

LAKELAND FINANCIAL CORP
Form PRE 14A
March 03, 2009

P.O. Box 1387 •Warsaw, Indiana 46581 •(574) 267-6144

March 16, 2009

Dear Shareholder:

On behalf of the board of directors and management of Lakeland Financial Corporation, we cordially invite you to attend the annual meeting of shareholders of Lakeland Financial Corporation to be held at 12:00 p.m. on April 14, 2009, at Westminster Hall located at 109 9th Street in Winona Lake, Indiana. The accompanying notice of annual meeting of shareholders and proxy statement discuss the business to be conducted at the meeting. We have also enclosed a copy of our 2008 summary annual report to shareholders and a copy of our annual report on Form 10-K for your review. At the meeting we will review our performance in 2008 and update you on our strategic plan as we move forward.

Our Nominating and Corporate Governance Committee has nominated two persons to serve as directors, each of whom is an incumbent director. Additionally, our Audit Committee has selected, and we recommend that you ratify the selection of, Crowe Horwath LLP to continue as our independent registered public accounting firm for the year ending December 31, 2009. Finally, we have included a non-binding advisory proposal on the compensation of our executive management. We recommend you vote your shares for the director nominees ,in favor of the ratification of our accountants and in favor of the executive compensation.

We encourage you to attend the meeting in person. Please return the enclosed RSVP card if you plan to attend. **However, whether or not you plan to attend the meeting in person, please take the time to vote by completing and mailing the enclosed proxy card or by following the telephone or Internet voting procedures described on the proxy card.** This will assure that your shares are represented at the meeting.

We look forward with pleasure to seeing and visiting with you at the meeting.

Very truly yours,

Michael L. Kubacki
Chairman of the Board, President and Chief Executive
Officer

P.O. Box 1387 • Warsaw, Indiana 46581 • (574) 267-6144

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 14, 2009

To the shareholders:

The annual meeting of the shareholders of Lakeland Financial Corporation will be held on Tuesday, April 14, 2009, at 12:00 p.m. at Westminster Hall located at 109 9th Street in Winona Lake, Indiana, for the following purposes:

1. to elect two members of the board of directors;
2. to ratify the appointment of Crowe Horwath LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009;
3. to approve a non-binding, advisory proposal on the compensation of certain executive officers; and
4. to transact such other business as may properly be brought before the meeting and any adjournments or postponements of the meeting.

Only shareholders of record on our books at the close of business on February 25, 2009, the record date for the annual meeting, will be entitled to vote at the annual meeting. In the event there are an insufficient number of votes for a quorum or to approve or ratify any of the foregoing proposals at the time of the annual meeting, the meeting may be adjourned or postponed in order to permit us to further solicit proxies.

By order of the board of directors

Kristin L. Pruitt
Secretary

Warsaw, Indiana

March 16, 2009

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE TAKE THE TIME TO VOTE BY COMPLETING AND MAILING THE ENCLOSED PROXY CARD OR BY FOLLOWING THE TELEPHONE OR INTERNET VOTING PROCEDURES DESCRIBED ON THE PROXY CARD. WE HOPE THAT YOU WILL BE ABLE TO ATTEND THE MEETING, AND IF YOU DO YOU MAY VOTE YOUR STOCK IN PERSON IF YOU WISH. YOU MAY REVOKE THE PROXY CARD AT ANY TIME PRIOR TO ITS EXERCISE.

THE ENCLOSED PROXY STATEMENT IS AVAILABLE AT WWW.LAKECITYBANK.COM.

LAKELAND FINANCIAL CORPORATION

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

April 14, 2009

Lakeland Financial Corporation, an Indiana corporation, with its principal executive offices located in Warsaw, Indiana, is the holding company for Lake City Bank. We also own all of the common securities of Lakeland Statutory Trust II, a Connecticut business trust created for the issuance of trust preferred securities. Lake City Bank owns all of the common stock of LCB Investments II, Inc. (a subsidiary formed in 2006), formed to manage a portion of the Bank's securities portfolio. LCB Investments II, Inc. owns all of the common stock of LCB Funding, Inc. (a subsidiary formed in 2006), a real estate investment trust.

This proxy statement is being furnished to shareholders in connection with the solicitation by our board of directors of proxies to be used at the annual meeting to be held at Westminster Hall, located at 109 9th Street in Winona Lake, Indiana on Tuesday, April 14, 2009 at 12:00 p.m., or at any adjournments or postponements of the meeting. Our summary annual report to shareholders, including the consolidated financial statements for the fiscal year ended December 31, 2008 and a copy of our Form 10-K that we filed with the Securities and Exchange Commission, accompanies this proxy statement, which is first being mailed to shareholders on or about March 16, 2009. This proxy statement is also available on the Internet at www.lakecitybank.com.

The following is information regarding the meeting and the voting process, presented in a question and answer format.

Why am I receiving this proxy statement and proxy card?

You are receiving a proxy statement and proxy card from us because on February 25, 2009, the record date for the annual meeting, you owned shares of Lakeland Financial's common stock. This proxy statement describes the matters that will be presented for consideration by the shareholders at the annual meeting. It also gives you information concerning the matters to assist you in making an informed decision.

When you sign the enclosed proxy card or otherwise vote pursuant to the instructions set forth on the proxy card, you appoint the proxy holder as your representative at the meeting. The proxy holder will vote your shares as you have instructed in the proxy card, thereby ensuring that your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, you should instruct the proxies how to vote your shares in advance of the meeting just in case your plans change.

If you have signed and returned the proxy card and an issue comes up for a vote at the meeting that is not identified on the card, the proxy holder will vote your shares, pursuant to your proxy, in accordance with his or her judgment.

What matters will be voted on at the meeting?

You are being asked to vote on the election of two directors of Lakeland Financial for a term expiring in 2012, the ratification of the appointment of Crowe Horwath LLP as our independent registered public accounting firm for the 2009 fiscal year and on a non-binding, advisory proposal on the compensation of certain executive officers. These matters are more fully described in this proxy statement.

How do I vote?

After reviewing this document, submit your proxy using any of the proxy delivery or voting methods indicated on the proxy card. By submitting your proxy, you authorize the individuals named in it to represent you and vote your shares at the special meeting in accordance with your instructions. Your vote is important. **Whether or not you plan to attend the special meeting, please submit your proxy promptly in the enclosed envelope or vote telephonically or through the Internet by following the instructions on the proxy card.**

If you sign and return your proxy card but do not mark the card to provide voting instructions, the shares represented by your proxy card will be voted “for” all three nominees named in this proxy statement, “for” the ratification of the appointment of our auditors, and “for” the non-binding, advisory proposal on compensation of certain executive officers.

If you are a beneficial owner and a broker or other fiduciary is the record holder (or in what is usually referred to as “street name”), then you received this proxy statement from the record holder. The record holder should have given you instructions for directing how the record holder should vote your shares. It will then be the record holder’s responsibility to vote your shares for you in the manner you direct.

If you want to vote in person, please come to the meeting. We will distribute written ballots to anyone who wants to vote at the meeting. Please note, however, that if your shares are held in the name of a broker or other fiduciary, you will need to arrange to obtain a proxy from the record holder in order to vote in person at the meeting. Even if you plan to attend the annual meeting, you should complete and return your proxy card in advance of the annual meeting in case your plans change.

If I hold shares in the name of a broker, who votes my shares?

Under the rules of various national and regional securities exchanges, brokers and other fiduciaries may generally vote on routine matters, such as the election of directors and the ratification of independent registered public accounting firm, but cannot vote on non-routine matters, such as an amendment to the certificate of incorporation or the adoption of a equity incentive plan, unless they have received voting instructions from the person for whom they are holding shares. You should do this by carefully following the instructions your broker gives you concerning its procedures.

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

It means that you have multiple holdings reflected in our stock transfer records and/or in accounts with stockbrokers. Please sign and return **ALL** proxy cards to ensure that all of your shares are voted.

What if I change my mind after I return my proxy card?

If you hold your shares in your own name, you may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by:

- signing another proxy card with a later date and returning that proxy card to our transfer agent at:

American Stock Transfer and Trust Company

59 Maiden Lane

New York, New York 10038;

- timely submitting another proxy via the telephone or Internet;
- sending notice to us that you are revoking your proxy; or
- voting in person at the meeting.

If you hold your shares in the name of your broker and desire to revoke your proxy, you will need to contact your broker to revoke your proxy.

How many votes do we need to hold the annual meeting?

A majority of the shares that are outstanding and entitled to vote as of the record date must be present in person or by proxy at the meeting in order to hold the meeting and conduct business.

Shares are counted as present at the meeting if the shareholder either:

- is present and votes in person at the meeting; or
- has properly submitted a signed proxy card or other form of proxy.

On February 25, 2009, the record date, there were 12,414,130 shares of common stock issued and outstanding. Therefore, at least 6,207,066 shares need to be present at the annual meeting.

What happens if a nominee is unable to stand for re-election?

The board may, by resolution, provide for a lesser number of directors or designate a substitute nominee. In the latter case, shares represented by proxies may be voted for a substitute nominee. Proxies cannot be voted for more than three nominees. We have no reason to believe any nominee will be unable to stand for re-election.

What options do I have in voting on each of the proposals?

You may vote “for” or “withhold authority to vote for” each nominee for director. You may vote “for,” “against” or “abstain” on the ratification of the

appointment of our independent registered public accounting firm, the non-binding, advisory proposal on compensation and on any other proposal that may properly be brought before the meeting.

How many votes may I cast?

Generally, you are entitled to cast one vote for each share of stock you owned on the record date. The proxy card included with this proxy statement indicates the number of shares owned by an account attributable to you.

How many votes are needed for each proposal?

Directors will be elected by a plurality and the three individuals receiving the highest number of votes cast “for” their election will be elected as directors of Lakeland Financial.

The ratification of the appointment of our independent registered public accounting firm and all other matters must receive the affirmative vote of a majority of the shares present in person or by proxy at the meeting and entitled to vote. Broker non-votes will not be counted as entitled to vote, but will count for purposes of determining whether or not a quorum is present on the matter.

Approval of the executive compensation policies and procedures would require that the number of votes cast in favor exceed the number of votes cast against it. Abstentions and broker non-votes will not be counted as votes cast, and therefore will not affect the vote. Because this shareholder vote is advisory, it will not be binding upon the Board of Directors.

Where do I find the voting results of the meeting?

If available, we will announce voting results at the meeting. The voting results will also be disclosed in our Form 10-Q for the quarter ended June 30, 2009.

Who bears the cost of soliciting proxies?

We will bear the cost of soliciting proxies. In addition to solicitations by mail, officers, directors or employees of Lakeland Financial or its subsidiaries may solicit proxies in person or by telephone. These persons will not receive any special or additional compensation for soliciting proxies. We may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders.

SECURITY OWNERSHIP OF CERTAIN**BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our common stock at February 25, 2009, by each person known by us to be the beneficial owner of more than 5% of the outstanding common stock, by each director or nominee, by each executive officer named in the summary compensation table, which can be found later in this proxy statement, and by all directors and executive officers of Lakeland Financial Corporation as a group. Beneficial ownership has been determined for this purpose in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, under which a person is deemed to be the beneficial owner of securities if he or she has or shares voting power or investment power in respect of such securities or has the right to acquire beneficial ownership of securities within 60 days of February 25, 2009.

Name of Individual or Number of Individuals in Group	Amount and Nature of Beneficial Ownership^(1,2)	Percent of Class
5% Shareholders		
Lakeland Financial Corporation 401(k) Plan	812,565 ⁽³⁾	6.55%
Post Office Box 1387		
Warsaw, Indiana 46581-1387		
Barclays Global Investors, NA ⁽⁴⁾	625,760	5.04%
Columbia Wanger Asset Management, L.P. ⁽⁵⁾	874,667	7.05%
Directors and Nominees		
Robert E. Bartels, Jr.	3,200 ⁽⁶⁾	*
L. Craig Fulmer	58,778 ⁽⁷⁾	*
Thomas A. Hiatt	2,800 ⁽⁸⁾	*
Michael L. Kubacki	151,800 ⁽⁹⁾	1.21%
Charles E. Niemier	81,241 ⁽¹⁰⁾	*
Emily E. Pichon	4,000 ⁽¹¹⁾	*
Richard L. Pletcher	36,551 ⁽¹²⁾	*
Steven D. Ross	9,452 ⁽¹³⁾	*
Donald B. Steininger	44,538 ⁽¹⁴⁾	*
Terry L. Tucker	35,696 ⁽¹⁵⁾	*
M. Scott Welch	30,910 ⁽¹⁶⁾	*
Other Named Executive Officers		
David M. Findlay	49,444 ⁽¹⁷⁾	*
Charles D. Smith	111,399 ⁽¹⁸⁾	*
Kevin L. Deardorff	39,376 ⁽¹⁹⁾	*
James D. Westerfield	3,408	*
All directors and executive officers as a group		
(19 persons)	682,130 ⁽²⁰⁾	5.43%

*Indicates that the individual or entity owns less than one percent of Lakeland Financial's common stock.

- The total number of shares of common stock issued and outstanding on February 25, 2009 was 12,414,130.

- The information contained in this column is based upon information furnished to us by the persons named above and as shown on our transfer records. The nature of beneficial ownership for shares shown in this column, unless otherwise noted, represents sole voting and investment power.
- This information has been supplied by Fidelity Investments which serves as trustee of the trust for the plan. Participant employees of Lakeland Financial Corporation and Lake City Bank exercise voting and investment power over the shares held in their respective participant accounts. Lake City Bank exercises sole investment power over those shares not allocated to any participant account.
- Includes entities related to reporting entity. Based upon a schedule 136 filed with the SEC on February 5, 2009. The address for the reporting entity is 400 Howard Street, San Francisco, CA 94105.
- Based upon a schedule f136 filed with the SEC on February 5, 2009. The address for the reporting entity is 227 West Monroe Street, suite 3000, Chicago, IL 60606.
- Includes 3,000 options, which are currently exercisable, over which Mr. Bartels has no voting power and sole investment power.
- Includes 6,856 shares held by Mr. Fulmer's individual retirement account, as to which shares he shares voting and investment power; 600 shares held by Mr. Fulmer's wife's individual retirement account, as to which shares he shares voting and investment power; 5,200 options, which are currently exercisable, over which Mr. Fulmer has no voting power and sole investment power; and 18,802 shares credited to Mr. Fulmer's account as of February 6, 2009 under the terms of the Amended and Restated Lakeland Financial Corporation Directors Fee Deferral Plan.
- Includes 600 shares held by Mr. Hiatt's wife's individual retirement account, as to which shares he shares voting and investment power; and 2,179 shares credited to Mr. Hiatt's account as of February 6, 2009 under the terms of the Amended and Restated Lakeland Financial Corporation Directors Fee Deferral Plan.
- Includes 600 shares held in a trust in which he serves as co-trustee and 20,000 options, which are currently exercisable, over which Mr. Kubacki has no voting power and sole investment power.
- Includes 41,054 shares held by Mr. Niemier's individual retirement account, as to which shares he shares voting and investment power; 4,444 shares held by Mr. Niemier's wife's individual retirement account, as to which shares he disclaims any beneficial interest; 8,606 shares held in Mr. Niemier's 401(k) plan, as to which shares he shares voting and investment power; and 15,326 shares credited to Mr. Niemier's account as of February 6, 2009 under the terms of the Amended and Restated Lakeland Financial Corporation Directors Fee Deferral Plan.
- Includes 3,000 options, which are currently exercisable, over which Ms. Pichon has no voting power and sole investment power.
- Includes 1,580 shares held by Mr. Pletcher's individual retirement account. Also included are 1,580 shares held by Mr. Pletcher's wife's individual retirement account, with respect to which shares Mr. Pletcher disclaims any beneficial interest; 5,200 options, which are currently exercisable, over which Mr. Pletcher has no voting power and sole investment power; and 25,302 shares credited to Mr. Pletcher's account as of February 6, 2009 under the terms of the Amended and Restated Lakeland Financial Corporation Directors Fee Deferral Plan.
- Includes 1,000 options, which are currently exercisable, over which Mr. Ross has no voting power and sole investment power.
- Includes 14,835 shares held by Mr. Steininger's individual retirement account, as to which shares he exercises voting and investment power, 1,000 options, which are currently exercisable, over which Mr. Steininger has no voting power and sole investment power and 4,303 shares credited to Mr. Steininger's account as of February 6, 2009 under terms of the Amended and Restated Lakeland Financial Corporation Directors Fee Deferral Plan.
- Includes 5,200 options, which are currently exercisable, over which Mr. Tucker has no voting power and sole investment power; and 16,104 shares credited to Mr. Tucker's account as of February 6, 2009 under the terms of the Amended and Restated Lakeland Financial Corporation Directors Fee Deferral Plan.
- Includes 1,400 shares held by Mr. Welch's wife's individual retirement account, as to which shares he shares voting and investment power; 5,200 options, which are currently exercisable, over which Mr. Welch has no voting power and sole investment power; and 12,560 shares credited to Mr. Welch's account as of February 6, 2009 under the terms of the Amended and Restated Lakeland Financial Corporation Directors Fee Deferral Plan.

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- Includes 16,000 options, which are currently exercisable, over which Mr. Findlay has no voting power and sole investment power.
- Includes 592 shares owned by Mr. Smith's wife, as to which shares he disclaims any beneficial interest and 36,000 options, which are currently exercisable, over which Mr. Smith has no voting power and sole investment power.
- Includes 29,576 options, which are currently exercisable, over which Mr. Deardorff has no voting power and sole investment power.
- This includes shares which have been allocated to executive officers under the 401(k) plan through December 31, 2008.

6

ELECTION OF DIRECTORS

Shareholders will be entitled to elect three directors for a term expiring in 2012 at the annual meeting. Our board is divided into three classes of directors having staggered terms of three years. We have no knowledge that any nominee will refuse or be unable to serve, but if any of the nominees is unavailable for election, the holders of the proxies reserve the right to substitute another person of their choice as a nominee when voting at the meeting.

Set forth below is information concerning the nominees for election and for each of Lakeland Financial's other directors, whose term of office will continue after the meeting, including the age, the year first appointed or elected as a director and the other positions held by the person at Lakeland Financial and Lake City Bank. The nominees, if elected at the annual meeting, will serve as directors for a three-year term expiring in 2012, except as noted below.

We recommend that shareholders vote "FOR" each of the nominees for director. Unless authority to vote for the nominees is withheld, the shares represented by the proxy card, if executed and returned, will be voted "FOR" the election of the nominees.

NOMINEES

Term Expires	<u>Director Since</u>	<u>Positions with Lakeland Financial and Lake City Bank</u>
2012		
Emily E. Pichon	2002	Director of Lakeland Financial and Lake City Bank
(age 45)		
Richard L. Pletcher	1992	Director of Lakeland Financial and Lake City Bank
(age 67)		

CONTINUING DIRECTORS**Term Expires 2010**

L. Craig Fulmer	1993	Director of Lakeland Financial and Lake City Bank
(age 66)		
Charles E. Niemier	1998	Director of Lakeland Financial and Lake City Bank
(age 53)		
Donald B. Steininger	2001	Director of Lakeland Financial and Lake City Bank
(age 66)		
Terry L. Tucker	(age 1988)	Director of Lakeland Financial and Lake City Bank
(68)		

**Term Expires
2011**

Robert E. Bartels, Jr.	2002	Director of Lakeland Financial and Lake City Bank
(age 44)		
	2007	

Thomas A. Hiatt
(age 61)

Michael L. Kubacki 1998
(age 57)

Steven D. Ross 2000
(age 54)

M. Scott Welch 1998
(age 48)

Director of Lakeland Financial and
Lake City Bank

Chairman, President and Chief
Executive Officer of Lakeland
Financial and Lake City Bank

Director of Lakeland Financial and
Lake City Bank

Director of Lakeland Financial and
Lake City Bank

Except as noted above, all directors will hold office for the terms indicated, or until their earlier death, resignation, removal or disqualification, and until their respective successors are duly elected and qualified. There are no arrangements or understandings between any of the nominees, directors or executive officers and any other person pursuant to which any of our nominees, directors or executive officers have been selected for their respective positions. No nominee, member of the board of directors

or executive officer is related to any other nominee, member of the board of directors or executive officer. No nominee or director is a director of another “public corporation” (*i.e.* subject to the reporting requirements of the Securities Exchange Act of 1934) or of any investment company.

The business experience of each of the nominees and continuing directors for the past five years is as follows:

Mr. Bartels, Jr. is President and Chief Executive Officer of Martin’s Supermarkets, Inc., a regional supermarket chain headquartered in South Bend, Indiana.

Mr. Fulmer is Chairman of Heritage Financial Group, Inc., a real estate investment and management company based in Elkhart, Indiana.

Mr. Hiatt is Managing Director and Founding Partner of Centerfield Capital Partners, a venture capital investment company headquartered in Indianapolis, Indiana.

Mr. Kubacki presently serves as Chairman, President and Chief Executive Officer of Lakeland Financial and Lake City Bank. Prior to joining Lakeland Financial in 1998, Mr. Kubacki served as Executive Vice President of the Northern Trust Bank of California, NA.

Mr. Niemier is the former Chief Operating Officer of International Operations for Biomet, Inc., which is a manufacturer of medical and orthopedic devices based in Warsaw, Indiana. He is also a former director of Biomet, Inc. He also serves as a trustee of Valparaiso University.

Ms. Pichon is a director of the Cole Foundation, a private charitable foundation focused on northeast Indiana education, economic development and conservation based in Fort Wayne, Indiana.

Mr. Pletcher is President of Pletcher Enterprises, Inc., a holding company located in Nappanee, Indiana, and Chief Executive Officer of its principal subsidiary, Amish Acres, LLC, a heritage resort.

Mr. Ross is President of Bertsch Services and President of Heartland Coffee Company. Bertsch is a regional food service and vending company and Heartland is a regional coffee and beverage service and vending company. Both companies are based in Warsaw, Indiana.

Mr. Steininger is President of Steininger Development, a real estate development company based in Fort Wayne, Indiana.

Mr. Tucker is Chairman and Chief Executive Officer of Maple Leaf Farms, Inc., which is primarily engaged in duck production, processing and sales, as well as the production and sale of other food products and is headquartered in Milford, Indiana.

Mr. Welch is the Chief Executive Officer of Welch Packaging Group, Inc., which is primarily engaged in producing industrial and point of purchase packaging and is headquartered in Elkhart, Indiana.

In addition, the following individuals serve as executive officers of Lakeland Financial and are named in the compensation tables included in this proxy statement:

David M. Findlay, age 47, became an Executive Vice President and Chief Financial Officer of Lakeland Financial and Lake City Bank in September, 2000. Prior to his arrival, Mr. Findlay served as the Chief Financial Officer of Quality Dining, Inc., a publicly traded company with its headquarters in South Bend, Indiana. Prior to that, he served in various capacities with The Northern Trust Company in Chicago.

Charles D. Smith, age 64, presently serves as an Executive Vice President of Lakeland Financial and Lake City Bank, positions he has held since 2000. He has served as an officer of Lake City Bank since 1983.

Kevin L. Deardorff, age 47, presently serves as an Executive Vice President of Lakeland Financial and Lake City Bank, positions he has held since 2001. He has served as an officer of Lake City Bank since 1993.

James D. Westerfield, age 51, presently serves as a Senior Vice President and Trust Officer of Lakeland Financial and as head of our Wealth Advisory Group. He joined Lake City Bank in December 2005 and assumed his current responsibilities as of February 2006. Prior to that time, Mr. Westerfield served in similar capacities at other banks since 1995.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that our executive officers, directors and persons who own more than 10% of our common stock file reports of ownership and changes in ownership with the Securities and Exchange Commission. They are also required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms, and, if appropriate, representations made to us by any reporting person concerning whether a Form 5 was required to be filed for 2008, we are not aware that any of our directors, executive officers or 10% shareholders failed to comply with the filing requirements of Section 16(a) during 2008 except for the following: Mr. Steininger did not timely file one report concerning the acquisition of 10,000 shares of our common stock; Mr. Deardorff did not timely file one report concerning the disposition of 3,000 shares of our common stock; and Mr. Ross did not timely file one report concerning an acquisition of 1,400 shares our common stock through an options exercise.

CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

General

Generally, the board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the board does not involve itself in the day-to-day operations of Lakeland Financial, which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the board, which convene monthly, and through committee membership, which is discussed below. Our directors also discuss business and other matters with Mr. Kubacki, our President and Chief Executive Officer, other key executives and our principal external advisers (legal counsel, auditors and other consultants). All members of our board of directors also serve as members of Lake City Bank's board of directors.

With the exception of Mr. Kubacki, all of our current directors are “independent” as defined by The NASDAQ Global Select Market, or Nasdaq, and we have determined that the independent directors do not have other relationships with us that prevent them from making objective, independent decisions. The board of directors has established an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee, among other committees. The current charters of each of these committees are available on our website at www.lakecitybank.com. Also posted on the web site is a general description regarding our company and links to our filings with the Securities and Exchange Commission.

Our board of directors held 14 meetings during 2008. All of the directors attended at least 75% of the board meetings and meetings of committees of which they were members. While we do not have a specific policy regarding attendance at the annual shareholder meeting, all directors are encouraged and expected to attend the meeting. Last year’s annual meeting was attended by 8 of our 12 directors.

Audit Committee

In 2008, the Audit Committee was comprised of Charles E. Neimier, Robert E. Bartels, Jr., Emily E. Pichon, Richard L. Pletcher, Terry L. Tucker and M. Scott Welch, each of whom is expected to serve on the committee through 2009. Each of the members is considered “independent” according to the Nasdaq listing requirements and the regulations of the Securities and Exchange Commission. The board of directors has determined that Mr. Neimier qualifies as an “audit committee financial expert” under the regulations of the Securities and Exchange Commission. The board based this decision on Mr. Neimier’s education, his professional experience at an audit firm and his experience as former Chief Financial Officer and board member of Biomet, Inc., a company whose common stock was quoted on the Nasdaq until September 25, 2007, when the company was acquired by a private equity consortium and ceased trading as a public company.

The functions performed by the Audit Committee include, among other things, the following:

- overseeing our accounting and financial reporting;
- selecting, appointing and overseeing our independent registered public accounting firm;
- reviewing actions by management on recommendations of the independent registered public accounting firm and internal auditors;
- meeting with management, the internal auditors and the independent registered public accounting firm to review the effectiveness of our system of internal control and internal audit procedures; and
- reviewing reports of bank regulatory agencies and monitoring management’s compliance with recommendations contained in those reports.

To promote indep