in the Articles of Incorporation and Bylaws.

First Alachua.

----- First Alachua's Articles of Incorporation and Bylaws do not contain specific provisions addressing nominations of persons for election to the Board of Directors. In addition, the Florida Business Corporation Act does not address director nominations.

Dissenters' Rights of Appraisal

CCBG.

---- The Florida Business Corporation Act generally gives shareowners of a Florida corporation appraisal rights and the right to obtain payment of the fair value of their shares in the event of a merger, share exchange, sale or exchange of property and certain other corporate transactions. The rights contained in the Florida Business Corporation Act generally do not apply, however, with respect to a plan of merger or share exchange or a proposed sale or exchange of property, to the holders of securities registered on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 holders as of the record date for determining shareowners entitled to vote on the proposed action and the market value of such securities is at least \$10 million, excluding the value of shares held by certain company insiders. First Alachua's shareholders are to receive shares of CCBG common stock in the merger, and CCBG common stock is traded on the Nasdaq National Market. Therefore, subsequent to this merger, shareholders of First Alachua that receive CCBG common stock in the merger will not have statutory appraisal rights with respect to the CCBG common stock.

First Alachua.

----- The Florida Business Corporation Act generally gives shareholders of a Florida corporation appraisal rights, and the right to obtain payment of the fair value of their shares in the event of a merger, share exchange, sale or exchange of property and certain other corporate transactions. To do this, shareholders must follow certain procedures, including filing certain notices and refraining from voting their shares in favor of the transaction. The applicable provisions of the Florida Business Corporation Act are attached in their entirety as Appendix C to this Proxy Statement/Prospectus.

For a more detailed discussion of Appraisal Rights, see "DESCRIPTION OF THE MERGER - Dissenters' Rights of Appraisal," on page 33.

COMPARATIVE MARKET PRICES AND DIVIDENDS

Price Range of Common Stock

CCBG common stock is traded on the Nasdaq National Market under the symbol "CCBG." First Alachua common stock is not publicly traded. The following

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table sets forth, for the indicated periods, the high and low closing sale prices for CCBG common stock as reported by the Nasdaq National Market. The stock prices do not include retail mark-ups, mark-downs or commissions. Effective June 13, 2003, CCBG declared a 5-for-4 stock split.

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The amounts below have been adjusted to reflect this stock split. As of the record date, CCBG had a total of 1,602 shareowners of record.

		CCBG	

		Price Range	
		High	Low
		-----	-----
2005	First Quarter	\$41.51	\$36.92
2004	Fourth Quarter	45.41	37.90
	Third Quarter	40.07	35.08
	Second Quarter	43.15	35.50
	First Quarter	45.55	39.05
2003	Fourth Quarter	46.83	36.62
	Third Quarter	40.93	35.00
	Second Quarter	36.43	29.74
	First Quarter	32.32	26.81
2002	Fourth Quarter	32.04	22.26
	Third Quarter	29.55	22.32
	Second Quarter	27.84	20.60
	First Quarter	22.00	18.12
2001	Fourth Quarter	19.74	17.52
	Third Quarter	20.20	16.70
	Second Quarter	20.00	15.90
	First Quarter	20.90	18.50
2000	Fourth Quarter	21.40	15.10
	Third Quarter	16.40	15.00
	Second Quarter	16.40	14.40
	First Quarter	18.40	12.00

On February 3, 2005, the last day prior to the public announcement of CCBG's proposed acquisition of First Alachua, the last reported sale price per share of CCBG common stock on the Nasdaq National Market was \$39.95. On April 12, 2005, the last reported sale price per share of CCBG common stock on the Nasdaq National Market was \$40.03, and the resulting equivalent pro forma price per share of First Alachua common stock was \$5,696.21. The equivalent per share price of a share of First Alachua common stock at each specified date represents the last reported sale price of a share of CCBG common stock on such date multiplied by the exchange ratio of approximately 71.176 shares of CCBG common stock plus \$2,847.04 in cash (exclusive of any withholdings). The market price of CCBG common stock at the effective time of the merger may be higher or lower than the market price at the time the merger proposal was announced, at the time the Agreement and Plan of Merger was executed, at the time of mailing of this Proxy Statement/Prospectus, or at the time of the Special Meeting. Holders of First Alachua common stock are not assured of receiving any specific market value of CCBG common stock

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at the effective time of the merger, and such value may be substantially more or less than the current value of CCBG common stock.

There is no established public trading market for the First Alachua common stock. To the knowledge of First Alachua, the most recent trade of First Alachua common stock prior to February 3, 2005, the last day prior to the public announcement of the proposed merger between CCBG and First Alachua, was the sale of 25 shares on January 30, 2002, at \$1,537.67 per share. To the knowledge of First Alachua, there have been no trades of First Alachua common stock since the announcement of the merger.

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The holders of First Alachua common stock are entitled to receive such dividends or distributions as the board of directors may declare out of funds legally available for such payments. The payment of distributions by First Alachua is subject to the restrictions of Florida law applicable to the declaration of distributions by a business corporation. A corporation generally may not authorize and make distributions if, after giving effect thereto, it would be unable to meet its debts as they become due in the usual course of business or if the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if it were to be dissolved at the time of distribution, to satisfy claims upon dissolution of shareholders who have preferential rights superior to the rights of the holders of its common stock.

The ability of First Alachua to pay distributions is affected by the ability of its bank subsidiary to pay dividends. The ability of First Alachua's bank subsidiary, as well as of First Alachua, to pay dividends in the future is influenced by bank regulatory requirements and capital guidelines.

The information regarding First Alachua common stock is provided for informational purposes only and, due to the absence of an active market for First Alachua's shares, you should not view it as indicative of the actual or market value of First Alachua common stock.

Stock Purchase Program

CCBG has been engaged in an ongoing program to purchase shares of its common stock on the open market from time to time, depending upon market conditions and other factors; however, CCBG did not make any purchases of its common stock during 2003 or 2004.

Comparative Dividends

The holders of CCBG common stock are entitled to receive dividends when and if declared by the Board of Directors out of funds legally available therefor. Although CCBG currently intends to continue to pay quarterly cash dividends on the CCBG common stock, there can be no assurance that CCBG's dividend policy will remain unchanged after completion of the merger. The declaration and payment of dividends thereafter will depend upon business conditions, operating results, capital and reserve requirements, and the CCBG Board of Directors' consideration of other relevant factors.

CCBG is a legal entity separate and distinct from its subsidiary and its revenues depend in significant part on the payment of dividends from its subsidiary institutions. CCBG's subsidiary depository institution is subject to certain legal restrictions on the amount of dividends it is permitted to

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pay. See "BUSINESS - Capital City Bank - Dividends," "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" and Note 15 in the Notes to Consolidated Financial Statements in CCBG's 2004 Form 10-K. These restrictions may limit CCBG's ability to pay dividends to its shareowners. As of April 15, 2005, CCBG does not believe these restrictions will impair CCBG's ability to declare and pay its routine and customary dividends.

The following table sets forth cash dividends declared per share of CCBG common stock, as adjusted for CCBG's stock split on June 13, 2003, and First Alachua common stock for the periods indicated.

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	CCBG Quarterly Cash Dividends Declared Per Share	First Alachua Semi-Annual Dividends Declared Per Share
	-----	-----
YEAR ENDING DECEMBER 31, 2005		
First Quarter	\$0.190	
YEAR ENDED DECEMBER 31, 2004		
Fourth Quarter	\$0.190	\$1.75
Third Quarter	0.180	
Second Quarter	0.180	1.75
First Quarter	0.180	
Total	----- \$0.730 =====	----- \$3.50 =====
YEAR ENDED DECEMBER 31, 2003		
Fourth Quarter	\$0.180	\$1.50
Third Quarter	0.170	
Second Quarter	0.170	1.50
First Quarter	0.136	
Total	----- \$0.656 =====	----- \$3.00 =====
YEAR ENDED DECEMBER 31, 2002		
Fourth Quarter	\$0.136	
Third Quarter	0.122	
Second Quarter	0.122	
First Quarter	0.122	
Total	----- \$0.502 =====	
YEAR ENDED DECEMBER 31, 2001:		
Fourth Quarter	\$0.122	
Third Quarter	0.118	
Second Quarter	0.118	

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First Quarter	0.118

Total	\$0.476
	=====

YEAR ENDED DECEMBER 31, 2000:

Fourth Quarter	\$0.118
Third Quarter	0.106
Second Quarter	0.106
First Quarter	0.106

Total	\$0.436
	=====

First Alachua is restricted under the Agreement and Plan of Merger from paying dividends or making any distributions in respect of First Alachua's common stock, except as consistent with past practice and that would not cause First Alachua's net worth to fall below \$25.375 million.

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SECTION III

BUSINESS OF FIRST ALACHUA

General

First Alachua Banking Corporation is a financial services company and the parent company of First National Bank of Alachua, which was established in 1908. First National Bank of Alachua is headquartered in Alachua, Florida and has assets totaling \$229 million in seven banking offices and a mortgage office in north central Florida and a banking office in St. Johns County, Florida. The Bank offers its clients a variety of services including deposit services, loans, ATMs, credit card merchant services, investment services, mortgage lending and business accounts. First National Bank of Alachua's website is www.fnba.net.

Management Stock Ownership

The following table presents information about the amount of First Alachua common stock beneficially owned by each of the directors and executive officers of First Alachua and all executive officers and directors as a group as of the record date. Unless otherwise indicated, each person has sole voting and investment power over the indicated shares. Information relating to beneficial ownership of the First Alachua common stock is based upon "beneficial ownership" concepts set forth in rules promulgated under the Exchange Act. Under those rules, a person is considered to be a beneficial owner of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose or to direct the disposition of such security. Under the rules, more than one person may be deemed to be a beneficial owner of the same securities.

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Name of Director or Executive Officer	Position with First Alachua	Number of Shares	Percentage
Jerry M. Smith (1)	Chairman, President and Chief Executive Officer	6,142	60.3%
A. Gerald Cayson (2)	Director	393	3.9%
Robert A. Hitchcock	Director	260	2.6%
Marjorie S. Drummond (3)	Secretary	130	1.3%
Frank Bevis (4)	Assistant Secretary	53	*
All Directors and Executive Officers as a Group (5 persons)		6,878	67.5%

* less than one percent.

(1) Includes 202 shares held in a 401(k) plan, 200 shares held in trust for his daughters, 4,757 shares held jointly with his wife, Laura Smith, and 710 shares held directly or indirectly by Laura Smith.

(2) Includes 175 shares held by his wife, Betty E. Cayson.

(3) Includes 100 shares held in trust for her and 10 shares held jointly with her husband, Graham L. Drummond.

(4) Includes 43 shares held in a 401(k) plan and 10 shares held jointly with his wife, Shirley G. Bevis.

The First Alachua directors , as well as the directors of First National Bank of Alachua, have committed to vote their shares of First Alachua common stock in favor of the Agreement and Plan of Merger.

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Voting Securities and Principal Shareholders of First Alachua

The following lists each person that directly or indirectly owned, controlled, or held with power to vote 5% or more of the 10,186 outstanding shares of First Alachua common stock as of the record date who is not a director or executive officer of First Alachua. Unless otherwise indicated, each person has sole voting and investment powers over the indicated shares. Information relating to beneficial ownership of the First Alachua common stock is based upon "beneficial ownership" concepts set forth in rules under the Exchange Act (discussed above).

Name and Address	Number of Shares Beneficially Owned at Record Date	Percent of Class (%)
-----	-----	-----

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Ben and Faye Eubanks (1)
P.O. Box 218
Blounstown, FL 32424 2,175 21.4%

Laura Smith (2)
15000 NW 140th Street
Alachua, FL 32615 6,142 60.3%

-
- (1) Includes 1,955 shares held jointly by Ben and Faye Eubanks and 220 shares held separately by Ben Eubanks.
- (2) Includes 10 shares held in a 401(k) plan, 4,757 shares held jointly with her husband, Jerry M. Smith, and 675 shares held directly or indirectly by Jerry M. Smith.

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SECTION IV

BUSINESS OF CCBG

General

CCBG is a financial holding company registered under the Gramm-Leach-Bliley Act of 1999, and is subject to the Bank Holding Company Act of 1956, as amended. As of December 31, 2004, CCBG had consolidated total assets of approximately \$2.4 billion and shareowners' equity of approximately \$256.8 million. Its principal asset is the capital stock of Capital City Bank. Capital City Bank accounted for approximately 100% of the consolidated assets at December 31, 2004 and approximately 100% of consolidated net income of CCBG for the year ended December 31, 2004. In addition to its banking subsidiary, CCBG has one other direct subsidiary, CCBG Capital Trust I, and seven other indirect subsidiaries, all of which are wholly-owned subsidiaries of Capital City Bank:

- * Capital City Trust Company
- * Capital City Mortgage Company (inactive)
- * Capital City Securities, Inc.
- * Capital City Services Company
- * First Insurance Agency of Grady County, Inc.
- * Southern Oaks, Inc.
- * FNB Financial Services, Inc.

On March 19, 2004, Capital City Bank completed its merger with Quincy State Bank, a former affiliate of Synovus Financial Corp. Results of Quincy's operations have been included in CCBG's consolidated financial statements since March 20, 2004. Quincy had \$116.6 million in assets with one office in Quincy, Florida and one office in Havana, Florida. The transaction was accounted for as a purchase and resulted in approximately \$14.9 million of intangible assets, including approximately \$12.5 million in goodwill and a core deposit intangible of \$2.4 million. The core deposit intangible is being amortized over a seven-year period.

On October 15, 2004, CCBG completed its merger with Farmers and Merchants Bank. Results of Farmers and Merchants Bank's operations have been included in CCBG's consolidated financial statements since October 16, 2004. Farmers and Merchants Bank had \$411 million in assets with three full-service offices in Laurens County, Georgia. The transaction was accounted for as a purchase and resulted in approximately \$41.1 million of intangible assets, including approximately \$34.7 million in goodwill, a core deposit intangible

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of \$5.9 million and a non-compete agreement. The core deposit intangible is being amortized over a seven-year period and the non-compete agreement is being amortized over a two-year period.

Banking Services

Capital City Bank is a Florida chartered full-service bank engaged in the commercial and retail banking business. Significant services offered by the Bank include:

- * Business Banking
----- - Capital City Bank provides banking services to corporations and other business clients. Loans are made for a wide variety of general business purposes, including financing for commercial business properties, equipment, inventories and accounts receivable, as well as commercial leasing, letters of credit, treasury management services, and merchant credit card transaction processing.
- * Commercial Real Estate Lending
----- - Capital City Bank provides a wide range of products to meet the financing needs of commercial developers and investors, residential builders and developers, and community development.
- * Residential Real Estate Lending
----- - Capital City Bank provides products to help meet the home financing needs of consumers, including conventional permanent and construction/permanent (fixed or adjustable rate) financing arrangements, and FHA/VA loan products.

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Capital City Bank offers these products through its existing network of offices. Geographical expansion of the delivery of this product line has occurred over the past three years through the opening of five mortgage lending offices in Florida - in Gainesville (Alachua County), Lakeland (Polk County), Ocala (Marion County), Panacea (Wakulla County) and Steinhatchee (Taylor County), and one in Thomasville, Georgia (Thomas County).

- * Retail Credit
----- - Capital City Bank provides a full range of loan products to meet the needs of consumers, including personal loans, automobile loans, boat/RV loans, home equity loans, and credit card programs.
- * Institutional Banking
----- - Capital City Bank provides banking services to meet the needs of state and local governments, public schools and colleges, charities, membership and not-for-profit associations, including customized checking and savings accounts, cash management systems, tax-exempt loans, lines of credit, and term loans.
- * Retail Banking
----- - Capital City Bank provides a full range of consumer banking services, including checking accounts, savings programs, automated teller machines, overdraft facilities, debit/credit cards, night deposit services, safe deposit facilities, and PC/Internet banking. Customers can use the "Star-Line" system to gain 24-hour access to their deposit and loan account information, and transfer funds

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between linked accounts. The Bank is a member of the "Star" ATM Network that permits banking customers to access cash at automatic teller machines ("ATMs") or point of sale merchants at locations throughout the United States.

Data Processing Services

Capital City Services Company provides data processing services to financial institutions (including Capital City Bank), government agencies and commercial customers located throughout North Florida and South Georgia. As of February 28, 2005, the Services Company was providing computer services to six correspondent banks, which have relationships with Capital City Bank.

Trust Services and Asset Management

Capital City Trust Company is the investment management arm of Capital City Bank. The Trust Company provides asset management for individuals through agency, personal trust, IRAs and personal investment management accounts. Administration of pension, profit sharing and 401(k) plans is a significant product line. Associations, endowments and other non-profit entities hire the Trust Company to manage their investment portfolios. Individuals requiring the services of a trustee, personal representative or a guardian are served by a staff of well trained professionals. The market value of trust assets under discretionary management exceeded \$652 million as of December 31, 2004, with total assets under administration exceeding \$728 million.

Brokerage Services

CCBG offers access to retail investment products through Capital City Securities, Inc., a wholly-owned subsidiary of Capital City Bank. These products are offered through INVEST Financial Corporation, a member of the NASD and SIPC. Non-deposit investment and insurance products are: (1) not FDIC insured; (2) not deposits, obligations, or guaranteed by any bank; and (3) subject to investment risk, including the possible loss of the principal amount invested. Capital City Securities, Inc.'s brokers are licensed through INVEST Financial Corporation, and offer a full line of retail securities products, including U.S. Government bonds, tax-free municipal bonds, stocks, mutual funds, unit investment trusts, annuities, life insurance and long-term health care. CCBG and its subsidiary are not affiliated with INVEST Financial Corporation.

Expansion of Business

Since 1984, CCBG has completed 14 acquisitions totaling \$1.6 billion in deposits within existing and new markets. In addition, in 2003, CCBG opened four new offices - two in Tallahassee and one each in Springhill and Starke (replacement office) - to improve service and product delivery within these Florida markets, and plans to

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open one new office in Crawfordville in 2005. Plans are currently being developed for new office sites in Macon, Georgia, Keystone Heights, Florida, and Springhill, Florida.

CCBG plans to continue its expansion, emphasizing a combination of growth in existing markets and acquisitions. Acquisitions will be focused on a three state area including Florida, Georgia and Alabama with a particular

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focus on acquiring banks and offices.

SECTION V

DIRECTORS AND EXECUTIVE OFFICERS AFTER THE MERGER

The directors of CCBG after the merger will be:

CLASS I DIRECTORS	CLASS II DIRECTORS	CLASS III DIRECTORS
-----	-----	-----
Cader B. Cox, III	Thomas A. Barron	DuBose Ausley
McGrath Keen, Jr.	J. Everitt Drew	Frederick Carroll, III
Ruth A. Knox	Lina S. Knox	John K. Humphress
William G. Smith, Jr.	John R. Lewis	Henry Lewis III

The executive officers of CCBG after the merger will be:

William G. Smith, Jr. Chairman, President and Chief Executive Officer
 J. Kimbrough Davis Executive Vice President and Chief Financial Officer
 Thomas A. Barron President of Capital City Bank

The following section sets forth certain information regarding each of the persons who, after the consummation of the merger, will be a director or executive officer of CCBG. Except as otherwise indicated, each of the named persons has been engaged in his or her present principal occupation for more than five years.

CLASS I DIRECTORS:

(Term Expiring in 2007)

CADER B. COX, III

Mr. Cox, 55, has been a director since 1994. Since 1976, he has served as President of Riverview Plantation, Inc., a resort and agricultural company.

L. MCGRATH KEEN, JR.

Mr. Keen, 51, has been a director since October 2004. He served as President (since 2000) and director (1980-2004) of Farmers and Merchants Bank, prior to its merger with CCBG. He was a principal shareowner of Farmers and Merchants Bank at the time of the merger.

RUTH A. KNOX

Ms. Knox, 51, has been a director since 2003. Since 2003, she has served as President of Wesleyan College, Macon, Georgia. Prior to this appointment, she practiced law in Atlanta and Macon, Georgia for 25 years.

WILLIAM G. SMITH, JR.

Mr. Smith, 51, is the Chairman of the Board of CCBG and has been a director since 1982. In 1995, he was appointed President and Chief Executive Officer of CCBG and Chairman of Capital City Bank. In 2003, Mr. Smith was elected Chairman of the Board of Directors. Mr. Smith is the first cousin of Lina S. Knox.

CLASS II DIRECTORS:

(Term Expiring in 2005)

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THOMAS A. BARRON

Mr. Barron, 52, has been a director since 1982. He is Treasurer of CCBG and was appointed President of Capital City Bank in 1995.

J. EVERITT DREW

Mr. Drew, 49, has been a director since 2003. Since 2000, he has been the President of St. Joe Land Company where his duties include overseeing the sale and development efforts of several hundred thousand acres of St. Joe property in northwest Florida and southwest Georgia.

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LINA S. KNOX

Ms. Knox, 60, has been a director since 1998. She is a dedicated community volunteer. Ms. Knox is the first cousin of William G. Smith, Jr.

JOHN R. LEWIS

Mr. Lewis, 62, has been a director since 1999. He is President and Chief Executive Officer of Super-Lube, Inc., Tallahassee, Florida, which he founded in 1979.

CLASS III DIRECTORS:

(Term Expiring in 2006)

DUBOSE AUSLEY

Mr. Ausley, 67, has been a director since 1982. He is employed by the law firm of Ausley & McMullen and was Chairman of this firm and its predecessor for more than 20 years. Since 1992, he has served as a director of TECO Energy, Inc. Since 1993, Mr. Ausley has served as a director of Sprint Corporation. In addition, Mr. Ausley has been nominated, and has consented to serve, as a director of Huron Consulting Group, Inc.

FREDERICK CARROLL, III

Mr. Carroll, 54, has been a director since 2003. Since 1990, he has been the Managing Partner of Carroll and Company, an accounting firm specializing in tax and audit based in Tallahassee, Florida.

JOHN K. HUMPHRESS

Mr. Humphress, 56, has been a director since 1994. Since 1973, he has been a shareowner of Krause Humphress Pace & Wadsworth, Chartered CPA's.

HENRY LEWIS III

Dr. Lewis, 55, has been a director since 2003. He is a Professor and Director of the College of Pharmacy and Pharmaceutical Studies at Florida A&M University.

NON-DIRECTOR EXECUTIVE OFFICER:

J. KIMBROUGH DAVIS

Mr. Davis, 51, was appointed Executive Vice President and Chief Financial Officer of CCBG in 1997. He served as Senior Vice President and Chief Financial Officer from 1991 to 1997. In 1998, he was appointed Executive Vice President and Chief Financial Officer of Capital City Bank.

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SECTION VI

SHAREOWNER PROPOSALS

Shareowner proposals that are to be included in the CCBG proxy statement for the 2005 annual meeting of shareowners must have been received by December 3, 2004. Shareowner proposals for the 2005 annual meeting that are not intended to be included in the proxy statement for that meeting must have been received by February 18, 2005 or the Board of Directors can vote the proxies in its discretion on the proposal. Shareowner proposals that are to be included in the CCBG proxy statement for the 2006 annual meeting of shareowners must be received by December 2, 2005. Shareowner proposals that are not intended to be included in the CCBG proxy statement for the 2006 annual meeting of shareowners must be received by February 18, 2006, 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, Capital City Bank Group, Inc., 217 North Monroe Street, Tallahassee, Florida 32301.

EXPERTS

The consolidated financial statements of Capital City Bank Group, Inc. and subsidiary (the "Company") as of December 31, 2004 and 2003, and for each of the years in the three-year period ended December 31, 2004, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The audit report covering the December 31, 2004 consolidated financial statements refers to a change in method of computing stock-based compensation in 2003 and a change in method of accounting for goodwill and other intangible assets in 2002.

The audit report on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of December 31, 2004 contains an explanatory paragraph that states that Capital City Bank Group, Inc. acquired Farmers and Merchants Bank during 2004. Management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, Farmers and Merchants Bank's internal control over financial reporting. The audit of internal control over financial reporting of Capital City Bank Group, Inc. and subsidiary performed by KPMG LLP also excluded an evaluation of the internal control over financial reporting of Farmers and Merchants Bank.

LEGAL MATTERS

The legality of the shares of CCBG common stock to be issued in the merger and certain tax consequences of the merger will be passed upon by Gunster, Yoakley & Stewart P.A., Ft. Lauderdale, Florida.

Certain tax consequences of the merger will be passed upon by Smith, Gambrell & Russell, LLP, Atlanta, Georgia.

OTHER MATTERS

Management of First Alachua does not know of any matters to be brought

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before the Special Meeting other than those described above. If any other matters properly come before the Special Meeting, the persons designated as Proxies will vote on such matters in accordance with their best judgment.

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PRO FORMA FINANCIAL INFORMATION

Pro Forma financial information reflecting the acquisition of First Alachua by CCBG is not presented in this document since the pro forma effect is not significant.

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APPENDIX A

AGREEMENT AND PLAN OF MERGER BY AND AMONG CAPITAL CITY BANK GROUP, INC., FIRST ALACHUA BANKING CORPORATION AND FIRST NATIONAL BANK OF ALACHUA, DATED AS OF FEBRUARY 3, 2005

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of February 3, 2005, by and among CAPITAL CITY BANK GROUP, INC., a Florida corporation ("CCBG"), FIRST ALACHUA BANKING CORPORATION, a Florida corporation ("FABC"), and FIRST NATIONAL BANK OF ALACHUA, a national bank ("First National").

PREAMBLE

The respective Boards of Directors of CCBG, FABC, and First National are of the opinion that the transactions described herein are in the best interests of the parties to this Agreement and their respective shareowners. This Agreement provides for the acquisition of FABC by CCBG pursuant to the merger of (i) FABC with and into CCBG (the "Holding Company Merger") and (ii) First National with and into a Florida chartered bank subsidiary of CCBG, Capital City Bank ("CCB") (the "Bank Merger") (collectively, the "Mergers"). At the effective time of the Holding Company Merger, the outstanding shares of the capital stock of FABC shall be converted into the right to receive a combination of shares of the common stock of CCBG and cash as described in this Agreement. As a result, shareholders of FABC shall become shareowners of CCBG and CCBG shall conduct the business and operations of First National. The transactions described in this Agreement are subject to the approvals of the shareholders of FABC, the Board of Governors of the Federal Reserve System, the Florida Department of Financial Services, and the satisfaction of certain other conditions described in this Agreement. It is the intention of the parties to this Agreement that the Mergers, for federal income tax purposes, shall qualify as a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code.

Certain terms used in this Agreement are defined in Section 10.1 of this Agreement.

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NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, the parties, intending to be legally bound, agree as follows:

ARTICLE 1

TRANSACTIONS AND TERMS OF MERGERS

1.1 HOLDING COMPANY MERGER.

----- Subject to the terms and conditions of this Agreement, at the Effective Time, FABC shall be merged with and into CCBG in accordance with the provisions of, and with the effect provided in, Sections 607.1101, 607.1103, 607.1105, 607.1106 and 607.1107 of the FBCA. CCBG shall be the Surviving Corporation resulting from the Holding Company Merger and shall continue to be governed by the Laws of the State of Florida. The Holding Company Merger shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors of FABC and CCBG.

1.2 BANK MERGER.

----- Subsequent to the consummation of the Holding Company Merger, First National shall be merged with and into CCB in accordance with the provisions of and with the effect provided in Section 658.41 of the Florida Statutes on terms and subject to the provisions of the Bank Plan of Merger ("Bank Plan"), attached hereto as Exhibit 1. FABC shall vote the shares of First National Capital Stock in favor of the Bank Plan and the Bank Merger provided therein.

1.3 TIME AND PLACE OF CLOSING.

----- The closing of the transactions contemplated hereby (the "Closing") will take place at the close of business on the date that the Effective Time occurs (or the immediately preceding day if the Effective Time is earlier than 9:00 A.M.), or at such other time as the Parties, acting through their authorized officers, may mutually agree. The Closing shall be held at such location as may be mutually agreed upon by the Parties or may be conducted by mail or facsimile as may be mutually agreed upon by the Parties.

1.4 EFFECTIVE TIME.

----- The Holding Company Merger and other transactions contemplated by this Agreement shall become effective on the date and at the time the Articles of Merger reflecting the Holding Company Merger shall become effective with the Secretary of State of the State of Florida (the "Effective Time"). Subject to the terms and conditions hereof, unless otherwise mutually agreed upon in writing by the authorized officers of each Party, the Parties shall use their reasonable efforts to cause the Effective Time to occur within 60 days after the last to occur of (i) the effective date

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(including expiration of any applicable waiting period) of the last required Consent of any Regulatory Authority having authority over and approving or exempting the Mergers, and (ii) the date on which the shareholders of FABC and CCBG approve this Agreement to the extent such approval is required by applicable Law. The actual Effective Time within the 60-day period shall be mutually agreed upon by CCBG and FABC.

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1.5 ARTICLES OF INCORPORATION.

----- The Articles of Incorporation of CCBG in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until duly amended or repealed.

1.6 BYLAWS.

----- The Bylaws of CCBG in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation until duly amended or repealed.

1.7 DIRECTORS AND OFFICERS.

----- The directors of CCBG in office immediately prior to the Effective Time, together with such persons as may thereafter be elected, shall serve as the directors of the Surviving Corporation from and after the Effective Time in accordance with the Bylaws of the Surviving Corporation. The officers of CCBG in office immediately prior to the Effective Time, together with such additional persons as may thereafter be elected, shall serve as the officers of the Surviving Corporation from and after the Effective Time in accordance with the Bylaws of the Surviving Corporation.

ARTICLE 2

MANNER OF CONVERTING SHARES

2.1 CONVERSION OF SHARES.

----- Subject to the provisions of this Article 2, at the Effective Time, by virtue of the Mergers and without any action on the part of CCBG, CCB, FABC, or First National or the shareholders of the foregoing, the shares of the constituent corporations shall be converted as follows:

(a) Each share of capital stock of CCBG issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time.

(b) Subject to adjustment as set forth in this Section 2.1, the aggregate purchase price (the "Purchase Price") to be paid by CCBG for the FABC Common Stock shall be Fifty-Eight Million U.S. Dollars (\$58,000,000).

(c) Each share of FABC Common Stock issued and outstanding immediately prior to the Effective Time, excluding shares held by any FABC Entity or any CCBG Entity, in each case other than in a fiduciary capacity or as a result of debts previously contracted, and excluding shares held by shareholders who perfect their statutory dissenters' rights as provided in Section 2.4, shall cease to be outstanding and, subject to any adjustments as set forth in this Section 2.1, shall be converted into and exchanged for the right to receive:

(1) that multiple of a share of CCBG Common Stock equal to the quotient obtained by dividing (i) one-half of the Adjusted Purchase Price Per Share by (ii) \$40 (the "Share Exchange Ratio"); and

(2) cash equal to one-half of the Adjusted Purchase Price Per Share.

(d) In the event that the FABC Audited Financial Statements, pursuant to Section 7.23, indicate total shareholders' equity, as that term is defined in accordance with GAAP, as of September 30, 2004 to be less than \$24,665,000, the difference obtained by subtracting (a) total shareholders' equity as determined by the Auditor pursuant to Section 7.23 from (b) \$24,665,000 shall be deemed to be audit adjustments to the FABC Financial

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Statements (the "Audit Adjustments").

(e) If, pursuant to Section 2.1(d), the opinion of the Auditor with respect to the FABC Audited Financial Statements shall be qualified and the total capital is not readily determinable by the Auditor, then the parties agree to negotiate appropriate Audit Adjustments; provided, that, if the parties cannot agree as to the amount of such Audit Adjustments within 30 days of the delivery of the Auditor's audit opinion, CCBG may terminate this Agreement. In the event that CCBG elects not to terminate this Agreement, then there shall be no Audit Adjustments.

(f) Each share of capital stock of CCB issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding from and after the Effective Time.

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(g) Each share of capital stock of First National issued and outstanding immediately prior to the Effective Time shall cease to be outstanding and shall be extinguished from and after the consummation of the Bank Merger.

2.2 ANTI-DILUTION PROVISIONS.

----- In the event CCBG changes the number of shares of CCBG Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, or similar recapitalization with respect to such stock and the record date therefor (in the case of a stock dividend) or the effective date thereof (in the case of a stock split or similar recapitalization for which a record date is not established) shall be prior to the Effective Time, the Share Exchange Ratio shall be proportionately adjusted.

2.3 SHARES HELD BY FABC SHAREHOLDERS OR CCBG.

----- Each of the shares of FABC Common Stock held by any FABC Entity or any CCBG Entity, in each case other than in a fiduciary capacity or as a result of debts previously contracted, shall be canceled and retired at the Effective Time and no consideration shall be issued in exchange therefor.

2.4 DISSENTING SHAREHOLDERS.

----- Any holder of shares of FABC Common Stock who perfects his or her dissenters' rights in accordance with and as contemplated by Sections 607.1301-1333 of the FBCA shall be entitled to receive the value of such shares in cash as determined pursuant to such provision of Law; provided, that no such payment shall be made to any dissenting shareholder unless and until such dissenting shareholder has complied with the applicable provisions of the FBCA and surrendered to FABC the certificate or certificates representing the shares for which payment is being made. In the event that after the Effective Time a dissenting shareholder of FABC fails to perfect, or effectively withdraws or loses, his or her right to appraisal and of payment for his or her shares subject to CCBG's consent in its sole discretion, CCBG shall issue and deliver the consideration to which such holder of shares of FABC Common Stock is entitled under this Article 2 (without interest) upon surrender by such holder of the certificate or certificates representing shares of FABC Common Stock held by him or her.

2.5 FRACTIONAL SHARES.

----- Notwithstanding any other provision of this

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Agreement, each holder of shares of FABC Common Stock exchanged pursuant to the Mergers who would otherwise have been entitled to receive a fraction of a share of CCBG Common Stock (after taking into account all certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional part of a share of CCBG Common Stock multiplied by the Average Closing Price. No such holder will be entitled to dividends, voting rights, or any other rights as a shareholder in respect of any fractional shares.

ARTICLE 3

EXCHANGE OF SHARES

3.1 EXCHANGE PROCEDURES.

----- Promptly after the Effective Time, CCBG and FABC shall cause the exchange agent selected by CCBG (the "Exchange Agent") to mail to each holder of record of a certificate or certificates which represented shares of FABC Common Stock immediately prior to the Effective Time (the "Certificates") appropriate transmittal materials and instructions (which shall specify that delivery shall be effected, and risk of loss and title to such Certificates shall pass, only upon proper delivery of such Certificates to the Exchange Agent). The Certificate or Certificates of FABC Common Stock so delivered shall be duly endorsed as the Exchange Agent may require. In the event of a transfer of ownership of shares of FABC Common Stock represented by Certificates that are not registered in the transfer records of FABC, the consideration provided in Section 2.1 may be issued to a transferee if the Certificates representing such shares are delivered to the Exchange Agent, accompanied by all documents required to evidence such transfer and by evidence satisfactory to the Exchange Agent that any applicable stock transfer taxes have been paid. If any Certificate shall have been lost, stolen, mislaid or destroyed, upon receipt of (i) an affidavit of that fact from the holder claiming such Certificate to be lost, mislaid, stolen or destroyed, (ii) such bond, security or indemnity as CCBG and the Exchange Agent may reasonably require and (iii) any other documents necessary to evidence and effect the bona fide exchange thereof, the Exchange Agent shall issue to such holder the consideration into which the shares represented by such lost, stolen, mislaid or destroyed Certificate shall have been converted. The Exchange Agent may establish such other reasonable and customary rules and procedures in connection with its duties as it may deem appropriate. After the Effective Time, each holder of shares of FABC Common Stock (other than shares to be canceled pursuant to Section 2.3 or as to which statutory dissenters' rights have been perfected as provided in Section 2.4) issued and outstanding at the Effective Time shall surrender the Certificate or Certificates representing such shares to the Exchange Agent and shall promptly upon surrender thereof receive in exchange therefor the consideration provided in Section 2.1, together with all undelivered dividends or distributions in respect of such shares (without interest thereon) pursuant to Section 3.2. To the extent required by Section 2.5, each holder of shares of FABC Common Stock issued

and outstanding at the Effective Time also shall receive, upon surrender of the Certificate or Certificates, cash in lieu of any fractional share of CCBG Common Stock to which such holder may be otherwise entitled (without interest). CCBG shall not be obligated to deliver the consideration to which any former holder of FABC Common Stock is entitled as a result of the Mergers until such holder surrenders such holder's Certificate or Certificates for

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exchange as provided in this Section 3.1. Any other provision of this Agreement notwithstanding, neither CCBG nor the Exchange Agent shall be liable to a holder of FABC Common Stock for any amounts paid or property delivered in good faith to a public official pursuant to any applicable abandoned property, escheat or similar Law. Adoption of this Agreement by the shareholders of FABC shall constitute ratification of the appointment of the Exchange Agent.

3.2 RIGHTS OF FORMER FABC SHAREHOLDERS.

----- At the Effective Time, the stock transfer books of FABC shall be closed as to holders of FABC Common Stock immediately prior to the Effective Time and no transfer of FABC Common Stock by any such holder shall thereafter be made or recognized. Until surrendered for exchange in accordance with the provisions of Section 3.1, each Certificate therefor representing shares of FABC Common Stock (other than shares to be canceled pursuant to Sections 2.3 and 2.4) shall from and after the Effective Time represent for all purposes only the right to receive the consideration provided in Sections 2.1 and 2.5 in exchange therefor, subject, however, to the Surviving Corporation's obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time which have been declared or made by FABC in respect of such shares of FABC Common Stock in accordance with the terms of this Agreement and which remain unpaid at the Effective Time. Whenever a dividend or other distribution is declared by CCBG on the CCBG Common Stock, the record date for which is at or after the Effective Time, the declaration shall include dividends or other distributions on all shares of CCBG Common Stock issuable pursuant to this Agreement. No dividend or other distribution payable to the holders of record of CCBG Common Stock as of any time subsequent to the Effective Time shall be delivered to the holder of any Certificate until such holder surrenders such Certificate for exchange as provided in Section 3.1. However, upon surrender of such Certificate, both the CCBG Common Stock certificate (together with all such undelivered dividends or other distributions, without interest) and any undelivered dividends and cash payments payable hereunder (without interest) shall be delivered and paid with respect to each share represented by such Certificate.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF FABC

FABC and First National hereby jointly and severally represent and warrant to CCBG as follows:

4.1 ORGANIZATION, STANDING, AND POWER.

(a) FABC is a corporation duly organized, validly existing, and its status is active under the Laws of the State of Florida, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Assets. FABC is duly qualified or licensed to transact business and in good standing in the jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect. The minute books and other organizational documents and corporate records for FABC have been made available to CCBG for its review and, except as disclosed in Section 4.1 of the FABC Disclosure Memorandum, are true and complete in all Material respects as in effect as of the date of this Agreement and accurately reflect in all Material respects all amendments thereto and all proceedings of the Board of Directors and shareholders thereof.

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(b) First National is a national bank duly organized, validly existing, and in good standing under the Laws of the United States of America, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Assets. First National is duly qualified or licensed to transact business and in good standing in the jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect. The minute books and other organizational documents and corporate records for First National have been made available to CCBG for its review and, except as disclosed in Section 4.1 of the FABC Disclosure Memorandum, are true and complete in all Material respects as in effect as of the date of this Agreement and accurately reflect in all Material respects all amendments thereto and all proceedings of the Board of Directors and shareholders thereof.

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4.2 AUTHORITY OF FABC AND FIRST NATIONAL; NO BREACH BY AGREEMENT.

(a) Each of FABC and First National has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated herein, including the Mergers, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of FABC and First National, subject to receipt of the requisite Consents referred to in Section 8.1(b) and the approval of this Agreement by the holders of a majority of the outstanding shares of FABC Common Stock and a majority of the outstanding shares of First National Common Stock, which are the only shareholder votes required for approval of this Agreement and consummation of the Mergers by FABC and First National. Subject to such requisite shareholder approval and due authorization, execution and delivery by CCBG, this Agreement represents a legal, valid, and binding obligation of FABC and First National, enforceable against FABC and First National in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by FABC and First National, nor the consummation by FABC and First National of the transactions contemplated hereby, nor compliance by FABC and First National with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of FABC's Articles of Incorporation or Bylaws or the certificate or articles of incorporation of any FABC Subsidiary or any resolution adopted by the board of directors or the shareholders of any FABC Entity, or (ii) subject to receipt of the requisite Consents referred to in Section 8.1(b), and except as disclosed in Section 4.2 of the FABC Disclosure Memorandum, constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any FABC Entity under, any Contract or Permit of any FABC Entity, where such Default or Lien, or any failure to obtain such Consent, is reasonably likely to have,

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individually or in the aggregate, an FABC Material Adverse Effect, or where such event would cause a breach hereof or a Default hereunder, or (iii) subject to receipt of the requisite Consents referred to in Section 8.1(b), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any FABC Entity or their respective Material Assets (including any CCBG Entity or any FABC Entity becoming subject to or liable for the payment of any Tax on any of the Assets owned by any CCBG Entity or any FABC Entity being reassessed or revalued by any taxing authority).

(c) Except for the Consents referred to in Section 8.1(b), no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by FABC or First National of the Mergers and the other transactions contemplated in this Agreement.

4.3 CAPITAL STOCK.

(a) The authorized capital stock of FABC consists of (i) 250,000 shares of FABC Class A Common Stock, of which 4,456 shares are issued and outstanding as of the date of this Agreement and not more than 4,456 shares will be issued and outstanding at the Effective Time, (ii) 250,000 shares of FABC Class B Common Stock, of which 5,730 shares are issued and outstanding as of the date of this Agreement and not more than 5,730 shares will be issued and outstanding at the Effective Time, and (iii) no shares of preferred stock are authorized, issued or outstanding. All of the issued and outstanding shares of FABC Capital Stock are duly and validly issued and outstanding and are fully paid and nonassessable under the FBCA. None of the outstanding shares of FABC Capital Stock has been issued in violation of any preemptive rights of the current or past shareholders of FABC.

(b) The authorized capital stock of First National consists of (i) 80,000 shares of First National Common Stock, of which 80,000 shares are issued and outstanding as of the date of this Agreement and not more than 80,000 shares will be issued and outstanding at the Effective Time, and (ii) no shares of preferred stock are authorized, issued or outstanding. All of the issued and outstanding shares of First National Capital Stock are duly and validly issued and outstanding and are fully paid and nonassessable (except for assessment pursuant to 12 U.S.C. Section 55). None of the outstanding shares of First National Capital Stock has been issued in violation of any preemptive rights of the current or past shareholders of First National.

(c) Except as set forth in Sections 4.3(a) and 4.3(b), or as disclosed in Section 4.3 of the FABC Disclosure Memorandum, there are no shares of FABC Capital Stock, First National Capital Stock or other equity securities of

FABC or First National outstanding and no outstanding Equity Rights relating to FABC Capital Stock or First National Capital Stock.

4.4 INVESTMENTS; SUBSIDIARIES.

----- FABC and First National have disclosed in Section 4.4 of the FABC Disclosure Memorandum all of the FABC Subsidiaries that are corporations (identifying its jurisdiction of incorporation, each jurisdiction in which it is qualified and/or licensed to transact business,

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and the number of shares owned and percentage ownership interest represented by such share ownership) and all of the FABC Subsidiaries that are general or limited partnerships, limited liability companies, trusts or other non-corporate entities (identifying the Law under which such entity is organized, each jurisdiction in which it is qualified and/or licensed to transact business, the type of entity and the amount and nature of the ownership interest therein). FABC owns all of the issued and outstanding shares of capital stock (or other equity interests) of each FABC Subsidiary. No capital stock (or other equity interest) of any FABC Subsidiary is or may become required to be issued (other than to another FABC Entity) by reason of any Equity Rights, and there are no Contracts by which any FABC Subsidiary is bound to issue (other than to another FABC Entity) additional shares of its capital stock (or other equity interests) or Equity Rights or by which any FABC Entity is or may be bound to transfer any shares of the capital stock (or other equity interests) of any FABC Subsidiary (other than to another FABC Entity). There are no Contracts relating to the rights of any FABC Entity to vote or to dispose of any shares of the capital stock (or other equity interests) of any FABC Subsidiary. All of the shares of capital stock (or other equity interests) of each FABC Subsidiary held by a FABC Entity are fully paid and (except pursuant to 12 U.S.C. Section 55 in the case of national banks and comparable, applicable state Law, if any, in the case of state depository institutions) nonassessable under the applicable corporation Law of the jurisdiction in which such Subsidiary is incorporated or organized and are owned by the FABC Entity free and clear of any Lien. Except as disclosed in Section 4.4 of the FABC Disclosure Memorandum, each FABC Subsidiary is either a bank, a savings association, or a corporation, and each such Subsidiary is duly organized, validly existing, and (as to corporations) in good standing or its status is active, as applicable, under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted. Each FABC Subsidiary is duly qualified or licensed to transact business and in good standing or its status is active, as applicable, in the jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect. Each FABC Subsidiary that is a depository institution is an "insured institution" as defined in the Federal Deposit Insurance Act and applicable regulations thereunder, and the deposits are insured by the Bank Insurance Fund. The minute books and other organizational and corporate documents for each FABC Subsidiary have been made available to CCBG for its review, and, except as disclosed in Section 4.4 of the FABC Disclosure Memorandum, are true and complete in all Material respects as in effect as of the date of this Agreement and accurately reflect in all Material respects all amendments thereto and all proceedings of the Board of Directors, all committees of the Board of Directors and shareholders thereof.

4.5 FINANCIAL STATEMENTS.

----- To the Knowledge of FABC and to the Knowledge of First National, each of the FABC Financial Statements was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or as disclosed in Section 4.5 of the FABC Disclosure Memorandum), and fairly presents in all Material respects the financial position of FABC and First National as of the respective dates and the results of operations for the periods indicated, except that the interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be Material in amount or effect.

4.6 ABSENCE OF UNDISCLOSED LIABILITIES.

----- No FABC Entity has any

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Liabilities that are reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect, except Liabilities which are accrued or reserved against in the balance sheets of FABC and First National as of December 31, 2003, included in the FABC Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto. Except as set forth in Section 4.6 of the FABC Disclosure Memorandum, no FABC Entity has incurred or paid any Liability since December 31, 2003, except for such Liabilities incurred or paid (i) in the ordinary course of business consistent with past business practice and which are not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect or (ii) in connection with the transactions contemplated by this Agreement.

4.7 ABSENCE OF CERTAIN CHANGES OR EVENTS.

----- Since December 31, 2003, except as disclosed in the FABC Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 4.7 of the FABC Disclosure Memorandum, there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect.

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4.8 TAX MATTERS.

(a) Filing of Tax Returns. Each FABC Entity has timely filed with the appropriate taxing authorities all Returns (including, without limitation, information returns and other Material information) in respect of Taxes that it is required to file under applicable Law through the date hereof. All such Returns were, and the information contained therein was, complete and accurate in all Material respects. Except as specified in Section 4.8(a) of the FABC Disclosure Memorandum, no FABC Entity has requested any extension of time within which to file Returns (including, without limitation, information returns) in respect of any Taxes. FABC and First National have made available to CCBG copies of such portions of the federal, state, foreign and local income tax returns of each FABC Entity for the last four years that relate to such FABC Entity. Except as set forth in Section 4.8(a) of the FABC Disclosure Memorandum, no FABC Entity has derived income from or operated a trade or business in any foreign country, state or locality.

(b) Payment of Taxes. All Taxes in respect of periods beginning before the date hereof (i) if due and payable, have been timely paid, (ii) if not yet due and payable, have an adequate reserve established therefor in accordance with FABC management's estimate of the taxes owed and in accordance with GAAP as of the Closing Date or (iii) are being contested in good faith by an FABC Entity pursuant to appropriate proceedings which are being diligently pursued and an adequate reserve therefor has been established in accordance with GAAP, as set forth in Section 4.8(b) of the FABC Disclosure Memorandum. No FABC Entity has any Material Liability for Taxes in excess of the amounts so paid or reserves so established in accordance with (b) (i) or (b) (ii) above. Each FABC Entity has, within the time and manner prescribed by applicable Law, rules and regulations, withheld and paid over to the proper taxing or other governmental authorities all Taxes required to be withheld and paid over. Except (i) acts, events or omissions that are ordinary business activities, (ii) to the extent relating to income an FABC Entity receives after the Closing, or (iii) as set forth in Section 4.8(b) of the FABC Disclosure Memorandum, to the Knowledge of FABC, no acts, events or omissions have occurred on or before the Closing Date that

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would result in Material Taxes for which any FABC Entity is or may become liable that will apply in a period or a portion thereof beginning on or after the Closing Date.

(c) Audit History. Except as set forth in Section 4.8(c) of the FABC Disclosure Memorandum, there are no deficiencies for Taxes claimed, proposed or assessed that have not yet been fully and finally resolved and, if such resolution required payment of any Taxes, such payment has been made. Except as set forth in Section 4.8(c) of the FABC Disclosure Memorandum, there are no pending or, to FABC's Knowledge or to First National's Knowledge, threatened audits, investigations or claims for or relating to Taxes, and there are no matters under discussion with any taxing or other governmental authority with respect to Taxes, in each case, that, in the reasonable judgment of FABC and First National or their respective tax advisers, are likely to result in a Material additional amount of Taxes. Audits of federal, state, foreign and local returns for Taxes of any FABC Entity by the relevant taxing authorities within the past 5 years have been completed for each period set forth in Section 4.8(c) of the FABC Disclosure Memorandum. Except as set forth in Section 4.8(c) of the FABC Disclosure Memorandum, no extension of a statute of limitations relating to Taxes is in effect with respect to any FABC Entity.

(d) Tax Elections.

(1) All Material elections with respect to Taxes affecting any FABC Entity that are effective as of the date hereof are set forth in Section 4.8(d) of the FABC Disclosure Memorandum.

(2) No FABC Entity: (i) has agreed, or is required, to make any adjustment under Section 481(a) of the Code that would be applicable to any taxable period ending after the Closing Date by reason of a change in accounting method or otherwise; (ii) has made an election or is required, to treat any Asset of any FABC Entity as owned by another person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before enactment of the Tax Reform Act of 1986, (iii) owns tax-exempt bond financed property within the meaning of Section 168(g) of the Code, or (iv) owns tax-exempt use property within the meaning of Section 168(h)(1) of the Code.

(e) Asset Liens.

There are no Liens for Taxes (other than for current Taxes not yet due and payable) on any Assets of any FABC Entity.

(f) Tax Rulings/Binding Agreement.

No FABC Entity has requested or received any ruling from any taxing authority, or signed any binding agreement with any taxing authority (including, without limitation, any advance pricing agreement), that would materially adversely affect the amount of Taxes after the Closing Date.

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(g) Power of Attorney.

Except as set forth in Section 4.8(g) of the FABC Disclosure Memorandum, there is no power of attorney currently in force granted by any FABC Entity relating to Taxes.

(h) Prior Affiliated Groups.

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----- Section 4.8(h) of the FABC Disclosure Memorandum lists all combined consolidated or unitary groups (other than the consolidated or unitary group of which FABC is the parent) of which each FABC Entity has been a member and which has filed a combined, consolidated or unitary return for federal, state, local or foreign tax purposes.

(i) Tax-Sharing Agreements.

----- Except as set forth in Section 4.8(i) of the FABC Disclosure Memorandum, no FABC Entity is a party to a tax-sharing agreement or any similar arrangement.

(j) Existing Partnerships and Single Member LLCs.

----- Except as set forth in Section 4.8(j) of the FABC Disclosure Memorandum, no FABC Entity (i) is subject to any joint venture, partnership or other agreement or arrangement which is treated as a partnership for federal income tax purposes, or (ii) owns a single member limited liability company which is treated as a disregarded entity.

(k) Parachute Payments.

----- Except as set forth in Section 4.8(k) of the FABC Disclosure Memorandum, no FABC Entity has made or become obligated to make, or will, as a result of any event connected with the merger of FABC with CCBG or any other transaction contemplated herein, make or become obligated to make, any "excess parachute payment" as defined in Section 280G of the Code.

(l) Balance of Intercompany Items.

----- Except as set forth in Section 4.8(l) of the FABC Disclosure Memorandum, all items of income, gain, deduction or loss from an intercompany transaction will be taken into account as of the Closing Date under the matching and acceleration rules of Treas. Reg. Section 1.1502-13.

(m) Debt or Stock of Acquiring Group.

----- No FABC Entity owns any debt obligation of a CCBG Entity or any CCBG Capital Stock.

(n) Compliance with Section 6038A.

----- Each FABC Entity has complied with all applicable reporting and record-keeping requirements under Section 6038A of the Code with respect to certain foreign-owned companies and transactions with certain related parties.

(o) FIRPTA.

----- No FABC Entity is a "foreign person" as defined in Section 1445(f) (3) of the Code.

(p) Permanent Establishment.

----- No FABC Entity has, or has had, a permanent establishment in any foreign country, as defined in any applicable tax treaty or convention between the United States of America and any such foreign country.

(q) Security for Tax-Exempt Obligations.

----- None of the Assets of any FABC Entity directly or indirectly secures any debt, the interest on which is tax-exempt under Section 103(a) of the Code.

(r) U.S. Real Property Holding Corporation.

----- No FABC Entity is,

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or has been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(s) Unpaid Tax.

----- The unpaid Taxes of each FABC Entity do not exceed the reserve for Taxes based upon FABC management's estimates of the Taxes owed (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth or included in the most recent FABC Financial Statements as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of FABC.

(t) Tax Ownership.

----- Each Asset with respect to which an FABC Entity claims depreciation, amortization or similar expense for Tax purposes is owned for Tax purposes by such FABC Entity.

(u) Timing Differences.

----- No item of income or gain reported by any FABC Entity for financial accounting purposes in any pre-Closing period is required to be included in taxable income for a post-Closing period except to

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the extent that a reserve has been established on the books and financial statements of FABC to reflect timing differences between book and Tax income.

4.9 ALLOWANCE FOR POSSIBLE LOAN LOSSES.

----- In the opinion of FABC management and First National management, the allowances for possible loan and lease credit losses (collectively, the "Allowance") shown on the FABC Financial Statements immediately prior to the Effective Time will be, as of the date thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) to provide for all known or reasonably anticipated losses relating to or inherent in the loan and lease portfolio of the FABC Entities and other extensions of credit (including letters of credit) by the FABC Entities as of the dates thereof.

4.10 ASSETS.

(a) Except as disclosed in Section 4.10 of the FABC Disclosure Memorandum or as disclosed or reserved against in the FABC Financial Statements delivered prior to the date of this Agreement, each FABC Entity has good, marketable, and insurable title, free and clear of all Liens, to all of its Assets. All Material tangible properties used in the businesses of each FABC Entity are in good condition, reasonable wear and tear excepted, and are usable in the ordinary course of business consistent with such FABC Entity's past practices.

(b) All Assets which are Material to the business of either FABC or First National, held under leases or subleases by any FABC Entity, are held under valid Contracts enforceable by an FABC Entity and to the Knowledge of FABC or to the Knowledge of First National, as to the counterparty to such Contracts in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other Laws affecting the enforcement of creditors' rights generally and except that the availability

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of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding may be brought), there are no Material Defaults under such Contracts and no event(s) has occurred, which with the giving of notice or passage of time would cause such a Material Default to occur, and each such Contract is in full force and effect. Furthermore, none of the FABC Entities has received any notice that any FABC Entity is in, or will be in, Material Default under such Contracts.

(c) Each FABC Entity currently maintains insurance in amounts, scope, and coverage reasonably adequate to operate its business as presently conducted. None of the FABC Entities has received notice from any insurance carrier that (i) any policy of insurance will be canceled or that coverage thereunder will be reduced or eliminated, or (ii) premium costs with respect to such policies of insurance will be substantially increased. There are presently no claims for amounts exceeding in any individual case \$10,000, or in the aggregate \$50,000, pending under such policies of insurance and no notices of claims in excess of such amounts have been given by FABC under such policies.

(d) The Assets of each FABC Entity include all Assets required to operate the business of the FABC Entities as presently conducted.

(e) Except as disclosed in Section 4.10(e) of the FABC Disclosure Memorandum, neither FABC nor any FABC Subsidiary holds any deposits or has made any loans to any individuals or related group of individuals which (i) in the case of deposits, individually or in the aggregate exceed \$8 million, or (ii) in the case of loans, individually or in the aggregate exceed \$3.5 million.

(f) There are no leases, subleases, licenses, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any real property owned or leased by any FABC Entity, including FABC's and First National's banking facilities and all other real estate or foreclosed properties and any improvements thereon (collectively, the "Real Property"), except as set forth in Section 4.10(f) of the FABC Disclosure Memorandum.

(g) Except as set forth in Section 4.10(g) of the FABC Disclosure Memorandum, there are no outstanding contracts for sale, options or rights of first refusal to purchase any Real Property or any portion thereof or interest therein.

(h) There are no parties (other than any FABC Entities) in possession of any Real Property, other than tenants under any leases disclosed in Section 4.10(h) of the FABC Disclosure Memorandum who are in possession of space to which they are entitled.

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(i) Each real property owned or leased by any FABC Entities and which is used in the ordinary course of FABC's or First National's banking business is supplied with utilities and other services necessary for the operation of such facilities, including gas, electricity, water, telephone, sanitary sewer, and storm sewer, all of which services are adequate and are provided via public roads or via permanent, irrevocable, appurtenant easements benefiting such property.

(j) Except as set forth in the FABC Disclosure Memorandum, each

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real property owned or leased by FABC or First National and which is used in the ordinary course of FABC's or First National's banking business has direct vehicular access to a public road, or has access to a public road via permanent, irrevocable, appurtenant easements benefiting the parcel of real property.

4.11 INTELLECTUAL PROPERTY.

----- Except as set forth in Section 4.11 of the FABC Disclosure Memorandum, each FABC Entity owns or has a license to use all of the Intellectual Property used by such FABC Entity in the course of its business. Each FABC Entity is the owner of or has a license to any Intellectual Property sold or licensed to a third party by such FABC Entity in connection with such FABC Entity's business operations, and such FABC Entity has the right to convey by sale or license any Intellectual Property so conveyed. Except as set forth in Section 4.11 of the FABC Disclosure Memorandum, no FABC Entity is in Default under any of its Intellectual Property licenses. No proceedings have been instituted, or are pending or to the Knowledge of FABC threatened, which challenge the rights of any FABC Entity with respect to Intellectual Property used, sold or licensed by such FABC Entity in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. To the Knowledge of FABC, the conduct of the business of any FABC Entity does not infringe any Intellectual Property of any other person. Except as disclosed in Section 4.11 of the FABC Disclosure Memorandum, no FABC Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property. Except as disclosed in Section 4.11 of the FABC Disclosure Memorandum, every officer, director, or employee of any FABC Entity is a party to a Contract which requires such officer, director or employee to assign any interest in any Intellectual Property to an FABC Entity and to keep confidential any trade secrets, proprietary data, customer information, or other business information of any FABC Entity, and to the Knowledge of FABC or to the Knowledge of First National, no such officer, director or employee is party to any Contract with any Person other than any FABC Entity which requires such officer, director or employee to assign any interest in any Intellectual Property to any Person other than FABC or to keep confidential any trade secrets, proprietary data, customer information, or other business information of any Person other than any FABC Entity. Except as disclosed in Section 4.11 of the FABC Disclosure Memorandum, no officer, director or, to the Knowledge of FABC or to the Knowledge of First National, any employee of any FABC Entity is party to any Contract which restricts or prohibits such officer, director or employee from engaging in activities competitive with any Person, including any FABC Entity.

4.12 ENVIRONMENTAL MATTERS.

(a) Except as disclosed in Section 4.12(a) of the FABC Disclosure Memorandum, each FABC Entity, its Operating Properties and its Participation Facilities are and have been in compliance with all Environmental Laws, except for violations which are not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect.

(b) Except as disclosed in Section 4.12(b) of the FABC Disclosure Memorandum, there has not occurred, nor is there presently occurring, nor is there any basis for the occurrence of, any emission, release, discharge, spill, or disposal, or any threatened emission, release, discharge, spill, or disposal, of any Hazardous Material at, in, on, upon, about, into, beneath, adjacent to, or affecting (or potentially affecting) any respective current or former properties of any FABC Entity, or that of any of its Operating Properties or its Participation Facilities, that was caused by, contributed to, exacerbated by, or otherwise affected or adversely affected by (or potentially affected or adversely affected by), the acts or

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omissions of an FABC Entity or any of its Operating Properties or, to the Knowledge of FABC, its Participation Facilities, including, but not limited to, (i) in an amount requiring, or reasonably requiring, a notice, notification, or report to be made to a governmental agency or authority pursuant to Environmental Laws or (ii) in violation or noncompliance, or alleged violation or noncompliance, of Environmental Laws.

(c) Except as disclosed in Section 4.12(c) of the FABC Disclosure Memorandum, each FABC Entity, its Operating Properties and its Participation Facilities have not, at any time, generated, manufactured, processed, distributed, treated, stored, transported, used or handled or disposed of or arranged for the disposal of Hazardous Material at or upon: (i) any location other than a site lawfully permitted to receive such Hazardous Material or (ii) any site which, pursuant to any Environmental Laws, (x) has been placed on the National Priorities List or on its state equivalent or analog or on any other list of hazardous waste sites maintained by a governmental agency or authority, or (y) the United States Environmental Protection

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Agency or the relevant state agency or other governmental agency or authority has notified any FABC Entity or any of its Participation Facilities or Operating Properties that such governmental agency or authority has proposed or is proposing to place such site on the National Priorities List or on its state equivalent or analog or on any other list of hazardous waste sites maintained by a governmental agency or authority, nor is there any basis for the above.

(d) Except as disclosed in Section 4.12(d) of the FABC Disclosure Memorandum, there is no Litigation pending, or to the Knowledge of FABC and First National, threatened to occur, before any court, governmental agency or authority, or any other forum, in which any FABC Entity or any of its Operating Properties or, to the Knowledge of FABC, its Participation Facilities, has been or, with respect to threatened Litigation, may be named as a defendant or respondent (i) for violation or noncompliance, or alleged violation or noncompliance, with any Environmental Laws or (ii) relating to the emission, release, discharge, spill, or disposal or threatened emission, release, discharge, spill, or disposal of any Hazardous Material at, in, on, upon, about, into, beneath, adjacent to, or affecting (or potentially affecting) the environment, whether or not occurring at, in, on, into, upon, beneath, about, adjacent to, or affecting (or potentially affecting) a site owned, leased, or operated by any FABC Entity or any of its Operating Properties or Participation Facilities.

(e) Except as disclosed in Section 4.12(e) of the FABC Disclosure Memorandum, there are no non-compliance orders, warning letters, or notices of violation (collectively, "Notices") pending, nor to the Knowledge of FABC and First National is there a basis for any Notices, before any court, governmental agency or authority, or any other forum, in which any FABC Entity or any of its Operating Properties or, to the Knowledge of FABC, its Participation Facilities, has been or, with respect to threatened Notices, may be named as a defendant or respondent (i) for violation or noncompliance, or alleged violation or noncompliance, with any Environmental Laws, or (ii) relating to the emission, release, discharge, spill, or disposal or threatened emission, release, discharge, spill, or disposal of any Hazardous Material at, in, on, upon, about, into, beneath, adjacent to, or affecting (or potentially affecting) a site owned, leased, or operated by any FABC Entity or any of its Operating Properties or Participation

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Facilities.

4.13 COMPLIANCE WITH LAWS.

----- FABC is duly registered as a bank holding company under the BHC Act. Each FABC Entity has in effect all Permits necessary for it to own, lease, or operate its Material Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect, and there has occurred no Default under any such Permit, other than Defaults which are not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect. Except as disclosed in Section 4.13 of the FABC Disclosure Memorandum, none of the FABC Entities:

(a) is in Default under or violation of any of the provisions of its Articles of Incorporation or Bylaws (or other governing instruments);

(b) is in Default under any Laws, Orders, or Permits applicable to its business or employees conducting its business, except for Defaults which are not reasonably likely to have, individually or in the aggregate, an FABC Material Adverse Effect; or

(c) since January 1, 2001, has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any FABC Entity is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, (ii) threatening to revoke any Permits, or (iii) requiring any FABC Entity to enter into or Consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or to adopt any Board resolution or similar undertaking, which restricts the conduct of its business or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends.

Copies of all Material reports, correspondence, notices and other documents relating to any inspection, audit, monitoring or other form of review or enforcement action by a Regulatory Authority have been made available to CCBG.

4.14 LABOR RELATIONS.

----- No FABC Entity is the subject of any Litigation asserting that it or any other FABC Entity has committed an unfair labor practice (within the meaning of the National Labor Relations Act or comparable state law) or seeking to compel it or any other FABC Entity to bargain with any labor organization as to wages or conditions of employment, nor is any FABC Entity party to any collective bargaining agreement, nor is there any strike or other labor dispute involving any FABC Entity, pending or threatened, or to the Knowledge of FABC or to the Knowledge of First National is

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there any activity involving any FABC Entity's employees seeking to certify a collective bargaining unit or engaging in any other organization activity.

4.15 EMPLOYEE BENEFIT PLANS.

(a) FABC and First National have listed in Section 4.15 of the

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FABC Disclosure Memorandum, and, in addition thereto, have delivered or made available to CCBG prior to the execution of this Agreement copies (and will continue to make same available to CCBG after execution and prior to Closing, where necessary) of any and all pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus, or other incentive plan, all other written employee programs, arrangements, or agreements, including any employment agreement which may itself contain such provisions, all payroll practices, all medical, vision, dental, or other health plans, all life insurance plans, and all other employee benefit plans or fringe benefit plans, including "employee benefit plans" as that term is defined in Section 3(3) of ERISA (generally referred to as "Benefit Plans"), currently adopted, maintained by, participated in, sponsored in whole or in part by, or contributed to by FABC or ERISA Affiliate (as defined below) thereof for the benefit of FABC's or any ERISA Affiliate's employees, retirees, dependents, spouses, directors, independent contractors, or any other beneficiaries (collectively "Participants") under which such Participants are eligible to participate or receive benefits (collectively, the "FABC Benefit Plans"). The FABC Benefit Plans documents delivered or made available to CCBG by FABC include true and complete copies of each plan, together with any amendments thereto, any trust agreements associated with an FABC Benefit Plan, together with any amendments thereto, any insurance or annuity contracts with respect to any FABC Benefit Plan, all corporate resolutions with respect to any FABC Benefit Plan, all summary plan descriptions with respect to any FABC Benefit Plan together with any amendments thereto, all Internal Revenue Service ("IRS") Forms 5500 (or variations thereof) together with any Schedule B and any other attachment thereto filed with respect to any FABC Benefit Plan (for each of the three most recent plan years), all certified actuarial statements (for each of the three most recent plan years) with respect to any FABC Benefit Plan, any auditor's reports (for each of the three most recent plan years) with respect to any FABC Benefit Plan, all agreements or Contracts entered into with any third party administrator or trustee with respect to any FABC Benefit Plan, and all agreements or contracts with any investment manager, investment advisor or third party administrator with respect to any FABC Benefit Plan. FABC will further provide CCBG with a list of each pension consultant, actuary, attorney, and accountant providing professional services with respect to any FABC Benefit Plan or the fiduciaries of any FABC Benefit Plan, as well as the location of all other records and the name of the individual responsible for such records with respect to any FABC Benefit Plan. Any of the FABC Benefit Plans which is an "employee pension benefit plan," as that term is defined in Section 3(2) of ERISA, is referred to herein as a "FABC ERISA Plan." Each FABC ERISA Plan that is also a "defined benefit plan" (as defined in Section 414(j) of the Code) is referred to herein as a "FABC Pension Plan." No FABC Pension Plan is or has been a multiemployer plan within the meaning of Section 3(37) of ERISA.

(b) Except as otherwise provided for in this Agreement or disclosed in Section 4.15(b) of the FABC Disclosure Memorandum, FABC, First National, their agents, the trustees and other fiduciaries of the FABC Benefit Plans have, at all times, complied in all Material respects in the aggregate with the applicable provisions of the FABC Benefit Plans, the Code and ERISA, including, but not limited to, COBRA, HIPAA (as those terms are defined below) and any applicable, similar state law, and with all agreements relating to the administration of such FABC Benefit Plans. Except as otherwise provided for or disclosed elsewhere in this Agreement, each FABC Benefit Plan has been administered and communicated to the Participants and beneficiaries in accordance with its provisions, and all required annual reports, filings, disclosures, or other communications, which have been required to be made to the Participants and beneficiaries, other employees, the IRS, the U.S. Department of Labor, or any other applicable governmental agency, in connection with each FABC Benefit Plan, pursuant to the Code, ERISA, or other applicable statute or regulation, have been made in a timely

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manner and no Liability has been incurred on account of delinquent or incomplete compliance or failure to comply with such requirements. All amendments and actions required to bring the FABC ERISA Plans into conformity in all Material respects with all of the applicable provisions of ERISA and other applicable Laws have been made or taken. Any bonding required with respect to any FABC Benefit Plan in accordance with applicable provisions of ERISA has been obtained and is in full force and effect. Each FABC ERISA Plan, which is intended to be qualified under Section 401(a) of the Code has heretofore received a favorable determination letter from the IRS, and neither FABC nor any ERISA Affiliate is aware of any circumstances likely to result in revocation of any such favorable determination letter(s); provided, however, that if such FABC ERISA Plan is in the form of a master plan, a prototype plan or a volume submitter plan, then the term "determination letter" includes a favorable opinion or advisory letter issued by the IRS to the submitter practitioner covering the underlying master plan, prototype plan or volume submitter plan, provided the requirements of Announcement 2001-77 (or its successors) are satisfied, which permit FABC and First National to rely on the determination letter issued to the submitter practitioner of such master plan, a prototype plan or a volume submitter plan.

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(c) Except as disclosed in Section 4.15 of the FABC Disclosure Memorandum:

(1) There are no actions, suits, investigations, arbitrations, proceedings, or adverse Participant claims pending against any FABC Benefit Plan, against the Assets of any of the trusts under such plans or the plan sponsor or the plan administrator, or, to the Knowledge of FABC and its Affiliates, against any agent or fiduciary of any FABC Benefit Plan with respect to the operation of such plans (other than routine benefit claims);

(2) Neither FABC nor any ERISA Affiliate or any disqualified person (as defined in Section 4975 of the Code) have engaged in a transaction with respect to any FABC Benefit Plan that, assuming the taxable period of such transaction expired as of the date hereof, would subject FABC, First National, their agents, the trustees or the other fiduciaries of the FABC Benefit Plans to a Tax imposed by either Section 4975 of the Code or any penalty under Section 502(i) of ERISA;

(3) There have been no governmental audits of any FABC Benefit Plan within the last six (6) years that have resulted in any penalties, fines, excise taxes, additional benefit accruals, and to the Knowledge of FABC and its Affiliates, there are no threatened or pending governmental audits as of the date hereof and as of the date of Closing; and

(4) No FABC Entity will issue any stock, stock options or amend or terminate any FABC Benefit Plan subsequent to the date of this Agreement without the written consent of CCBG except as may be necessary to honor any pre-existing contract or to maintain the qualification of such FABC Benefit Plan, in which case FABC shall promptly notify CCBG of such issuance, amendment or termination in writing prior to its implementation.

(d) No FABC Pension Plan has any "unfunded current liability," as that term is defined in Section 302(d)(8)(A) of ERISA, based on actuarial assumptions used for ongoing funding purposes, as set forth for such plan's most recent actuarial valuation or upon termination of such plan and payment

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of accrued benefits using terminal funding annuities to satisfy accrued benefit obligations. Since the date of the most recent actuarial valuation, there has been (i) no Material change in the financial position of any FABC Pension Plan, (ii) no change in the actuarial assumptions with respect to any FABC Pension Plan, and (iii) no increase in benefits under any FABC ERISA Plan as a result of plan amendments or changes in applicable Law. Neither any FABC Pension Plan nor any "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by FABC, or the single-employer plan of any entity which is considered one employer with FABC under Section 4001 of ERISA or Section 414 of the Code or Section 302 of ERISA (whether or not waived) (an "ERISA Affiliate") has an "accumulated funding deficiency" within the meaning of Section 412 of the Code or Section 302 of ERISA. Neither FABC nor any ERISA Affiliate has any outstanding Liability under Section 4971 of the Code. FABC has not provided, nor is it required to provide, security to an FABC Pension Plan or to any single-employer plan of an ERISA Affiliate pursuant to Section 401(a)(29) of the Code.

(e) Within the six-year period preceding the Effective Time, no Liability to the Pension Benefit Guaranty Corporation ("PBGC") under Subtitle C or D of Title IV of ERISA has been or is expected to be incurred by any FABC Entity with respect to any ongoing, frozen, or terminated single-employer plan or the single-employer plan of FABC or an ERISA Affiliate. Neither FABC nor any ERISA Affiliate has incurred any withdrawal Liability with respect to a multiemployer plan under Subtitle B of Title IV of ERISA (regardless of whether based on contributions of an ERISA Affiliate). No notice of a "reportable event," within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived, has been required to be filed for any FABC Pension Plan or by any ERISA Affiliate within the 12-month period ending on the date hereof. All premiums due the PBGC with respect to any FABC Pension Plan have been paid.

(f) Except as disclosed in Section 4.15 of the FABC Disclosure Memorandum, neither FABC nor any ERISA Affiliate has any Liability for retiree health and life benefits under any of the FABC Benefit Plans and if there are any such plans, there are no restrictions on the rights of FABC or on any ERISA Affiliate to amend or terminate any such retiree health or benefit Plan without incurring any post-termination Liability thereunder (except for administrative costs and professional fees to terminate same).

(g) Except as provided for in this Agreement or as disclosed in Section 4.15 of the FABC Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, change of control, or otherwise) becoming due to any director or any employee of any FABC Entity under any FABC Benefit Plan or otherwise,

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(ii) increase any benefits otherwise payable under any FABC Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit.

(h) Except as disclosed in Section 4.15 of the FABC Disclosure Memorandum, the actuarial present values of all accrued deferred compensation entitlements (including entitlements under any executive compensation, supplemental retirement, or employment agreement) of employees and former employees of any FABC Entity and respective beneficiaries, other than

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entitlements accrued pursuant to funded retirement plans subject to the provisions of Sections 401(a) and/or 412 of the Code or Section 302 of ERISA, have been fully reflected on the FABC Financial Statements to the extent required by and in accordance with GAAP.

(i) No Liability under any FABC Pension Plan has been funded or satisfied with the purchase of a contract from an insurance company that is not rated "A(Excellent)" or better by A.M. Best Company, Inc.

(j) Except as disclosed in Section 4.15 of the FABC Disclosure Memorandum, no stock or other security issued by any FABC Entity forms or has formed a part of the Assets of any FABC Benefit Plan.

(k) To the Knowledge of FABC or to the Knowledge of First National, neither FABC, First National, any FABC Benefit Plan nor any employee, administrator or agent thereof, is or has been in violation of the transaction code set rules enacted by HIPAA and codified at 42 U.S.C. Section 1320d-1 to 1320d-3 or the HIPAA privacy rules under 45 C.F.R. Part 160 and subparts A and E of Part 164. No penalties have been imposed on FABC, First National, any FABC Benefit Plan, or any employee, administrator or agent thereof, under 42 U.S.C. Section 1320d-5 or Section 1320d-6 as enacted by HIPAA. For purposes of this Agreement, "COBRA" means the provision of Section 4980B of the Code and the regulations thereunder, and Part 6 of Subtitle B of Title I of ERISA and any regulations thereunder. "HIPAA" means provisions of the Code, ERISA, and Social Security Act as enacted by the Health Insurance Portability and Accountability Act of 1996, and any regulations thereunder.

4.16 MATERIAL CONTRACTS.

----- Except as disclosed in Section 4.16 of the FABC Disclosure Memorandum or otherwise reflected in the FABC Financial Statements, none of the FABC Entities, nor any of their Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$25,000, (ii) any Contract relating to the borrowing of money by any FABC Entity or the guarantee by any FABC Entity of any such obligation (other than Contracts evidencing deposit liabilities, purchases of federal funds, fully-secured repurchase agreements, and Federal Home Loan Bank advances of depository institution Subsidiaries, trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of business), (iii) any Contract which prohibits or restricts any FABC Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract between or among FABC Entities, (v) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers and commercial "shrink-wrap" software licenses), (vi) any Contract relating to the provision of data processing, network communication, or other technical services to or by any FABC Entity, (vii) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract of less than \$25,000), (viii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract not included on its balance sheet which is a financial derivative Contract, and (ix) any other Contract or amendment thereto that would be required to be filed with any relevant Regulatory Authority as of the date of this Agreement (together with all Contracts referred to in Sections 4.10 and 4.15(e), the "FABC Contracts"). With respect to each FABC Contract and except as disclosed in Section 4.16 of the FABC Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) no FABC Entity is in Default thereunder in any Material respect or would

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be in Default thereunder in any Material respect as a result of this Agreement or the transaction contemplated herein; (iii) no FABC Entity has repudiated or waived any Material provision of any such Contract; and (iv) no other party to any such Contract is, to the Knowledge of FABC or to the Knowledge of First National, in Default in any respect or has repudiated or waived any Material provision thereunder. Except as disclosed in Section 4.16 of the FABC Disclosure Memorandum, all of the indebtedness of any FABC Entity for money borrowed is prepayable at any time by such FABC Entity without penalty or premium and no FABC Entity has any obligation or Liability to any wholesale mortgage business or to any Affiliate of such Persons to purchase, fund or extend credit with respect to any loans, extensions of credit, mortgages, or any participation or other interest therein originated, brokered or referred by or through such Persons. Except as described in Section 4.16 of the FABC Disclosure Memorandum, all Contracts to which any FABC Entity is a party may be terminated by such FABC Entity and its successors and assigns without penalty, charge, liability or further obligation.

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4.17 LEGAL PROCEEDINGS.

----- There is no Litigation instituted or pending, or, to the Knowledge of FABC or to the Knowledge of First National, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against any FABC Entity or any FABC Benefit Plan, or against any director or employee of any FABC Entity, in their capacity as such, or against any Asset, interest, or right of any of them, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any FABC Entity. Section 4.17 of the FABC Disclosure Memorandum contains a summary of all Litigation as of the date of this Agreement to which any FABC Entity is a party and which names any FABC Entity as a defendant or cross-defendant or for which any FABC Entity has any potential Liability.

4.18 REPORTS.

----- Except as set forth in Section 4.18 of the FABC Disclosure Memorandum, since January 1, 2001, or the date of organization if later, each FABC Entity has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Regulatory Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits and schedules thereto, complied in all Material respects with all applicable Laws. As of its respective date, each such report and document did not contain any untrue statement of a Material fact or omit to state a Material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

4.19 STATEMENTS TRUE AND CORRECT.

----- No statement, certificate, instrument, or other writing furnished or to be furnished by any FABC Entity or any Affiliate thereof to CCBG pursuant to this Agreement or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of Material fact or will omit to state a Material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by any FABC Entity or any Affiliate thereof for inclusion in the Registration Statement to be filed by CCBG with

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the SEC will, when the Registration Statement becomes effective, be false or misleading with respect to any Material fact, or omit to state any Material fact necessary to make the statements therein not misleading. None of the information supplied or to be supplied by any FABC Entity or any Affiliate thereof for inclusion in the Proxy Statement to be mailed to FABC shareholders in connection with the Shareholders' Meeting, and none of the information contained in any other documents to be filed by any FABC Entity or any Affiliate thereof with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective times such documents are filed, and with respect to the Proxy Statement, when first mailed to the shareholders of FABC, be false or misleading with respect to any Material fact, or omit to state any Material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Shareholders' Meeting, be false or misleading with respect to any Material fact, or omit to state any Material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting. All documents that any FABC Entity or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions contemplated hereby will comply as to form in all Material respects with the provisions of applicable Law.

4.20 ACCOUNTING, TAX, AND REGULATORY MATTERS.

----- No FABC Entity or any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Mergers from qualifying as a reorganization within the meaning of Section 368(a) of the Code, or (ii) materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 8.1(b) or result in the imposition of a condition or restriction of the type referred to in the last sentence of such Section.

4.21 STATE TAKEOVER LAWS.

----- Each FABC Entity has taken all necessary action to exempt the transactions contemplated by this Agreement from, or if necessary to challenge the validity or applicability of, any applicable "moratorium," "fair price," "business combination," "control share," or other anti-takeover Laws (collectively, "Takeover Laws"), including Sections 607.0901 and 607.0902 of the FBCA.

4.22 CHARTER PROVISIONS.

----- Each FABC Entity has taken all action so that the entering into of this Agreement and the consummation of the Mergers and the other transactions contemplated by this Agreement do not and will not result in the grant of any rights to any Person under the Articles of Incorporation, Bylaws or other governing instruments of any FABC Entity or restrict or impair the ability of CCBG or any of its Subsidiaries to vote, or otherwise to exercise the rights of a shareholder with respect to, shares of any FABC Entity that may be directly or indirectly acquired or controlled by them. This Agreement and the transactions contemplated herein will not trigger any supermajority voting provisions under the Articles of Incorporation, Bylaws, or other governing instruments of any FABC Entity.

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4.23 OPINION OF FINANCIAL ADVISOR.

----- FABC has received the opinion of SunTrust Robinson Humphrey, dated the date that the FABC Board of Directors

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approved this Agreement, to the effect that the consideration to be received in the Mergers by the holders of FABC Common Stock is fair, from a financial point of view, to such holders, a signed copy of which has been delivered to CCBG.

4.24 BOARD RECOMMENDATION.

----- The Board of Directors of FABC, at a meeting duly called and held, has by unanimous vote of the directors present (who constituted all of the directors then in office) (i) determined that this Agreement and the transactions contemplated hereby, including the Mergers, taken together, are fair to and in the best interests of the shareholders and (ii) resolved to recommend that the holders of the shares of FABC Common Stock approve this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF CCBG

CCBG hereby represents and warrants to FABC and First National as follows:

5.1 ORGANIZATION, STANDING, AND POWER.

----- CCBG is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Florida, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Material Assets. CCBG is duly qualified or licensed to transact business in good standing in the jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect.

5.2 AUTHORITY OF CCBG; NO BREACH BY AGREEMENT.

(a) CCBG has the corporate power and authority necessary to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Mergers, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of CCBG, subject to receipt of the requisite Consents referred to in Section 8.1(b). This Agreement represents a legal, valid, and binding obligation of CCBG, enforceable against CCBG in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by CCBG, nor the consummation by CCBG of the transactions contemplated hereby, nor compliance by CCBG with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of CCBG's Articles of Incorporation or Bylaws, or (ii) subject to receipt of the requisite Consents referred to Section 8.1(b), constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any CCBG Entity under, any Contract or Permit of any CCBG Entity, where such Default or Lien, or any failure to obtain such Consent, is reasonably likely to have, individually or in the aggregate, a CCBG Material

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Adverse Effect, or, (iii) subject to receipt of the requisite Consents referred to in Section 8.1(b), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any CCBG Entity or any of their respective Material Assets (including any CCBG Entity or any FABC Entity becoming subject to or liable for the payment of any Tax or any of the Assets owned by any CCBG Entity or any FABC Entity being reassessed or revalued by any taxing authority).

(c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws, and rules of the NASD, and other than Consents required from Regulatory Authorities, and other than notices to or filings with the IRS or the PBGC with respect to any employee benefit plans, or under the HSR Act, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by CCBG of the Mergers and the other transactions contemplated in this Agreement.

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5.3 CAPITAL STOCK.

(a) The authorized capital stock of CCBG consists of (i) 90,000,000 shares of CCBG Common Stock, of which 14,162,048 shares are issued and outstanding as of the date of this Agreement, and (ii) 3,000,000 shares of CCBG Preferred Stock, none of which is issued and outstanding. All of the issued and outstanding shares of CCBG Capital Stock are, and all of the shares of CCBG Common Stock to be issued in exchange for shares of FABC Common Stock upon consummation of the Mergers, when issued in accordance with the terms of this Agreement, will be, duly and validly issued and outstanding and fully paid and nonassessable under the FBCA. None of the outstanding shares of CCBG Capital Stock has been, and none of the shares of CCBG Common Stock to be issued in exchange for shares of FABC Common Stock upon consummation of the Mergers will be, issued in violation of any preemptive rights of the current or past shareholders of CCBG.

(b) Except as set forth in Section 5.3(a), or as provided pursuant to the CCBG Stock Plans, or as disclosed in Section 5.3 of the CCBG Disclosure Memorandum, there are no shares of capital stock or other equity securities outstanding and no outstanding Equity Rights relating to the CCBG Capital Stock.

5.4 CCBG SUBSIDIARIES.

CCBG has disclosed in Section 5.4 of the CCBG Disclosure Memorandum all of its Significant Subsidiaries as of the date of this Agreement that are corporations and all of the CCBG Subsidiaries that are general or limited partnerships or other non-corporate entities. Each CCBG Subsidiary that is a depository institution is an "insured institution" as defined in the Federal Deposit Insurance Act and applicable regulations thereunder.

5.5 SEC FILINGS; FINANCIAL STATEMENTS.

(a) CCBG has timely filed and made available to FABC all SEC Documents required to be filed by CCBG since December 31, 2001 (the "CCBG SEC Reports"). The CCBG SEC Reports (i) at the time filed, complied in all

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Material respects with the applicable requirements of the Securities Laws and other applicable Laws and (ii) did not, at the time they were filed (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a Material fact or omit to state a Material fact required to be stated in such CCBG SEC Reports or necessary in order to make the statements in such CCBG SEC Reports, in light of the circumstances under which they were made, not misleading.

(b) Each of the CCBG Financial Statements (including, in each case, any related notes) contained in the CCBG SEC Reports, including any CCBG SEC Reports filed after the date of this Agreement until the Effective Time, complied as to form in all Material respects with the applicable published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or, in the case of unaudited interim statements, as permitted by Form 10-Q of the SEC), and fairly presented in all Material respects the consolidated financial position of CCBG and its Subsidiaries as at the respective dates and the consolidated results of operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be Material in amount or effect.

5.6 ABSENCE OF UNDISCLOSED LIABILITIES.

----- Except as disclosed in the CCBG Disclosure Memorandum, no CCBG Entity has any Liabilities that are reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, except Liabilities which are accrued or reserved against in the consolidated balance sheets of CCBG as of December 31, 2003, included in the CCBG Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto. Except as disclosed in the CCBG Disclosure Memorandum, no CCBG Entity has incurred or paid any Liability since December 31, 2003, except for such Liabilities incurred or paid (i) in the ordinary course of business consistent with past business practice and which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect or (ii) in connection with the transactions contemplated by this Agreement.

5.7 ABSENCE OF CERTAIN CHANGES OR EVENTS.

----- Since December 31, 2003, except as disclosed in the CCBG Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 5.7 of the CCBG Disclosure Memorandum, (i) there have been no events, changes or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, and (ii) the CCBG Entities have not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a Material breach or violation of any of the covenants and agreements of CCBG provided in Article 6.

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5.8 ALLOWANCE FOR POSSIBLE LOAN LOSSES.

----- In the opinion of management of CCBG, the Allowance shown on the consolidated balance sheets of CCBG included in the most recent CCBG Financial Statements dated prior to the date of this Agreement was, and the Allowance shown on the consolidated balance sheets of CCBG included in the CCBG Financial Statements as of dates

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subsequent to the execution of this Agreement will be, as of the dates thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) to provide for all known or reasonably anticipated losses relating to or inherent in the loan and lease portfolios (including accrued interest receivables) of the CCBG Entities and other extensions of credit (including letters of credit) by the CCBG Entities as of the dates thereof.

5.9 INTELLECTUAL PROPERTY.

----- Each CCBG Entity owns or has a license to use all of the Intellectual Property used by such CCBG Entity in the course of its business. Each CCBG Entity is the owner of or has a license to any Intellectual Property sold or licensed to a third party by such CCBG Entity in connection with such CCBG Entity's business operations, and such CCBG Entity has the right to convey by sale or license any Intellectual Property so conveyed. No CCBG Entity is in Default under any of its Intellectual Property licenses. No proceedings have been instituted, or are pending or to the Knowledge of CCBG threatened, which challenge the rights of any CCBG Entity with respect to Intellectual Property used, sold or licensed by such CCBG Entity in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. The conduct of the business of the CCBG Entities does not infringe any Intellectual Property of any other person. Except as disclosed in Section 5.6 of the CCBG Disclosure Memorandum, no CCBG Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property. Except as disclosed in Section 5.9 of the CCBG Disclosure Memorandum, every officer, director, or employee of any CCBG Entity is a party to a Contract which requires such officer, director or employee to assign any interest in any Intellectual Property to a CCBG Entity and to keep confidential any trade secrets, proprietary data, customer information, or other business information of a CCBG Entity, and to the Knowledge of CCBG, no such officer, director or employee is party to any Contract with any Person other than a CCBG Entity which requires such officer, director or employee to assign any interest in any Intellectual Property to any Person other than a CCBG Entity or to keep confidential any trade secrets, proprietary data, customer information, or other business information of any Person other than a CCBG Entity. Except as disclosed in Section 5.9 of the CCBG Disclosure Memorandum, no officer, director or, to the Knowledge of CCBG, any employee of any CCBG Entity is party to any Contract which restricts or prohibits such officer, director or employee from engaging in activities competitive with any Person, including any CCBG Entity.

5.10 COMPLIANCE WITH LAWS.

----- CCBG is duly registered as a financial holding company under the BHC Act. Each CCBG Entity has in effect all Permits necessary for it to own, lease or operate its Material Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, and there has occurred no Default under any such Permit, other than Defaults which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect. Except as disclosed in Section 5.10 of the CCBG Disclosure Memorandum, none of the CCBG Entities:

(a) is in Default under its Articles of Incorporation or Bylaws (or other governing instruments); or

(b) is in Default under any Laws, Orders or Permits applicable to its business or employees conducting its business, except for Defaults which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect; or

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(c) since January 1, 2001, has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any CCBG Entity is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect, (ii) threatening to revoke any Permits, or (iii) requiring any CCBG Entity to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment or memorandum of understanding, or to adopt any Board resolution or similar undertaking, which restricts materially the conduct of its business, or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends.

5.11 LEGAL PROCEEDINGS.

----- Except as disclosed in Section 5.11 of the CCBG Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of CCBG, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against any CCBG Entity or employee benefit plan of any CCBG Entity, or against any director or employee of any CCBG Entity, in their capacity as such, or against any Asset, interest, or right of any of them, that is reasonably likely to have, individually or in the

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aggregate, a CCBG Material Adverse Effect, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any CCBG Entity, that are reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect.

5.12 REPORTS.

----- Since January 1, 2001, or the date of organization if later, each CCBG Entity has filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Regulatory Authorities (except, in the case of state securities authorities, failures to file which are not reasonably likely to have, individually or in the aggregate, a CCBG Material Adverse Effect). As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all Material respects with all applicable Laws. As of its respective date, each such report and document did not contain any untrue statement of a Material fact or omit to state a Material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5.13 STATEMENTS TRUE AND CORRECT.

----- No statement, certificate, instrument or other writing furnished or to be furnished by any CCBG Entity or any Affiliate thereof to FABC pursuant to this Agreement or any other document, agreement or instrument referred to herein contains or will contain any untrue statement of Material fact or will omit to state a Material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied or to be supplied by any CCBG Entity or any Affiliate thereof for inclusion in the Registration Statement to be filed by CCBG with the SEC, will, when the Registration Statement becomes effective, be false or misleading with respect to any Material fact, or omit to state any Material fact necessary to make

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the statements therein not misleading. None of the information supplied or to be supplied by any CCBG Entity or any Affiliate thereof for inclusion in the Proxy Statement to be mailed to the shareholders of FABC in connection with the Shareholders' Meeting, and none of the information contained in any other documents to be filed by any CCBG Entity or any Affiliate thereof with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective times such documents are filed, and with respect to the Proxy Statement, when first mailed to the shareholders of FABC, be false or misleading with respect to any Material fact, or omit to state any Material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Proxy Statement or any amendment thereof or supplement thereto, at the time of the Shareholders' Meeting, be false or misleading with respect to any Material fact, or omit to state any Material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Shareholders' Meeting. All documents that any CCBG Entity or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions contemplated hereby will comply as to form in all Material respects with the provisions of applicable Law.

5.14 ACCOUNTING, TAX AND REGULATORY MATTERS.

----- No CCBG Entity or any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Mergers from qualifying as a reorganization within the meaning of Section 368(a) of the Code, or (ii) materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 8.1(b) or result in the imposition of a condition or restriction of the type referred to in the last sentence of such Section. All Tax Returns required under applicable Law to be filed by or on behalf of any of the CCBG Entities through the date hereof have been timely filed, and all such Tax Returns filed are complete and accurate in all Material respects. All Taxes due and owing by any CCBG Entity (whether or not shown on Tax Returns) have been paid. As of the date of this Agreement, there is no audit examination, deficiency, or refund Litigation with respect to any Taxes, except as reserved against in the most recent CCBG Financial Statements delivered prior to the date of this Agreement and as disclosed in Section 5.14 of the CCBG Disclosure Memorandum. Provision for Taxes due or to become due for any of the CCBG Entities for the period or periods through and including the day of the respective CCBG Financial Statements has been made and is reflected on such CCBG Financial Statements and is sufficient to cover all such Taxes.

ARTICLE 6

CONDUCT OF BUSINESS PENDING CONSUMMATION

6.1 AFFIRMATIVE COVENANTS OF FABC AND FIRST NATIONAL.

----- From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of CCBG shall have been obtained, and except as otherwise expressly contemplated herein, FABC and First National shall operate their businesses only in the usual, regular and ordinary course, and in a manner designed to preserve intact their business organizations and Assets and maintain their rights and franchises, and shall take no action which would (i) adversely affect the

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ability of any Party to obtain any Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Section 8.1(b) or 8.1(c), or (ii) adversely affect the ability of any Party to perform its covenants and agreements under this Agreement.

6.2 NEGATIVE COVENANTS OF FABC AND FIRST NATIONAL.

----- From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of CCBG shall have been obtained, and except as otherwise expressly contemplated herein, each of FABC and First National covenants and agrees that it will not do or agree or commit to do, or permit any of its Subsidiaries to do or agree or commit to do, any of the following:

(a) amend the Articles of Incorporation, Bylaws or other governing instruments of any FABC Entity, except as expressly contemplated by this Agreement; or

(b) incur any additional debt obligation or other obligation for borrowed money (other than indebtedness of a FABC Entity to another FABC Entity) in excess of an aggregate of \$25,000 (for the FABC Entities on a consolidated basis) except in the ordinary course of the business of FABC Subsidiaries consistent with past practices (which shall include, for FABC Subsidiaries that are depository institutions, creation of deposit liabilities, purchases of federal funds and entry into repurchase agreements fully secured by U.S. government or agency securities), or impose, or suffer the imposition, on any Asset of any FABC Entity of any Lien or permit any such Lien to exist (other than in connection with deposits, repurchase agreements, bankers acceptances, "treasury tax and loan" accounts established in the ordinary course of business, the satisfaction of legal requirements in the exercise of trust powers, and Liens in effect as of the date hereof that are disclosed in the FABC Disclosure Memorandum); or

(c) repurchase, redeem, or otherwise acquire or exchange (other than exchanges in the ordinary course under FABC Benefit Plans), directly or indirectly, any shares, or any securities convertible into any shares, of the capital stock of any FABC Entity, or except as consistent with past practice, declare or pay any dividend or make any other distribution in respect of FABC Capital Stock or First National Capital Stock; or

(d) except for this Agreement or as disclosed in Section 6.2(d) of the FABC Disclosure Memorandum, issue, sell, pledge, encumber, authorize the issuance of, enter into any Contract to issue, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding, any additional shares of FABC Common Stock or any other capital stock of any FABC Entity, or any stock appreciation rights, or any option, warrant, or other Equity Right; or

(e) adjust, split, combine or reclassify any capital stock of any FABC Entity or issue or authorize the issuance of any other securities in respect of or in substitution for shares of FABC Common Stock, or sell, lease, mortgage or otherwise dispose of or otherwise encumber (x) any shares of capital stock of any FABC Subsidiary (unless any such shares of stock are sold or otherwise transferred to another FABC Entity) or (y) any Asset having a book value in excess of \$25,000 other than in the ordinary course of business for reasonable and adequate consideration; or

(f) except for purchases of U.S. Treasury securities or U.S. Government agency securities, which in either case have maturities of one year or less, purchase any securities or make any Material investment, either by purchase of stock or securities, contributions to capital, Asset

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transfers, or purchase of any Assets, in any Person other than a wholly owned FABC Subsidiary, or otherwise acquire direct or indirect control over any Person, other than in connection with (i) foreclosures in the ordinary course of business, or (ii) acquisitions of control by a depository Subsidiary solely in its