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LAKELAND FINANCIAL CORP
Form DEF 14A
March 12, 2001

LAKELAND FINANCIAL CORPORATION
P.O. Box 1387 Warsaw, Indiana 46580 (219)267-6144

March 14, 2001

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 Noon (EST) on April 10, 2001, at the Shrine Building located at the Kosciusko County Fairgrounds in Warsaw, 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 2000 annual report to shareholders for your review. At the meeting we shall report on operations and the outlook for the year ahead.

Your board of directors has nominated four persons to serve as directors, each of whom are incumbent directors. Additionally, our management has selected and recommends that you ratify the selection of Crowe, Chizek and Company LLP to continue as our independent public accountants for the year ending December 31, 2001. We recommend you vote your shares for the director nominees and in favor of the proposal.

We encourage you to attend the meeting in person. Whether or not you plan to attend, however, please complete, date, sign and return the enclosed proxy card in the enclosed envelope. 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
(Michael L. Kubacki)
President and Chief Executive Officer

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LAKELAND FINANCIAL CORPORATION

NOTICE OF ANNUAL MEETING

OF SHAREHOLDERS

TO BE HELD APRIL 10, 2001

To the shareholders:

The annual meeting of the shareholders of Lakeland Financial Corporation will be held on Tuesday, April 10, 2001, at 12:00 Noon (EST) in the Shrine Building located at the Kosciusko County Fairgrounds in Warsaw, Indiana, for the following purposes:

1. to elect four members of the board of directors;
2. to approve the appointment of Crowe, Chizek and Company LLP as independent public accountants for the fiscal year ending December 31, 2001; and
3. 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 21, 2001 will be entitled to vote at the annual meeting. In the event there are not sufficient 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

R. Douglas Grant
(R. Douglas Grant)
Chairman of the Board

Warsaw, Indiana
March 14, 2001

PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. 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 AT ANY TIME PRIOR TO ITS EXERCISE.

LAKELAND FINANCIAL CORPORATION
202 East Center Street
Post Office Box 1387
Warsaw, Indiana 46581-1387
(219) 267-6144

PROXY STATEMENT

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This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of Lakeland Financial for use at the annual meeting of shareholders of Lakeland Financial to be held at the Shrine Building located at the Kosciusko County Fairgrounds in Warsaw, Indiana on Tuesday, April 10, 2001 at Noon (EST), or at any adjournments or postponements of the meeting.

At the annual meeting, shareholders are being asked to consider and vote upon the election of four directors, to ratify the appointment of our accountants and to conduct any other business which is properly brought before the meeting.

The accompanying notice of meeting, proxy card and this proxy statement are first being mailed to shareholders on or about March 14, 2001. Certain of the information provided in the proxy statement relates to Lake City Bank, our wholly owned banking subsidiary. We also own all of the common securities of Lakeland Capital Trust, a Delaware business trust created for the issuance of trust preferred securities to the public. Lake City Bank owns all of the common stock of LCB Investments Limited, formed in 1999 to manage a portion of the bank's securities portfolio.

We will pay the total expense of this solicitation. In addition to use of the mails, proxies may be solicited personally or by telephone or telegraph by officers, directors and certain employees of Lakeland Financial and Lake City Bank, who will not be specially compensated for such soliciting.

Voting Rights and Proxy Information

We have fixed the close of business on February 21, 2001, as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting. Our transfer books will not be closed between the record date and the date of the annual meeting. The board of directors hopes that all shareholders can be represented at the annual meeting. Whether or not you expect to be present, please sign and return your proxy in the enclosed self-addressed, stamped envelope. Shareholders giving proxies retain the right to revoke them at any time before they are voted by written notice of revocation to the corporate secretary and shareholders present at the meeting may revoke their proxy and vote in person.

On February 21, 2001, we had 5,779,932 issued and outstanding shares of common stock. For the election of directors and for all other matters to be voted upon at the annual meeting, each share of common stock is entitled to one vote. A majority of the outstanding shares of the common stock must be present in person or represented by proxy to constitute a quorum for purposes of the annual meeting. Abstentions and broker non-votes will be counted for purposes of determining a quorum. Directors will be elected by a plurality of

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the votes present in person or represented by proxy at the meeting and entitled to vote. In all other matters, the affirmative vote of the majority of shares of common stock present in person or represented by proxy at the annual meeting and entitled to vote on the subject matter shall be required to constitute shareholder approval. Abstentions will be treated as votes against a proposal and broker non-votes will have no effect on the vote.

SECURITY OWNERSHIP OF CERTAIN

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BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock at February 21, 2001, 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 as a group.

Name of Individual or Number of Individuals in Group -----	Amount and Nature of Beneficial Ownership(1) -----	Percent of Class -----
5% Shareholders		
Lakeland Financial Corporation 401(k) Plan Post Office Box 1387 Warsaw, Indiana 46581-1387	646,911 (2)	11.19%
Directors and Nominees		
Eddie Creighton	144,160 (3)	2.49%
Anna K. Duffin	3,000 (4)	*
L. Craig Fulmer	3,614	*
R. Douglas Grant	93,645	1.69%
Jerry L. Helvey	70,483 (5)	1.22%
Michael L. Kubacki	30,999 (6)	*
Allan J. Ludwig	27,492 (7)	*
Charles E. Niemier	2,581	*
D. Jean Northenor	32,054 (8)	*
Richard L. Pletcher	1,768 (9)	*
Steven D. Ross	300	*
Terry L. Tucker	5,280	*
M. Scott Welch	1,850	*
George L. White	2,640 (10)	*

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Name of Individual or Number of Individuals in Group -----	Amount and Nature of Beneficial Ownership(1) -----	Percent of Class -----
Other Named Executive Officers		
Charles D. Smith	26,121	*
Walter L. Weldy	11,128	*
Robert C. Condon	0	--
All directors and executive officers as a group (19 persons)	462,040 (11)	7.99%

*Indicates less than one percent.

(1) 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

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in this column, unless otherwise noted, represents sole voting and investment power.

- (2) This information has been supplied by Lake City Bank, which serves as trustee of the trust for the plan. Participant employees of Lakeland Financial 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.
- (3) Includes 112,172 shares held by CB Farms, LLC, as to which Mr. Creighton shares voting and investment power and 8,288 shares held by Mr. Creighton's individual retirement account as to which he exercises both voting and investment power; and 3,960 shares, held by Mr. Creighton's wife, with respect to which shares he disclaims any beneficial ownership.
- (4) All of which shares Mrs. Duffin owns jointly with her husband and shares voting and investment power.
- (5) Includes 56,255 shares held individually by Mr. Helvey's wife, as to which shares he disclaims any beneficial interest.
- (6) Includes 100 shares owned by each of Mr. Kubacki's minor son and daughter, as to which shares he disclaims any beneficial interest.
- (7) Includes 15,492 shares held by Ludwig, Inc., as to which Mr. Ludwig exercises voting and investment power; 2,000 shares held by Ludwig Investments, as to which shares Mr. Ludwig exercises voting and investment power, 2,000 shares held by Mr. Ludwig's individual retirement account, as to which shares he exercises voting and investment power; and 2,000 shares held by Mr. Ludwig's wife's retirement account, as to which shares Mr. Ludwig disclaims any beneficial interest.
- (8) Includes 475 shares held jointly with Ms. Northenor's husband, with whom she shares voting and investment power.
- (9) Includes 664 shares held by Mr. Pletcher's individual retirement account. Also included are 664 shares held by Mr. Pletcher's wife's individual retirement account, with respect to which shares Mr. Pletcher disclaims any beneficial interest.
- (10) Includes 2,420 shares held jointly with Mr. White's wife, with whom he shares voting and investment power.
- (11) This includes shares which have been allocated to executive officers under the 401(k) plan through December 31, 2000 and all prior years.

ELECTION OF DIRECTORS

Shareholders will be entitled to elect four directors for a term expiring in 2004 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.

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Set forth below is information concerning the nominees for election and for each of the other persons whose terms of office will continue after the meeting, including age, year first elected 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 2004. We recommend that shareholders vote FOR each of the nominees for director.

NOMINEES

Name (Age) -----	Director Since(1) -----	Positions with Lakeland Financial and Lake City Bank -----
Term Expires 2004		
Anna K. Duffin (Age 67)	1994	Director of Lakeland Financial and Lake City Bank
L. Craig Fulmer (Age 58)	1993	Director of Lakeland Financial and Lake City Bank
Charles E. Niemier (Age 45)	1998	Director of Lakeland Financial and Lake City Bank
Terry L. Tucker (Age 60)	1988	Director of Lakeland Financial and Lake City Bank

CONTINUING DIRECTORS

Term Expires 2002		
Eddie Creighton (Age 68)	1970	Director of Lakeland Financial and Lake City Bank
Michael L. Kubacki (Age 49)	1998	President, Chief Executive Officer and Director of Lakeland Financial and Lake City Bank
Steven D. Ross (Age 46)	2000	Director of Lakeland Financial and Lake City Bank
M. Scott Welch (Age 40)	1998	Director of Lakeland Financial and Lake City Bank
George L. White (Age 68)	1984	Director of Lakeland Financial and Lake City Bank

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Name (Age) -----	Director Since(1) -----	Positions with Lakeland Financial and Lake City Bank -----
Term Expires 2003		
R. Douglas Grant (Age 67)	1980	Chairman of the Board and Director of Lakeland Financial and Lake City Bank
Jerry L. Helvey	1974	Director of Lakeland Financial and Lake City Bank

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(Age 67)

Allan J. Ludwig 1996 Director of Lakeland Financial and Lake City Bank
(Age 62)

D. Jean Northenor 2001 Director of Lakeland Financial and Lake City Bank
(Age 67)

Richard L. Pletcher 1992 Director of Lakeland Financial and Lake City Bank
(Age 59)

(1) Includes service as a director of Lake City Bank. Messrs. Grant, Helvey, Creighton and White have served as a director of Lakeland Financial since its formation in 1984.

All of our 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 directors, executive officers or any other person pursuant to which any of our directors or executive officers have been selected for their respective positions. No member of the board of directors or executive officer is related to any other member of the board of directors or executive officer. No 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, except for Mr. Fulmer, who is a director of Starcraft Corporation and Mr. Niemier, who is a director of Biomet, Inc.

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

Mr. Creighton is a former partner and general manager of CB Farms, LLC, which owns and operates Creighton Brothers, LLC and Crystal Lake, LLC, which are involved in poultry and egg production and sales, as well as the production and sale of other agricultural and food products.

Mrs. Duffin is active in civic affairs in the Goshen, Indiana area.

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

Mr. Grant presently serves as chairman of the board of directors of Lakeland Financial and Lake City Bank, positions, which he has held since 1993. Prior to January 1999, he also served as president and chief executive officer of Lakeland Financial and Lake City Bank.

Mr. Helvey is president of Helvey & Associates, Inc., a group of collection agencies.

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Mr. Kubacki presently serves as president and chief executive officer of Lakeland Financial and Lake City Bank. He first joined Lakeland Financial and Lake City Bank during 1998 as president and became chief executive officer of both in January 1999. Prior to 1998, Mr. Kubacki served as Executive Vice President of the Northern Trust Bank of California, NA.

Mr. Ludwig is an entrepreneur and industrial developer.

Mr. Niemier is senior vice president - international operations of

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Biomet, Inc., which is a manufacturer of medical and orthopedic devices. He also serves as a trustee of Valparaiso University.

Ms. Northenor retired in February, 2001 as an executive vice president of Lakeland Financial and Lake City Bank, positions she had held since 1998. She first joined Lake City Bank as the marketing officer in 1983.

Mr. Pletcher is president of Pletcher Enterprises, Inc., a holding company, and chief executive officer of its principal subsidiary, Amish Acres, LLC, a heritage resort.

Mr. Ross is president of Bertsch Services, which is a regional food service and vending company based in Warsaw, Indiana.

Mr. Tucker is president 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.

Mr. Welch is the chief executive officer of Welch Packaging Group, Inc., which is primarily engaged in producing industrial and point of purchase packaging.

Mr. White retired as president of United Telephone Company of Indiana, Inc. in December, 1991.

In addition, the following individuals serve as executive officers of Lakeland Financial:

Robert C. Condon, age 59, presently serves as an executive vice president of Lakeland Financial and Lake City Bank, positions he has held since 1999. Prior to that he was managing director of the northern California region of The Northern Trust Company for eight years. Prior to that he was vice president and division head for Trust Division A for The Northern Trust Company in Chicago.

Kevin L. Deardorff, age 39, 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 1990.

David M. Findlay, age 39, became an executive vice president and chief financial officer of Lakeland Financial 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.

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Charles D. Smith, age 55, 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.

Walter L. Weldy, age 59, is presently an executive vice president of Lakeland Financial and Lake City Bank, positions he has held since 1996. He first joined Lake City Bank as a senior vice president in 1990.

Compliance With Section 16(a)

Section 16(a) of the Securities Exchange Act of 1934 requires that

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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 2000, 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 2000.

Board of Directors and Committees of the Board

Our board of directors held 12 regularly scheduled meetings during 2000. The board of directors has, in addition to other committees, an audit committee and a compensation committee. There is no nominating committee as the full board acts on nominations. All members of our board of directors also serve as members of the board of directors of Lake City Bank. During 2000, none of the directors attended less than 75% of the total number of meetings they were eligible to attend, except Messrs. Ludwig and Welch and Ms. Duffin.

The audit committee, comprised of Anna K. Duffin, Richard L. Pletcher, Steven D. Ross, Terry L. Tucker, and George L. White, held 11 meetings during 2000. Each of these members were considered "independent" according to the Nasdaq listing requirements. In February, 2001, in connection with her retirement as an executive officer, Ms. Northernor was appointed to the audit committee and, because she was recently employed by the company, she is not considered "independent" under Nasdaq rules. By appointing Ms. Northernor to the committee, and pursuant to Nasdaq's rules and regulations, the board has determined that her membership is required for the best interests of Lakeland Financial and its shareholders because of her knowledge and familiarity with the company and the bank which she has garnered over her 17 years of service.

The functions performed by the audit committee include:

- making recommendations to the board of directors with respect to selection of our independent auditors;
- reviewing the independence of the independent auditors;
- reviewing actions by management on the independent auditors and internal auditors recommendations;

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- meeting with management, the internal auditors and the independent auditors 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 independence of the audit function, the committee consults separately and jointly with the independent auditors, the internal auditors and management. The audit committee charter, which sets forth the duties and responsibilities of the audit committee, is attached to this proxy statement as Exhibit A.

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The compensation committee, comprised of L. Craig Fulmer, R. Douglas Grant, Jerry L. Helvey, Michael L. Kubacki and George L. White, held 5 meetings during 2000. The functions performed by the compensation committee include making recommendations to the full board of directors with respect to officers' salaries and setting awards in accordance with our benefit plans.

EXECUTIVE COMPENSATION

The following table shows the compensation earned for the last three fiscal years by the chief executive officer and our four other most highly paid executive officers:

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SUMMARY COMPENSATION TABLE

(a) Name and Principal Position	(b) Year	Annual Compensation		Long Term Compensation Awards
		(c) Salary (\$)	(d) Bonus (\$)	(g) Securities Underlying Options/SARs (#)
Michael L. Kubacki(1) President and Chief Executive Officer	2000	\$ 260,000	\$ 47,500	20,000
	1999	237,500	28,125	10,000
	1998	111,993	---	20,000
Charles D. Smith(2) Executive Vice President	2000	\$ 128,462	\$ 11,003	10,000
Walter L. Weldy Executive Vice President	2000	\$ 115,000	\$ 16,590	8,000
	1999	110,600	19,612	4,000
	1998	108,623	23,470	6,000
Robert C. Condon(3) Executive Vice President	2000	\$ 110,000	\$ 11,250	8,000
D. Jean Northenor(4) Executive Vice President	2000	\$ 105,769	\$ 13,511	8,000

(1) Mr. Kubacki became chief executive officer of Lakeland Financial on January 1, 1999. Mr. Kubacki was first employed by Lakeland Financial and Lake City Bank in 1998.

(2) We have not been required to disclose Mr. Smith's salary information in the past. Accordingly, no information is given with respect to his compensation for 1998 and 1999.

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- (3) Mr. Condon joined Lakeland Financial in 1999 and we have not been required to disclose his salary information in the past. Accordingly, no information is given with respect to his compensation for 1998 and 1999.
- (4) Ms. Northenor retired as an executive vice president of Lakeland Financial effective February 9, 2001. We have not been required to disclose Ms. Northenor's salary information in the past. Accordingly, no information is given with respect to her compensation for 1998 and 1999.
- (5) The amounts set forth in column (i) for Messrs. Kubacki, Smith, Weldy and Condon and Ms. Northenor include the following:

401(k) plan matching contributions, including supplemental 401(k) matching contributions, paid by Lakeland Financial:

	Mr. Kubacki	Mr. Smith	Mr. Weldy	Mr. Condon	Ms. Northenor
2000	\$ 15,755	\$ 8,408	\$ 23,434	\$ 0	\$ 7,589
1999	\$ 5,755	\$ ---	\$ 4,977	\$ ---	\$ ---
1998	\$ ---	\$ ---	\$ 6,517	\$ ---	\$ ---

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The following table sets forth information concerning the number and value of stock options granted in the last fiscal year to the individuals named above in the summary compensation table:

OPTION GRANTS IN LAST FISCAL YEAR

Individual Grants

(a)	(b)	(c)	(d)	(e)	(f)
Name	Options Granted (#) (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date	Potential at assumed stock price (f) 5%
Michael L. Kubacki	10,000	4.61	\$ 15.13	02/08/10	\$ 9
	10,000	4.61	\$ 13.50	06/13/10	\$ 8
Charles D. Smith	4,000	1.84	\$ 15.13	02/08/10	\$ 38
	2,000	.92	\$ 14.13	05/09/10	\$ 17
	4,000	1.84	\$ 13.50	06/13/10	\$ 33
Walter L. Weldy	4,000	1.84	\$ 15.13	02/08/10	\$ 3
	4,000	1.84	\$ 13.50	06/13/10	\$ 3

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Robert C. Condon	4,000	1.84	\$	15.13	02/08/10	\$	3
	4,000	1.84	\$	13.50	06/13/10	\$	3
D. Jean Northenor	4,000	1.84	\$	15.13	02/08/10	\$	3
	4,000	1.84	\$	13.50	06/13/10	\$	3

(1) All options vest five years after grant.

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The following table sets forth information concerning the exercisable and nonexercisable stock options at December 31, 2000 held by the individuals named in the summary compensation table:

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTIONS VALUES					
Name (#) (a)	Shares Acquired on Exercise (#) (b)	Value Realized (\$ (c)	Number of Securities Underlying Unexercised Options at FY-End (#) (d)		V In Exerc
			Exercisable	Unexercisable	
Michael L. Kubacki	---	---	---	50,000	\$
Charles D. Smith	---	---	---	18,000	\$
Walter L. Weldy	---	---	---	18,000	\$
Robert C. Condon	---	---	---	13,000	\$
D. Jean Northenor	---	---	---	16,000	\$

Pension Plan Table

Our defined benefit retirement plan covers certain employees over 21 years of age with more than one year of service. Effective April 1, 2000, we amended the plan to freeze the accrual of benefits to participants under the plan. As a result of this amendment, employees who were not participants of the plan as of March 31, 2000 are no longer able to become participants under the plan. In addition, all benefits previously accrued under the plan by participants were frozen in place, and continuing employment with us will not increase the employee's benefits upon retirement. Normal retirement age is 65. Participants received credit for 2-1/2% of their average salary for each year up to 20 years of service or through March 31, 2000, whichever occurred first.

The principal benefit under this plan is a lifetime annuity for the joint lives of participants and their spouses. This amount is offset by social security benefits. On December 31, 1985, the then existing plan was terminated

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and the latest plan (which is now frozen) was adopted effective January 1, 1986. Participants in the terminated plan were paid cash or received annuities for their earned benefits as of December 31, 1985. The amounts paid for annuities purchased, as a part of the plan termination will reduce the benefits to be paid out of the latest plan.

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Remuneration	Years of Credited Service Through March 31, 2000				
	15	20	25	30	35
100,000	37,500	50,000	50,000	50,000	50,000
150,000	56,250	75,000	75,000	75,000	75,000
200,000	75,000	100,000	100,000	100,000	100,000
250,000	93,750	125,000	125,000	125,000	125,000
300,000	112,500	150,000	150,000	150,000	150,000
350,000	131,250	175,000	175,000	175,000	175,000
400,000	150,000	200,000	200,000	200,000	200,000
450,000	168,750	225,000	225,000	225,000	225,000
500,000	187,500	250,000	250,000	250,000	250,000

The amounts shown above include benefits payable under a supplemental employee retirement plan, which is a non-qualified plan payable as a general creditor of Lakeland Financial. This plan was created in 1989 when changes to the Internal Revenue Code that apply to defined pension plans could have resulted in a reduced pension benefit for certain highly compensated employees. This supplemental plan did not create any new benefits, but was adopted to offset any such reduction in pension benefits. Benefits under this plan were frozen as of December 31, 1999, by a resolution of our board, and continuing employment will not increase the employee's benefits under the plan.

Compensation Committee Interlocks and Insider Participation

During 2000, the compensation committee consisted of Messrs. Fulmer, Grant, Helvey, Kubacki and White. Inside directors (full-time employees of Lakeland Financial), serving on the compensation committee leave the meeting during the time the committee is deliberating on that individual's compensation or that of the individual's superiors. Inside directors do participate in evaluating and establishing the salaries of other executive officers. Mr. Kubacki, president and chief executive officer of Lakeland Financial, participated during 2000 in establishing the salaries of all executive officers except his own.

Employment Agreements

The Company has entered into change of control agreements with several of its executive officers, including Messrs. Kubacki, Smith, Weldy and Condon. The agreements provide that upon the termination of the executive's employment within one year prior to, or following, a change of control of Lakeland Financial, the executive has the right to receive a payment equal to approximately two times 120% of the executive's base salary. Also, the executive shall continue to receive certain benefits, including medical insurance coverage. Pursuant to the agreements, a "change of control" shall be

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any of the following events: a merger or attempted hostile takeover; a person acquiring 30% of our voting securities followed by their election as a director to the board of directors; a person acquiring more than 50% of our voting securities; and any other event that has the effect of placing control of Lakeland Financial in someone other than current shareholders.

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In addition, the agreements provide that the executive shall not compete with us, or our successor, for two years following a change of control. If the executive elects, he or she may forego the severance benefit and not be subject to the restrictive covenant. The restrictive covenant extends to a 60 mile radius of Warsaw, Indiana.

Report of the Compensation Committee on Executive Compensation

The report of the compensation committee below shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent Lakeland Financial specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

General

We annually review executive officer compensation in December with the new compensation to become effective on the following January 1. In establishing executive compensation, we have historically divided compensation into the two separate components of salary and bonus. When fixing an individual executive officer's compensation, these two components are intended to work together to compensate the executive officer fairly for his or her services and reward the executive officer based upon our performance during the year. We further encourage the executive officers and all employees to acquire a personal interest in the long-term success of Lakeland Financial by participating in stock ownership under our 401(k) plan. During 1998, we established the Lakeland Financial Corporation 1997 Share Incentive Plan to enhance the opportunity of the executive officers, as well as other covered employees, to acquire stock in Lakeland Financial. The board of directors retains final approval over executive compensation.

Salary

Executive officer salaries are based upon a wide variety of factors, including prior years' salary, duties and responsibilities, evaluations by supervisors, and salaries for comparable positions paid by similarly situated financial institutions. When establishing the salary of executive officers other than his own, Mr. Kubacki participated and made recommendations to the committee.

The committee reviews the annual survey of financial institution salaries paid by Indiana banks published by the Indiana Banker's Association as well as a salary survey prepared by Crowe, Chizek and Company LLP. Using this information, the committee establishes salaries using an informal and subjective analysis, primarily focused upon paying competitive salaries sufficient to retain the services of its executive officers without paying salaries which are significantly greater than those paid by similarly situated financial institutions. Although our overall profitability is a factor in establishing executive officer salaries, no specific weight is given to financial performance. Likewise, consideration is given to the performance of our common stock during the preceding several years, but no specific weight is given to this factor. The salary paid to Mr. Kubacki, as president and chief

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executive officer, during 2000, as shown in the summary compensation table above, was based upon the committee's satisfaction with our overall profitability and performance of our common stock and retaining his services for future years, without any specific reference being made to qualitative or quantitative performance factors.

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Bonus

Executive officer bonuses, including Mr. Kubacki's, are determined by an established executive incentive compensation program, which is periodically reviewed by the committee. This program applies to all of our executive officers, as well as designated officers of Lake City Bank. As established, the committee retains the right to modify the program and/or withhold payment at any time. Historically, payments have not been withheld since its adoption. The bonus program is designed to encourage the executive officers to maximize the annual profits of Lake City Bank with an incentive to conserve capital. During the December 2000 review, the committee chose not to modify the bonus program or withhold payment for fiscal year 2000. We have adopted provisions of Statement of Financial Accounting Standard ("SFAS") 115 which requires recognition of unrealized gains or losses on certain debt and equity securities held in Lake City Bank's investment securities portfolio at year end. For purposes of the bonus program, unrealized gains and losses in the investment securities portfolio of Lake City Bank are excluded from equity capital.

Bonuses are computed on our return on investment (shareholders' equity). It is based upon net profit (after taxes) and includes all realized securities gains and losses (including tax effect), before payment of bonuses and contributions to the 401(k) plan. The year end return on investment computed on shareholders' equity as of January 1 of each year must equal or exceed 12% in order for a bonus to be paid that year. Thereafter, based upon an established schedule, a percentage of each eligible officer's salary is paid as a bonus.

As established, the bonus program provides that our president and chief executive officer would receive two times the established percentage for his bonus and the executive vice presidents receive one and one half times the established percentage for their bonuses. For 2000, the return on investment established a 10% bonus payable in 2000. Bonuses for officers receiving promotions during the year are prorated.

Stock Ownership

At the annual meeting held in April 1998, the shareholders approved the Lakeland Financial Corporation 1997 Share Incentive Plan. The purpose of this incentive plan is to enhance our long term financial performance by

- attracting and retaining executive and other key employees of Lakeland Financial and Lake City Bank through incentive compensation opportunity;
- motivating such employees to further the long term goals of Lakeland Financial and the Lake City Bank; and
- furthering the identity of interests of participating employees with our shareholders through opportunities for increased employee ownership of Lakeland Financial.

During 2000, the compensation committee recommended, and the board of

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directors approved, the granting of options for a total of 217,150 shares to 132 employees and directors. The number and terms of shares for which options were granted to Messrs. Kubacki, Smith, Weldy and Condon and Ms. Northenor during 2000 are shown in the table of option grants above.

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We have a 401(k) plan, effective January 1, 1984, which allows the participants to choose between several different investment options, including shares of our common stock. Under the plan, employees are eligible to redirect up to 9% of their regular basic compensation into a tax-deferred trust. We make matching contributions on up to 6% of each participant's regular basic compensation. All participants are always 100% vested in their salary redirections and become 100% vested in our contribution upon retirement, disability or in accordance with the vesting provisions of the plan. Participant accounts are distributed to the individual participants upon termination of employment and may include our stock.

Approved by the Lakeland Financial compensation committee as of December 31, 2000.

L. Craig Fulmer
R. Douglas Grant

Jerry L. Helvey, Chairman
Michael L. Kubacki

George L. White

Stock Price Performance

The stock price performance graph below shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent Lakeland Financial specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

The graph below compares cumulative total return* of Lakeland Financial, the Nasdaq Market Index and a peer group index.

The following table was presented as a graph in the proxy material mailed to shareholders.

INDEX	1995	1996	1997	1998	1999	2000
LAKELAND FINANCIAL CORP.	100.00	149.01	240.44	186.54	154.19	134.21
PEER GROUP INDEX	100.00	126.71	202.62	192.10	156.17	153.32
NASDAQ MARKET INDEX	100.00	124.27	152.00	214.39	378.12	237.66

* Assumes \$100 invested on December 31, 1995 and that all dividends were reinvested.

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The peer group was chosen in 1999 based on size and consisted of all banks in the United States with total assets of one billion dollars or more but less than three billion dollars whose equity securities were traded on an exchange for the last five consecutive years.

DIRECTORS' COMPENSATION

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During 2000, directors who were not full time employees of Lakeland Financial or Lake City Bank, were paid an annual fee of \$7,000 and an additional \$325 for each board meeting attended and \$325 for each committee meeting attended. They are not eligible to participate in the 401(k) plan or the defined benefit plan. Inside directors (those who are full time employees of Lakeland Financial or Lake City Bank) are not paid a director's fee. Directors are permitted to defer receipt of their directors' fees and earn a rate of return based upon Lake City Bank's six-month certificate of deposit rates. Effective January 1, 1997, this plan was broadened to add an option to permit the directors to earn a return based upon the performance of our stock rather than the certificate of deposit rate. We may, but are not required to, fund the deferred fees into a trust which may hold our stock. The plan is unqualified and the directors have no interest in the trust. The deferred fees and any earnings thereon are unsecured obligations of Lakeland Financial. Any shares held in the trust are treated as treasury shares and may not be voted. During 2000, each director who was not a full time employee of Lakeland Financial or Lake City Bank was granted an option to acquire 1,100 shares at the price of \$15.13, with the exception of Mr. Grant who received an option to acquire 3,600 shares. In addition, Mr. Ross received an option to purchase 500 shares at the price of \$12.38 because he joined the board in July, 2000. The options are not exercisable for 5 years, except in the case of retirement or disability.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During 2000, Lake City Bank had extended, and expects to continue to extend, loans to its directors and officers and to their related interests. Such loans were, and will continue to be, made only upon the same terms, conditions, interest rates, and collateral requirements as those prevailing at the same time for comparable loans extended from time to time to other, unrelated borrowers. Loans to directors and officers do not and will not involve greater risks of collectability, or present other unfavorable features, than loans to other borrowers.

AUDIT COMMITTEE REPORT

The report of the audit committee below shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent Lakeland Financial specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

The audit committee assists the board in carrying out its oversight responsibilities for our financial reporting process, audit process and internal controls. The audit committee also reviews the audited financial statements and recommends to the board that they be included in our annual report on Form 10-K. As of December 31, 2000, the committee was comprised solely of independent directors.

The audit committee has reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2000 with our management and Crowe, Chizek and Company LLP, our independent auditors. The committee has also discussed with Crowe Chizek the matters required to be discussed by SAS 61 (Codification for Statements on Auditing Standards) as well as having received and discussed the written disclosures and the letter from Crowe Chizek required by Independence Standards Board Statement No. 1 (Independence Discussions with Audit Committees). Based on the review and discussions with

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management and Crowe Chizek, the committee has recommended to the board that the audited financial statements be included in our annual report on Form 10-K for the fiscal year ending December 31, 2000 for filing with the Securities and Exchange Commission.

Approved by the Lakeland Financial audit committee as of December 31, 2000.

Anna K. Duffin
Terry L. Tucker

Steven D. Ross
George L. White

Richard L. Pletcher

INDEPENDENT PUBLIC ACCOUNTANTS

Shareholders will be asked to approve the appointment of Crowe, Chizek and Company LLP as our independent public accountants for the year ending December 31, 2001. A proposal will be presented at the annual meeting to ratify the appointment of Crowe Chizek. If the appointment of Crowe Chizek is not ratified, the matter of the appointment of independent public accountants will be considered by the board of directors. A representative of Crowe Chizek is not expected to be present at the annual meeting.

Accountant Fees

Audit Fees

The aggregate fees and expenses billed by Crowe Chizek in connection with the audit of our annual financial statements as of and for the year ended December 31, 2000 and for the required review of our financial information included in our Form 10-Q filings for the year 2000 was \$92,000.

Financial Information Systems Design and Implementation Fees

There were no fees incurred for these services for the year 2000.

All Other Fees

The aggregate fees and expenses billed by Crowe Chizek for all other services rendered to us for the year ended December 31, 2000 was \$76,000.

The audit committee, after consideration of the matter, does not believe that the rendering of these services by Crowe Chizek to be incompatible with maintaining Crowe Chizek's independence as our principal accountant.

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PROPOSALS OF SHAREHOLDERS

Any proposal which any shareholder may intend to present at the annual meeting to be held in 2002 must be received by us on or before November 2, 2001, if such proposal is to be included in the proxy statement and form of proxy pertaining to the 2002 annual meeting.

GENERAL

On your written request addressed to the Corporate Secretary, Lakeland Financial Corporation at P.O. Box 1387, Warsaw, Indiana 46581-1387, a copy of Lakeland Financial Corporation's annual report on Form 10-K, including

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the financial statements and schedules thereto, will be provided without charge to you.

As of the date of this proxy statement, we know of no matters to be brought before the annual meeting other than the matters outlined in this proxy statement. If, however, further business should properly be introduced by others, proxy holders will act in accordance with their own best judgment.

Michael L. Kubacki
President and Chief Executive Officer

March 14, 2001
Warsaw, Indiana

ALL STOCKHOLDERS ARE URGED TO SIGN
AND MAIL THEIR PROXIES PROMPTLY

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APPENDIX

FORM OF PROXY

PROXY FOR COMMON SHARES SOLICITED ON BEHALF OF THE BOARD
OF DIRECTORS FOR THE ANNUAL MEETING OF SHAREHOLDERS OF
LAKELAND FINANCIAL CORPORATION TO BE HELD ON APRIL 10, 2001

The undersigned hereby appoints R. Douglas Grant and Michael L. Kubacki, or either one of them acting in the absence of the other, with power of substitution, attorneys and proxies, for and in the name and place of the undersigned, to vote the number of common shares that the undersigned would be entitled to vote if then personally present at the annual meeting of shareholders, to be held at the Shrine Building located at the Kosciusko County Fairgrounds in Warsaw, Indiana, on the 10th day of April, 2001, at Noon, or any adjournments or postponements of the meeting, upon the matters set forth in the notice of annual meeting and proxy statement, receipt of which is hereby acknowledged, as follows:

1. ELECTION OF DIRECTORS:
FOR all nominees listed below (except as marked to the contrary below) []

WITHHOLD AUTHORITY to vote for all nominees listed below []

(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME IN THE LIST BELOW.)

Term Expires 2004: Anna K. Duffin, L. Craig Fulmer, Charles E. Niemier and Terry L. Tucker

2. APPROVE THE APPOINTMENT OF Crowe, Chizek & Company LLP as the Company's

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Independent public auditors for the year ending December 31, 2001:

For

Against

Abstain

3. In accordance with their discretion, upon all other matters that may properly come before said meeting and any adjournments or postponements of the meeting.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE NOMINEES LISTED UNDER PROPOSAL 1 AND FOR PROPOSAL 2.

Dated: _____, 2001

Signature(s)

NOTE: PLEASE DATE PROXY AND SIGN IT EXACTLY AS NAME OR NAMES APPEAR ABOVE. ALL JOINT OWNERS OF SHARES SHOULD SIGN. STATE FULL TITLE WHEN SIGNING AS EXECUTOR, ADMINISTRATOR, TRUSTEE, GUARDIAN, ETC. PLEASE RETURN SIGNED PROXY IN THE ENCLOSED ENVELOPE.