GRINALDS JOHN S
Form 4
January 03, 2005

FORM 4

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

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
GRINALDS JOHN S

(Last) (First) (Middle)

6584 POPLAR AVENUE, SUITE 300

(Street)

MEMPHIS, TN 38138-

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MID AMERICA APARTMENT COMMUNITIES INC [MAA]

3. Date of Earliest Transaction (Month/Day/Year)
12/31/2004

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

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

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

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								2,009.4565	D	
Common Stock								140	I	IRA
Common Stock	12/31/2004		P		24.8274	A	$ 40.278	129.5383	I	Revocable Trust of John S Grinalds Dtd 9 June 1993, John S Grinalds

								and Norwood D Grinalds, Trustees
Common Stock						228	I	The Citadel Trust FBO General John Grinalds

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

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SEC 1474 (9-02)

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

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

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GRINALDS JOHN S 6584 POPLAR AVENUE SUITE 300 MEMPHIS, TN 38138-	X			

Signatures

Leslie Bratten Cantrell
Wolfgang 01/03/2005

**Signature of Reporting Person Date

Explanation of Responses:

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

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

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ont-family:Times New Roman" SIZE="2">15,869 15,542(4) 127,738

(1) Includes $39,161 expensed by the Bank under Mr. Ashby s Salary Continuation Agreement, deferred director s fees of $13,113, matching contributions made by the Bank under the Bank s salary deferral plan under Section 401(k) of the Internal Revenue Code of 1986, as amended (401(k) Plan), use of a company vehicle, and excess life insurance. Mr. Ashby is capable of being issued 13,180 Shares upon the vesting of all the stock options he holds.

- 12 -

(2) Includes $28,892 expensed by the Bank under Mr. Ashby s Salary Continuation Agreement, deferred director s fees of $12,392, matching contributions made by the Bank under the Bank s 401(k) Plan, use of a company vehicle, and excess life insurance.

(3) Includes deferred director s fees of $11,701, matching contributions made by the Bank under the Bank s 401(k) Plan, the amount expensed by the Bank under Mr. Ashby s Salary Continuation Agreement, use of a company vehicle, and excess life insurance.

(4) Includes matching contributions made by the Bank under the Bank s salary deferral plan under the Bank s 401(k) Plan, the amounts expensed by the Bank under the Salary Continuation Agreements, and excess life insurance.

Outstanding Equity Awards at Fiscal Year-End. The following tables contain information with respect to outstanding equity awards of the Company held by the named executive officers at December 31, 2009.

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable/Unexercisable		Option Exercise Price ($)	Option Expiration Date
Edward C. Ashby, III	9,580	- 0 -	2.57	July 24, 2011
	3,600	- 0 -	6.15	April 26, 2014
Pedro A. Pequeno, II	3,350	5,026	13.27	May 23, 2017
Mark H. Towe	3,048	- 0 -	2.57	July 24, 2011
	3,348	5,022	13.27	May 23, 2017

Option Exercises. The following table contains information with respect to option exercises by the named executive officer during 2009.

Option Exercises During 2009

	Option Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)
Pedro A. Pequeno, II	1,220	3,270
Mark H. Towe	1,524	7,818

Terms of the Employment Agreements. The Bank is a party to employment contracts with Edward C. Ashby, III, President and Chief Executive Officer of the Bank, Pedro A. Pequeno, II, Senior Vice President of the Bank, and Mark H. Towe, Senior Vice President and Chief Financial Officer of the Bank (the Employment Agreements). The term of each Employment Agreement is three years. On each anniversary of the effective date of the Employment Agreements, the term of each agreement is automatically extended for an additional one-year period beyond the then-effective expiration date unless written notice from the Bank or the officer is received 90 days prior to the anniversary date, advising the other that the Employment Agreement shall not be further extended. No such notice has been given by either party. In addition, the officers have the option to terminate the Employment Agreements upon 60 days written notice to the Bank. While each officer is employed by the Bank and for one year following termination of employment, the Employment Agreements prohibit each officer from competing with the Bank.

Under the Employment Agreements, each officer receives an annual cash salary, with annual adjustments and discretionary bonuses as determined by the Board. For 2010, Mr. Ashby s compensation has been established at $173,500, Mr. Pequeno s compensation has been established at $130,897, and Mr. Towe s compensation has been established at $113,157. Under the Employment Agreements, each officer is entitled to all fringe benefits generally provided by the Bank for its employees.

Terms of the Salary Continuation Agreements. The Bank is a party to Salary Continuation Agreements with certain officers, including Edward C. Ashby, III, Pedro A. Pequeno, II, and Mark H. Towe, to supplement the amount that these officers can defer under the Bank s 401(k) Plan because of Federal tax code limitations on the amount of compensation that may be deferred by highly compensated employees. Such plans are a common component of the compensation packages of the peer banks with which the Bank competes, and of the financial institution industry generally. The Bank has purchased, and is the primary beneficiary, of life insurance policies on each officer which are intended to offset the cost of these retirement benefits. These retirement benefits are unfunded and are not intended to be a tax-qualified retirement plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (Internal Revenue Code).

At normal retirement age of 65, the Salary Continuation Agreements provide that each officer will be paid an annual benefit equal to $89,900, $88,231, and $50,827, respectively, from retirement until death. In the case of disability prior to the normal retirement age of 65, the benefit is reduced to the amount accrued by the Bank for the benefit at such date. The full benefit is also payable at the officer s normal retirement age following a change of control of the Bank, as defined below. If the officer dies while employed by the Bank, the Bank shall pay the amount accrued by the Bank for the benefit at such date in a lump sum to the officer s beneficiary. If the officer dies while receiving the benefit, the Bank shall pay the balance in the accrued liability retirement account to the officer s beneficiary. If the officer voluntarily leaves employment with the Bank, the Bank shall pay the amount accrued by the Bank for the benefit at such date in lump sum. No benefit will be payable if the officer is terminated for cause, as defined in the Salary Continuation Agreements.

Potential Payments Upon a Change of Control. The Employment Agreements and Salary Continuation Agreements provide for certain payments to Mr. Ashby, Mr. Pequeno, and Mr. Towe if their employment is terminated following a change of control. Change of control is defined to mean any of the following events:

Any person or group acquires beneficial ownership of representing more than fifty percent (50%) of the fair market value or voting power of the Company s securities; or

During any period of twelve consecutive months, any person or group acquires beneficial ownership representing thirty-five percent (35%) or more of any class of voting securities of the Company, or a majority of the Company s board of directors is replaced by individuals who were not appointed, or whose election was not endorsed in advance, by a majority the Company s board of directors;

During any period of twelve consecutive months, any person or group acquires more than forty percent (40%) of the assets of the Company.

Under the terms of the Employment Agreements, each officer has the right to terminate his employment if he determines, in his sole discretion, that within 24 months after such change of control, that he has not been assigned duties, responsibilities, and status commensurate with his duties prior to such change of control, his salary has been reduced below the amount he would have received under his Employment Agreement, his benefits have been reduced or eliminated, or he has been transferred to a location which is an unreasonable distance from his then current principal work location.

Upon a termination of employment following a change of control, the Bank has agreed to pay each officer an amount equal to 2.99 times his base amount as defined in Section 280G(b)(3) of the Internal Revenue Code. This compensation is payable by lump sum. The Bank has the right, under the Employment Agreements, to reduce any such payments as necessary under the Internal Revenue Code to avoid the imposition of excise taxes on the officers or the disallowance of a deduction to the Bank.

- 14 -

As noted above, the full retirement benefit under the terms of the Salary Continuation Agreements is payable at the officer s normal retirement age following a change of control. Also, under the terms of the Company s stock option plans, all unvested stock options shall become immediately and fully exercisable.

Potential Payments Upon Termination. Under the terms of the Employment Agreements, in the event an officer s employment is terminated by the Bank without cause, the Bank is obligated to pay each officer the compensation and benefits provided for in the Employment Agreements for the remaining term of each Employment Agreement. Termination for cause includes termination because of the officer s personal dishonesty or moral turpitude, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule, or regulation (other than traffic violations or similar offenses) or final cease-and-desist order, or material breach of any provision of the Employment Agreement.

If the officer voluntarily leaves employment with the Bank, the Bank shall pay the amount accrued by the Bank for the retirement benefit under the terms of the Salary Continuation Agreements at such date in lump sum. No retirement benefit under the terms of the Salary Continuation Agreements will be payable if the officer is terminated for cause.

Limitations on Executive Compensation. The Company sold Series B and C preferred stock to the United States Treasury Department pursuant to the Treasury s Capital Purchase Program in 2009. As a condition to that sale and for the period of time Treasury holds the investment in the Series B and C preferred stock, Mr. Ashby, Mr. Pequeno and Mr. Towe contractually agreed to waive any applicable severance from employment to the extent the aggregate present value of such payments exceeds 2.99 times the officer s base amount as defined in Section 280G of the Internal Revenue Code. Also as a condition to the sale, the Company agreed that it may not claim a federal income tax deduction for any compensation paid to Mr. Ashby, Mr. Pequeno or Mr. Towe in excess of $500,000 for each taxable year that the Treasury holds any investment in the Company. In June 2009, regulations issued pursuant to the American Recovery and Reinvestment Act of 2009 added further restrictions on the payment of executive compensation. Those regulations:

- prohibit the Company from making any severance payment to Mr. Ashby, Mr. Pequeno or Mr. Towe for the period of time Treasury holds the investment in the Series B and C preferred stock.

- prohibit the Company from paying any bonus, retention award, or incentive compensation to Mr. Ashby except in the form of restricted stock in an amount (denominated in cash) equal to less than one-third of Mr. Ashby s total annual compensation. If paid, the restricted stock must be held by Mr. Ashby for at least two years from the date of grant and the restricted stock may not vest until the Company has repaid the Treasury for its investment in the Series B and C preferred stock.

PROPOSAL 2: APPROVAL OF EXECUTIVE COMPENSATION

As required for companies participating in the United States Treasury Department s Capital Purchase Program by Section 111(e)(1) of the Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009, the Company is providing its shareholders the opportunity to cast an advisory vote on the compensation of its executive officers at the Annual Meeting. This say-on-pay proposal permits shareholders to vote to approve the compensation paid or provided to the Company s executive officers (as identified elsewhere in this Proxy Statement) and the Company s compensation policies and practices. By voting FOR Proposal 2, you will be approving the compensation paid or provided to executive officers of the Company and the Bank and the Company s and Bank s executive compensation policies and practices, as described in the tabular and narrative compensation disclosures contained in this Proxy Statement.

The vote by the Company s shareholders on this Proposal 2 is a non-binding, advisory vote. This means that the results of the vote will not be binding on the Company s Board or its Compensation Committee, will not overrule or affect any previous action or decision by the Board or Committee or any compensation previously paid or awarded, and will not create or imply any additional duty on the part of the Board or Committee.

The Board and its Compensation Committee believe that the Company s compensation policies and practices appropriately reward performance without inviting unnecessary risk-taking by its executive officers and are strongly aligned with the long-term interests of the Company s shareholders. Further, the Board and its Compensation Committee believe the compensation paid or provided to the Company s executive officers is and has been appropriate for each of the executive officers and comparable to the compensation of officers of peer institutions for the industry in which the Company operates.

The Board of Directors recommends that you approve the compensation of the Company s executive officers by voting FOR Proposal 2. This proposal will be approved if the number of votes cast in favor of Proposal 2 exceeds the number of votes cast against it.

PROPOSAL 3: APPROVAL OF AN AMENDMENT TO THE ARTICLES OF INCORPORATION

INCREASING THE AUTHORIZED NUMBER OF SHARES OF COMMON STOCK

FROM 5,000,000 TO 10,000,000

On February 16, 2010, the Board approved an amendment to Article 2 of the articles of incorporation of the Company to increase the authorized number of shares of common stock from 5,000,000 to 10,000,00. The Company currently is authorized to issue up to 5,000,000 Shares. As of the record date for the annual meeting, 3,206,495 of the authorized Shares were outstanding and 72,665 of the authorized Shares are reserved for issuance under the Company s stock option plans and 395,148 Shares are reserved for issuance upon the conversion of the Series A convertible preferred stock, leaving 1,325,692 Shares available for issuance for other corporate purposes. The Board believes that the increase in the number of authorized Shares will provide the Company with increased flexibility to meet various corporate objectives and is in the best interests of the Company and its shareholders.

It is the Company s intention to finance its operations through, among other things, the issuance from time to time of various equity securities, to consider the acquisition of financial service businesses (possibly using the Shares as consideration in some instances) and to consider the issuance of additional Shares through stock splits and stock dividends in appropriate circumstances. Accordingly, the continued availability of Shares is necessary to provide the Company with the flexibility to take advantage of opportunities in such situations. There are, at present, no plans, understandings, agreements or arrangements concerning the issuance of additional Shares, except for Shares currently reserved for issuance under the Company s stock option plans or pursuant to exercise of the Company s convertible preferred stock.

Pursuant to North Carolina law, authorized and unissued Shares (other than those Shares reserved for certain purposes) are available for issuance by the Company to such persons and for such consideration as the Board may determine from time to time. Shareholders may not be given the opportunity to vote on such matters, unless shareholder approval is required by applicable law or unless the Board in its judgment recommends shareholder approval. Shareholders generally will have no preemptive rights to subscribe to newly issued Shares. Because there are no preemptive rights, the issuance of additional shares could dilute the interests of existing shareholders.

The Board believes that the proposed increase in the number of authorized Shares will provide flexibility needed to meet corporate objectives and is in the best interests of the Company and its shareholders. If the proposal is approved, officers of the Company will promptly make the appropriate filings in the State of North Carolina and take any other action necessary to implement the amendment.

The Board of Directors recommends that shareholders vote FOR approval of the amendment to increase the authorized number of shares of common stock to ten million. This Proposal will be approved if the votes in favor of the Proposal exceed the votes cast against the Proposal.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Company s independent registered public accounting firm for the year ended December 31, 2009, was Elliott Davis, PLLC, Certified Public Accountants (Elliott Davis), whom the audit committee of the Board has selected as the Company s independent registered public accounting firm for the year ended December 31, 2010. Representatives of Elliott Davis will be present at the Annual Meeting with the opportunity to make a statement if they desire, and they will be available to respond to appropriate questions.

Audit fees. Audit fees include fees billed to the Company by Elliott Davis in connection with the annual audit of the Company s financial statements and review of the Company s interim financial statements. The aggregate fees billed to the Company by Elliott Davis for audit services rendered to the Company for the fiscal year ended December 31, 2008, were $69,407 and such fees are estimated for the fiscal year ended 2009 to be $70,338. The fees shown for 2008 are the same as disclosed in the 2009 proxy statement.

Audit-Related fees. Audit-related services include agreed upon procedures related to internal controls over credit grading, assistance to management and the Board regarding capital and expansion implications. The aggregate fees billed to the Company by Elliott Davis for audit-related services for the fiscal years ended December 31, 2008, were $28,398 and such fees are estimated for the fiscal year ended 2009 to be $20,500. The fees shown for 2008 are the same as disclosed in the 2009 proxy statement.

Tax fees. Tax fees include corporate tax compliance, as well as counsel and advisory services. The aggregate fees billed to the Company by Elliott Davis for tax-related services for the fiscal years ended December 31, 2008, were $5,700 and such fees are estimated for the fiscal year ended 2009 to be $6,700. The fees shown for 2008 are $610 higher than disclosed in the 2009 proxy statement.

All other fees. There were no additional fees billed to the Company by Elliott Davis for the fiscal years ended December 31, 2008 and 2009.

In accordance with its Audit Committee Charter, the Company s Audit Committee must approve in advance any audit and permissible non-audit services provided by the Company s independent auditors and the fees charged.

ANNUAL REPORT

In accordance with the regulations of the SEC, the Company s 2009 Annual Report on Form 10-K for the year ended December 31, 2009, including the consolidated financial statements and schedules, accompanies this Proxy Statement. No part of the 2009 Annual Report shall be regarded as proxy-soliciting materials or as a communication by means of which any solicitation is being or is to be made. The Company will furnish any exhibit to the Form 10-K upon payment of the cost of copying the exhibit, upon written request to:

Mark H. Towe

Senior Vice President

Surrey Bancorp

P.O. Box 1227

145 North Renfro Street

Mount Airy, North Carolina 27030

HOW TO SUBMIT SHAREHOLDER PROPOSALS

How to submit a shareholder proposal for possible inclusion in the Company s 2011 Proxy Statement: To be considered for inclusion in the proxy materials for the Company s next annual meeting in 2011, shareholder proposals must be received at the Company s principal office (currently, 145 North Renfro Street, Mount Airy, North Carolina 27030) not later than November 29, 2010. In order for a proposal to be included in the Company s proxy material for any annual meeting, the person submitting the proposal must own, beneficially or of record, at least 1% or $2,000 in market value of the Shares entitled to be voted on that proposal at that annual meeting and must have held those shares for a period of at least one year and continue to hold them through the date of that annual meeting. Also, the proposal must comply with certain other eligibility and procedural requirements established under the Securities Exchange Act or related regulations. The Board will review any shareholder proposal received by that date to determine whether it meets these criteria. Please submit any proposal by certified mail, return receipt requested.

Shareholder proposals after November 29, 2010: Proposals submitted after November 29, 2010, will not be included in the proxy materials for the 2011 annual meeting. However, if a shareholder wishes to have a proposal considered at the 2011 annual meeting as other business, any such proposals should be delivered to the Company s principal office no later than February 14, 2011. Management proxies shall have discretionary authority to vote on any proposals received after February 14, 2011.

Nominations of directors: The Company s Bylaws provide that shareholders may make nominations of directors if such nominations are made in writing and delivered or mailed to the Company not less than seven (7) days nor more than fifty (50) days prior to any meeting of shareholders called for the election of directors. Recommendations and nominations not made in accordance herewith may, in his discretion, be disregarded by the Chairman of the shareholders meeting, and upon his instruction, the voting inspectors may disregard all votes cast for each such nominee.

OTHER MATTERS

Management knows of no other matters expected to be brought before this meeting, but if any such matter is properly presented at the meeting or any adjournment thereof, the persons named in the enclosed form of appointment of proxy will vote in accordance with their best judgment.

By order of the Board of Directors,

Edward C. Ashby, III
President

- 18 -

TO VOTE BY INTERNET:

ACCESS OUR WEBSITE AT

HTTPS://WWW.SHAREHOLDERLINK.COM/FSS/SRYB/PXSIGNON.ASP
AND CLICK ON THE LINK FOR PROXY VOTING.

WHEN PROMPTED FOR YOUR VOTER CONTROL NUMBER, ENTER THE NUMBER PRINTED JUST ABOVE YOUR NAME ON THE FRONT OF THIS PROXY CARD.

TO VOTE BY MAIL:

PLEASE MARK, SIGN AND DATE YOUR PROXY CARD AND RETURN IT IN THE POSTAGE-PAID ENVELOPE PROVIDED.

VOTE 24 HOURS A DAY, 7 DAYS A WEEK UNTIL 5:00 EASTERN TIME ON APRIL 27, 2010!

IF YOU VOTE OVER THE INTERNET, YOU DO NOT NEED TO MAIL YOUR PROXY CARD

If you mail your Proxy Card, it must be signed and dated.

SURREY BANCORP

145 North Renfro Street, Mount Airy, North Carolina 27030

APPOINTMENT OF PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

OF SURREY BANCORP FOR THE ANNUAL MEETING TO BE HELD APRIL 28, 2010

APPOINTMENT OF PROXY: The undersigned shareholder of Surrey Bancorp, a North Carolina corporation (the Company), hereby appoints Pedro A. Pequeno, II and Mark H. Towe, or either of them (the Proxies), as proxies with full power of substitution to act and vote for and on behalf of the undersigned at the Annual Meeting of Shareholders of the Company to be held on April 28, 2010, at 10:00 a.m., local time, at the Cross Creek Country Club, 1129 Greenhill Road, Mount Airy (Surry County), North Carolina, or at any adjournment thereof, as fully as the undersigned would be entitled to act and vote if personally present, in the election of directors, on the proposals listed below and in the Proxy Statement, and in their discretion on such other matters properly be brought before the meeting or any adjournment thereof. If only one such Proxy be present and acting as such at the meeting or any adjournment, that one shall have all the powers hereby conferred.

The undersigned hereby revokes all appointments of proxy previously given to vote at said meeting or any adjournments thereof.

Please complete and sign on the other side

Continued from the reverse side

Your vote is important. Unless you are voting on the Internet, please complete, date and sign this appointment of proxy and return it promptly in the enclosed envelope, even if you plan to attend the meeting, so that your shares may be represented at the annual meeting. If you attend the annual meeting, you may vote in person if you wish, even if you have previously returned your appointment of proxy in the mail or voted on the Internet. See the attached proxy statement for more details.

SURREY BANCORP **REVOCABLE PROXY**

This appointment of proxy will be voted as directed, or, if no directions are indicated, will be voted for all items and in the discretion of the proxies with respect to any other matter. The undersigned hereby revokes all appointments of proxy previously given to vote at said meeting or any adjournments thereof.

Board recommendation. ***The Board of Directors recommends a vote FOR each of the nominees listed below and FOR Proposals 2 and 3.***

1. **ELECTION OF DIRECTORS:** ***Instructions:*** **To vote for some nominees but not others, cross out the name(s) of those for whom you do NOT wish to vote.**

   Eight directors to serve one-year terms expiring at the Annual Meeting in 2011.

Edward C. Ashby, III	William A. Johnson	Elizabeth J. Lovill	Robert H. Moody
F. Eugene Rees	Tom G. Webb	Buddy E. Williams	Hylton Wright

   ¨ **FOR** all nominees listed above (except as crossed out).

   ¨ **WITHHOLD** authority to vote for all nominees listed above.

2. **APPROVAL OF EXECUTIVE COMPENSATION.**

   ¨ **FOR** ¨ **AGAINST** ¨ **ABSTAIN**

3. **APPROVAL OF AMENDMENT TO ARTICLES TO INCREASE AUTHORIZED SHARES.**

   ¨ **FOR** ¨ **AGAINST** ¨ **ABSTAIN**

4. **OTHER BUSINESS.**

   The Proxies vote in their discretion on other business properly presented.

Signature of shareholder

Signature of shareholder

Date: ______________________________, 2010

Please sign above exactly as your name appears on the stock certificate and fill in the date. If there are joint owners, each must sign personally. Trustees and others signing in a representative capacity should indicate below the capacity in which they sign. If a corporation submits this appointment of proxy, it should be executed in the full corporate name by a duly authorized officer. If a partnership submits this appointment of proxy, please have it signed in the partnership name by an authorized person.