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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarterly Period Ended:
June 30, 2004

Commission File Number 0-13358

CAPITAL CITY BANK GROUP, INC.

(Exact name of registrant as specified in its charter)

Florida	59-2273542
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

217 North Monroe Street, Tallahassee, Florida 32301
(Address of principal executive offices) (Zip Code)

(850) 671-0300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

At July 31, 2004, 13,281,707 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

FORM 10-Q INDEX

ITEM	PART I. FINANCIAL INFORMATION	PAGE NUMBER
1.	Consolidated Financial Statements	3
2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13
3.	Quantitative and Qualitative Disclosures About Market Risk	25
4.	Controls and Procedures	27
ITEM	PART II. OTHER INFORMATION	
1.	Legal Proceedings	Not Applicable
2.	Changes in Securities and Use of Proceeds	Not Applicable
3.	Defaults Upon Senior Securities	Not Applicable
4.	Submission of Matters to a Vote of	

	Security Holders	28
5.	Other Information	Not Applicable
6.	Exhibits and Reports on Form 8-K	29
Signatures		29

INTRODUCTORY NOTE

This Report and other Company communications and statements may contain "forward-looking statements," including statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions. These statements are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. For information concerning these factors and related matters, see Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED JUNE 30
(Unaudited)
(Dollars in Thousands, Except Per Share Data)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Interest and Fees on Loans	$22,922	$22,126	$44,194	$44,290
Investment Securities:				
U.S. Treasury	224	150	452	286
U.S. Govt. Agencies and Corporations	462	628	791	1,494
States and Political Subdivisions	482	610	1,023	1,240
Other Securities	59	151	136	329
Funds Sold	116	332	339	685
Total Interest Income	24,265	23,997	46,935	48,324
INTEREST EXPENSE				
Deposits	2,385	3,053	4,779	6,280
Short-Term Borrowings	249	340	536	669
Long-Term Debt	587	501	1,084	1,045
Total Interest Expense	3,221	3,894	6,399	7,994
Net Interest Income	21,044	20,103	40,536	40,330
Provision for Loan Losses	580	886	1,541	1,665
Net Interest Income After Provision for Loan Losses	20,464	19,217	38,995	38,665
NONINTEREST INCOME				
Service Charges on Deposit Accounts	4,427	4,074	8,371	8,041
Data Processing	703	611	1,336	1,169
Asset Management Fees	950	650	1,691	1,255
Gain on Sale of Investment Securities	19	12	19	23
Mortgage Banking Revenues	986	1,540	1,680	2,885
Other	3,946	3,541	7,815	7,001
Total Noninterest Income	11,031	10,428	20,912	20,374
NONINTEREST EXPENSE				
Salaries and Associate Benefits	10,809	9,766	21,549	19,895
Occupancy, Net	1,749	1,510	3,366	2,879
Furniture and Equipment	1,977	1,874	4,040	3,669
Conversion/Merger Expense	4	-	46	-
Other	7,062	6,366	13,675	12,502
Total Noninterest Expense	21,601	19,516	42,676	38,945

Income Before Income Taxes	9,894	10,129	17,231	20,094
Income Taxes	3,451	3,689	5,941	7,293
NET INCOME	$ 6,443	$ 6,440	$11,290	$12,801
Basic Net Income Per Share	$ .48	$ .49	$ .85	$ .97
Diluted Net Income Per Share	$ .48	$ .49	$ .85	$ .97
Cash Dividends Per Share	$ .1800	$ .1700	$ .3600	$ .3060
Basic Average Shares Outstanding	13,274,451	13,209,124	13,268,272	13,208,999
Diluted Average Shares Outstanding	13,277,202	13,254,886	13,271,090	13,254,761

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF JUNE 30, 2004 AND DECEMBER 31, 2003
(Unaudited)
(Dollars In Thousands, Except Share Data)

<S>	June 30, 2004 <C>	December 31, 2003 <C>
ASSETS		
Cash and Due From Banks	$ 97,154	$ 93,140
Funds Sold	107,399	125,452
Total Cash and Cash Equivalents	204,553	218,592
Investment Securities, Available-for-Sale	183,732	181,734
Loans, Net of Unearned Interest	1,521,497	1,341,632
Allowance for Loan Losses	(13,657)	(12,429)
Loans, Net	1,507,840	1,329,203
Premises and Equipment, Net	56,263	54,011
Intangibles	40,608	25,792
Other Assets	33,834	37,170
Total Assets	$2,026,830	$1,846,502
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 520,118	$ 455,550
Interest Bearing Deposits	1,092,618	1,018,655
Total Deposits	1,612,736	1,474,205
Short-Term Borrowings	127,012	108,184
Long-Term Debt	58,427	46,475
Other Liabilities	18,934	14,829
Total Liabilities	1,817,109	1,643,693
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value, 3,000,000 shares authorized; no shares outstanding	-	-
Common Stock, $.01 par value, 90,000,000 shares authorized; 13,274,585 shares outstanding at June 30, 2004 and 13,236,462 outstanding at December 31, 2003	133	132
Additional Paid-In Capital	17,922	16,157
Retained Earnings	191,645	185,134
Accumulated Other Comprehensive Income, Net of Tax	21	1,386
Total Shareowners' Equity	209,721	202,809
Total Liabilities and Shareowners' Equity	$2,026,830	$1,846,502

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

<TABLE>

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30
(Unaudited)
(Dollars in Thousands)

<S>	2004 <C>	2003 <C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 11,290	$ 12,801
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Loan Losses	1,541	1,665
Depreciation	2,584	2,327
Net Securities Amortization	1,229	1,070
Amortization of Intangible Assets	1,729	1,621
Gains on Sale of Investment Securities	(19)	(23)
Non-Cash Compensation	1,625	334
Net Decrease in Other Assets	4,940	1,817
Net Increase (Decrease) in Other Liabilities	4,167	(1,369)
Net Cash Provided By Operating Activities	29,086	20,243
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Payments/Maturities/Sales of Investment Securities Available-for-Sale	87,296	54,166
Purchase of Investment Securities Available-for-Sale	(76,484)	(46,555)
Net Increase in Loans	(92,296)	(49,520)
Net Cash Used In Acquisition	(18,055)	-
Purchase of Premises & Equipment	(3,686)	(6,563)
Sales of Premises & Equipment	861	1
Net Cash Used In Investing Activities	(102,364)	(48,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposits	36,097	64,377
Net Increase (Decrease) in Short-Term Borrowings	18,828	(32,372)
Borrowing of Long-Term Debt	9,737	6,891
Repayment of Long-Term Debt	(785)	(646)
Dividends Paid	(4,779)	(4,042)
Issuance of Common Stock	141	422
Net Cash Provided By Financing Activities	59,239	34,630
Net (Decrease) Increase in Cash and Cash Equivalents	(14,039)	6,402
Cash and Cash Equivalents at Beginning of Period	218,592	260,759
Cash and Cash Equivalents at End of Period	$204,553	$267,161
Supplemental Disclosure:		
Interest Paid on Deposits	$ 4,815	$ 6,591
Interest Paid on Debt	$ 1,615	$ 1,692
Transfer of Loans to ORE	$ 846	$ 628
Income Taxes Paid	$ 2,148	$ 9,496
Issuance of Common Stock as Non-Cash Compensation	$ 1,625	$ 334
Transfer of Current Portion of Long-Term Debt to Short-Term Borrowings	$ -	$ 20,326

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) MANAGEMENT'S OPINION AND ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, including Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. Prior period financial statements have been reformatted and/or had amounts reclassified, as necessary, to conform with the current presentation.

In the opinion of management, the consolidated financial statements contain all adjustments, which are those of a recurring nature, and disclosures necessary to present fairly the financial position of the Company as of June 30, 2004 and December 31, 2003, the results of operations for the three and six month periods ended June 30, 2004 and 2003, and cash flows for the six month periods ended June 30, 2004 and 2003.

The Company and its subsidiaries follow accounting principles generally accepted in the United States of America and reporting practices applicable to the banking industry. The principles which materially affect its financial position, results of operations and cash flows are set forth in Notes to Consolidated Financial Statements which are included in the Company's 2003 Annual Report on Form 10-K.

Stock-based Compensation

As of June 30, 2004, the Company had three stock-based compensation plans, consisting of the Associate Stock Incentive Plan ("AIP"), the Associate Stock Purchase Plan ("ASPP") and the Director Stock Purchase Plan ("DSPP"). Pursuant to the AIP, the Company executed an executive incentive stock option arrangement effective January 1, 2004. As a result of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," the Company adopted the fair value recognition provisions of SFAS No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," prospectively to all awards granted, modified, or settled on or after January 1, 2003. Awards under the Company's plans vest over periods ranging from six months to four years. Therefore, the cost related to stock-based associate compensation included in the determination of net income for 2003 is different than that which would have been recognized if the fair value based method had been applied to all awards since the original effective date of SFAS 123, as a result of the difference between compensation measurement dates under SFAS 123 and APB 25, the differences in what instruments are considered non-compensatory, and the fact that awards granted prior to January 1, 2003 were accounted for under APB 25. The cost related to all stock-based associate compensation included in net income is accounted for under the fair value based method during 2004 as all awards have grant dates after January 1, 2003.

<TABLE>

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(Dollars in Thousands, Except Per Share Data)	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Net income, as reported	$6,443	$6,440	$11,290	$12,801
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	98	80	180	221
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(98)	(132)	(180)	(229)
Pro forma net income	$6,443	$6,388	$11,290	$12,793

Earnings per share:

Basic-as reported	$ .48	$ .49	$ .85	$ .97
Basic-pro forma	$ .48	$ .48	$ .85	$ .97
Diluted-as reported	$ .48	$ .49	$ .85	$ .97
Diluted-pro forma	$ .48	$ .48	$ .85	$ .97

</TABLE>

(2) ACQUISITIONS

On March 19, 2004, the Company's subsidiary, Capital City Bank, completed its merger with Quincy State Bank , a subsidiary of Synovus Financial Corp. Results of Quincy State Bank's operations have been included in the Company's consolidated financial statements since March 20, 2004. Quincy State Bank had $116.6 million in assets with one office in Quincy, Florida and one office in Havana, Florida. The transaction was accounted for as a purchase and resulted in approximately $15.4 million of intangible assets, including approximately $13.0 million in goodwill and a core deposit intangible of $2.4 million. The core deposit intangible is being amortized over a 7-year period.

The information below lists the consolidated assets and liabilities of Quincy State Bank as of March 19, 2004, along with the consideration paid:

<TABLE>

(Dollars in Thousands)	Quincy State Bank
<S>	<C>
Cash and Due From Banks	$ 2,295
Funds Sold	6,949
Total Cash and Cash Equivalents	9,244
Investment Securities, Available-for-Sale	16,150
Loans, Net of Unearned Interest	88,727
Intangible Asset	14,915
Other Assets	2,498
Total Assets	$131,534
Total Deposits	$102,434
Long-Term Debt	3,000
Total Liabilities	$105,434
Consideration Paid to Quincy State Bank Shareowners	$ 26,100

</TABLE>

The following unaudited pro forma financial information for the three and six months ended June 30, 2004 and 2003 presents the consolidated operations of the Company as if the Quincy State Bank acquisition had been made on January 1, 2003. The unaudited pro forma financial information is provided for informational purposes only, should not be construed to be indicative of the Company's consolidated results of operations had the

acquisition of Quincy State Bank been consummated on this earlier date, and do not project the Company's results of operations for any future period:

<TABLE>

(Dollars in Thousands, Except Per Share Data)	For 36 Months Ended June 30, 2004	2003	For 6 Months Ended June 30, 2004	2003
<C>	<C>	<C>	<C>	<C>
Interest Income	$24,265	$25,752	$48,404	$51,877
Interest Expense	3,221	4,234	6,604	8,693
Net Interest Income	21,044	21,518	41,800	43,184
Provision for Loan Losses	580	931	1,571	1,755
Net Interest Income After Provision for Loan Losses	20,464	20,587	40,229	41,429
Noninterest Income	11,031	10,883	21,252	21,183
Noninterest Expense	21,601	20,542	43,498	41,002
Income Before Income Taxes	9,894	10,928	17,983	21,609

Income Taxes	3,451	4,134	6,204	8,052
Net Income	$ 6,443	$ 6,794	$11,779	$13,558
Basic Net Income Per Share	$ .48	$ .51	$ .89	$ 1.03
Diluted Net Income Per Share	$ .48	$ .51	$ .89	$ 1.02

</TABLE>

On March 19, 2004, the Company completed its purchase of fiduciary assets from Synovus Trust Company for $2.0 million. This purchase is subject to a $800,000 earn-out agreement and, as a result, a $1.2 million intangible was recorded with the balance, to the extent earned, to be recorded in the fourth quarter of 2004. This intangible is being amortized over a 10-year period.

During the fourth quarter of 2004, the Company plans to complete its acquisition of the Farmers and Merchants Bank in Dublin, Georgia, a $411 million asset institution with three offices in Laurens County. The purchase price is $66.6 million, payable in a combination of cash and stock. Farmers and Merchants Bank shareowners will receive $666.50 in cash and an equivalent value in CCBG common stock for each of the 50,000 shares issued and outstanding.

(3) INVESTMENT SECURITIES

The carrying value and related market value of investment securities at June 30, 2004 and December 31, 2003 were as follows (dollars in thousands):

<TABLE>

	June 30, 2004			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury	$ 46,386	$ 15	$ 255	$ 46,146
U.S. Govt. Agencies and Corporations	65,502	36	571	64,967
States and Political Subdivisions	52,301	809	115	52,995
Mortgage-Backed Securities	13,765	236	94	13,907
Other Securities	5,717	-	-	5,717
Total	$183,671	$1,096	$1,035	$183,732

	December 31, 2003			
Available-For-Sale	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury	$ 78,498	$ 105	$ 1	$ 78,602
U.S. Govt. Agencies and Corporations	26,862	133	-	26,995
States and Political Subdivisions	55,641	1,511	-	57,152
Mortgage-Backed Securities	11,618	427	-	12,045
Other Securities	6,927	13	$ -	6,940
Total	$179,546	$2,189	$ 1	$181,734

</TABLE>

(4) LOANS

The composition of the Company's loan portfolio at June 30, 2004 and December 31, 2003 was as follows (dollars in thousands):

<TABLE>

	June 30, 2004	December 31, 2003
<S>	<C>	<C>
Commercial, Financial and Agricultural	$ 187,530	$ 160,048
Real Estate-Construction	108,422	89,149
Real Estate-Commercial Mortgage	466,437	391,250
Real Estate-Residential	345,305	327,212
Real Estate-Home Equity	133,729	116,810
Real Estate-Loans Held-for-Sale	3,612	4,240
Consumer	243,890	233,395

Other Loans<F1>	32,572	19,528
Loans, Net of Unearned Interest	$1,521,497	$1,341,632

<FN>
<F1> Consists primarily of loans-in-process.
</FN>
</TABLE>

(5) ALLOWANCE FOR LOAN LOSSES

An analysis of the changes in the allowance for loan losses for the six month periods ended June 30, 2004 and 2003, is as follows (dollars in thousands):

<TABLE>

	June 30,	
	2004	2003
<S>	<C>	<C>
Balance, Beginning of Period	$12,429	$12,495
Provision for Loan Losses	1,541	1,665
Recoveries on Loans Previously Charged-Off	892	447
Loans Charged-Off	(2,518)	(2,173)
Acquired Reserves	1,313	-
Balance, End of Period	$13,657	$12,434

</TABLE>

Impaired loans are primarily defined as all nonaccruing loans for the loan categories which are included within the scope of SFAS 114. Selected information pertaining to impaired loans is depicted in the table below (dollars in thousands):

<TABLE>

	June 30,			
	2004		2003	
Impaired Loans:	Balance	Valuation Allowance	Balance	Valuation Allowance
<S>	<C>	<C>	<C>	<C>
With Related Credit Allowance	$ 989	$481	$ 878	$453
Without Related Credit Allowance	1,912	-	1,668	-
Average Recorded Investment for the Period	3,380	*	3,088	*

* Not Applicable
</TABLE>

The Company recognizes income on impaired loans primarily on the cash basis. Any change in the present value of expected cash flows is recognized through the allowance for loan losses. For the six month period ended June 30, 2004 and 2003, the Company recognized $18,000 and $5,000, respectively, in interest income on impaired loans, all of which was collected in cash.

(6) DEPOSITS

The composition of the Company's interest bearing deposits at June 30, 2004 and December 31, 2003 was as follows (dollars in thousands):

<TABLE>

	June 30, 2004	December 31, 2003
<S>	<C>	<C>
NOW Accounts	$ 320,460	$ 276,934
Money Market Accounts	214,815	207,934
Savings Deposits	130,822	110,834
Other Time Deposits	426,521	422,953
Total Interest Bearing Deposits	$1,092,618	$1,018,655

</TABLE>

(7) INTANGIBLE ASSETS

The Company had intangible assets of $40.6 million and $25.8 million at June

30, 2004 and December 31, 2003, respectively. Intangible assets were as follows (dollars in thousands):

	June 30, 2004		December 31, 2003	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Core Deposit Intangibles	$36,149	$16,363	$33,752	$14,640
Goodwill	23,442	3,786	10,466	3,786
Other	1,200	34	-	-
Total Intangible Assets	$60,791	$20,183	$44,218	$18,426

Net Core Deposit Intangibles: As of June 30, 2004 and December 31, 2003, the Company had net core deposit intangibles of $19.8 million and $19.1 million, respectively. Amortization expense for the first half of 2004 and 2003 was $1.7 million and $1.6 million, respectively.

Goodwill: As of June 30, 2004 and December 31, 2003, the Company had goodwill, net of accumulated amortization, of $19.7 million and $6.7 million, respectively. The increase in goodwill is due to the acquisition of Quincy State Bank in March 2004. Goodwill is the Company's only intangible asset that is no longer subject to amortization under the provisions of SFAS 142.

Other: As of June 30, 2004, the Company had a customer relationship intangible, net of accumulated amortization, of $1.2 million. This intangible was booked as a result of the March 2004 acquisition of trust customer relationships from Synovus Trust Company. Amortization expense for the first half of 2004 was $34,000. Estimated annual amortization expense is $120,000 based on use of a 10 year useful life.

(8) EMPLOYEE BENEFIT PLANS

The components of the net periodic benefit costs for the Company's qualified benefit pension plan were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in Thousands)	2004	2003	2004	2003
Discount rate	6.25%	6.75%	6.25%	6.75%
Long-term rate of return on assets	8.00%	8.25%	8.00%	8.25%
Service cost	$ 950	$ 826	$1,900	$1,651
Interest cost	725	642	1,450	1,285
Expected return on plan assets	(675)	(542)	(1,350)	(1,084)
Transition obligation/(asset) amortization	-	1	-	1
Prior service cost amortization	50	54	100	108
Net loss/(gain) amortization	300	282	600	564
Net periodic benefit cost	$1,350	$1,263	$2,700	$2,525

The components of the net periodic benefit costs for the Company's Supplemental Executive Retirement Plan ("SERP") were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in Thousands)	2004	2003	2004	2003
Discount rate	6.25%	6.75%	6.25%	6.75%
Long-term rate of return on assets	N/A	N/A	N/A	N/A
Service cost	$ 48	$20	$ 96	$ 40
Interest cost	65	28	129	56

Expected return on plan assets	N/A	N/A	N/A	N/A
Transition obligation/(asset) amortization	-	-	-	-
Prior service cost amortization	30	15	61	30
Net loss/(gain) amortization	(18)	(11)	(36)	(22)
Net periodic benefit cost	$125	$52	$250	$104

</TABLE>

(9) COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income," requires that certain transactions and other economic events that bypass the income statement be displayed as other comprehensive income. The Company's comprehensive income (loss) consists of net income (loss) and changes in unrealized gains on securities available-for-sale, net of income taxes. Changes in unrealized gains (losses), net of taxes, on securities are reported as other comprehensive income (loss) and totaled $(1.4 million) for both the three and six months ended June 30, 2004, and $(92,000) and $(577,000), respectively, for the three and six months ended June 30, 2003. Reclassification adjustments consist only of realized gains on sales of investment securities and were not material for the six months ended June 30, 2004 and 2003.

(10) SUBSEQUENT EVENT

On July 30, 2004, Capital City Bank Group, Inc.'s wholly-owned banking subsidiary, Capital City Bank, entered into an agreement with Elan Financial Services, a subsidiary of Minneapolis-based U.S. Bancorp. The agreement provides for Capital City Bank to sell its portfolio of credit card receivables to Elan and for Elan to provide additional credit card services to Capital City Bank. As part of the arrangement, Capital City Bank will continue to issue and support credit card products and services, and Elan will enable Capital City to offer a bankcard with enhanced features. The transaction closed August 5, 2004, and is expected to generate an after-tax gain of approximately $4.2 million for Capital City. The credit card portfolio sold to Elan has approximately 22,000 accounts and $22.7 million in receivables.

<TABLE>

QUARTERLY FINANCIAL DATA (UNAUDITED)
(Dollars in Thousands, Except Per Share Data)

	2004		2003				2002	
	Second	First	Fourth	Third	Second	First	Fourth	Third
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:								
Interest Income	$ 24,265	$ 22,670	$ 23,022	$ 23,484	$ 23,997	$ 24,327	$ 25,272	$ 25,555
Interest Expense	3,221	3,178	3,339	3,506	3,894	4,099	4,667	4,946
Net Interest Income	21,044	19,492	19,683	19,978	20,103	20,227	20,605	20,609
Provision for Loan Losses	580	961	850	921	886	779	863	992
Net Interest Income After Provision for Loan Losses	20,464	18,531	18,833	19,057	19,217	19,448	19,742	19,617
Noninterest Income	11,031	9,881	10,614	10,952	10,428	9,945	10,898	8,810
Conversion/ Merger Expense	4	42	-	-	-	-	59	-
Noninterest Expense	21,597	21,033	20,593	20,184	19,516	19,428	20,191	19,400
Income Before Provision for Income Taxes	9,894	7,337	8,854	9,825	10,129	9,965	10,390	

								9,027
Provision for Income Taxes	3,451	2,490	2,758	3,529	3,689	3,604	3,668	3,226
Net Income	$ 6,443	$ 4,847	$ 6,096	$ 6,296	$ 6,440	$ 6,361	$ 6,722	$ 5,801
Net Interest Income (FTE)	$ 21,333	$ 19,811	$ 20,020	$ 20,332	$ 20,456	$ 20,597	$ 21,006	$ 21,026
Per Common Share:								
Net Income Basic	$ .48	$ .37	$ .47	$ .47	$ .49	$ .48	$ .51	$ .44
Net Income Diluted	.48	.37	.46	.47	.49	.48	.51	.44
Dividends Declared	.180	.180	.180	.170	.170	.136	.136	.122
Diluted Book Value	15.80	15.54	15.27	15.00	14.73	14.42	14.08	13.75
Market Price:								
High	43.15	45.55	46.83	40.93	36.43	32.32	32.04	29.55
Low	35.50	39.05	36.62	35.00	29.74	26.81	22.26	22.32
Close	39.59	41.25	45.99	38.16	36.08	31.29	31.35	26.45
Selected Average Balances:								
Loans	$1,491,142	$1,357,206	$1,329,673	$1,336,139	$1,316,705	$1,289,161	$1,292,892	$1,266,591
Earning Assets	1,721,655	1,634,468	1,636,269	1,634,689	1,612,133	1,615,287	1,591,535	1,511,485
Assets	1,929,485	1,830,496	1,819,552	1,816,005	1,786,991	1,796,657	1,762,174	1,678,620
Deposits	1,538,630	1,457,160	1,451,095	1,451,879	1,415,798	1,407,763	1,404,818	1,388,396
Shareowners' Equity	210,211	206,395	201,939	199,060	194,781	190,416	185,412	180,910
Common Equivalent Average Shares:								
Basic	13,274	13,262	13,223	13,221	13,209	13,207	13,189	13,189
Diluted	13,277	13,286	13,265	13,260	13,255	13,253	13,238	13,238
Ratios:								
ROA	1.34%	1.06%	1.33%	1.38%	1.45%	1.44%	1.51%	1.37%
ROE	12.33%	9.45%	11.98%	12.55%	13.26%	13.55%	14.38%	12.72%
Net Interest Margin (FTE)	4.99%	4.88%	4.85%	4.94%	5.09%	5.17%	5.24%	5.52%
Efficiency Ratio	63.87%	68.06%	64.58%	61.93%	60.57%	60.96%	60.75%	62.31%

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis ("MD&A") provides supplemental information, which sets forth the major factors that have affected the Company's financial condition and results of operations and should be read in conjunction with the Consolidated Financial Statements and related notes. The MD&A is divided into subsections entitled "Results of Operations," "Financial Condition," "Liquidity and Capital Resources," "Legal Developments," and "Accounting Policies." Information therein should facilitate a better understanding of the major factors and trends that affect the Company's earnings performance and financial condition, and how the Company's performance during 2004 compares with prior years. Throughout this section, Capital City Bank Group, Inc., and its subsidiary, collectively, are referred to as "CCBG" or the "Company." Capital City Bank and its subsidiaries are referred to as "CCB" or the "Bank."

The period-to-date averages used in this report are based on daily balances for each respective period. In certain circumstances, comparing average balances for the comparable quarters of consecutive years may be more meaningful than simply analyzing year-to-date averages. Therefore, where appropriate, quarterly averages have been presented for analysis and have been noted as such. See Table I for average balances and interest rates presented on a quarterly basis.

This Report and other Company communications and statements may contain "forward-looking statements." These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our financial performance to differ materially from what is contemplated in those forward-looking statements:

* The strength of the United States economy in general and the strength of the local economies in which we conduct operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on our loan portfolio and allowance for loan losses;

* Worldwide political and social unrest, including acts of war and terrorism;

* The effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System;

* Inflation, interest rate, market and monetary fluctuations;

* Adverse conditions in the stock market and other capital markets and the impact of those conditions on our capital markets and capital management activities, including our investment and wealth management advisory businesses and brokerage activities;

* Changes in U.S. foreign or military policy;

* The timely development of competitive new products and services by us and the acceptance of those products and services by new and existing customers;

* The willingness of customers to accept third-party products marketed by us;

* The willingness of customers to substitute competitors' products and services for our products and services and vice versa;

* The impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance);

* Technological changes;

* Changes in consumer spending and saving habits;

* The effect of corporate restructuring, acquisitions or dispositions, including the actual restructuring and other related charges and the failure to achieve the expected gains, revenue growth or expense savings from such corporate restructuring, acquisitions or dispositions;

* The growth and profitability of our noninterest or fee income being less than expected;

* Unanticipated regulatory or judicial proceedings;

* The impact of changes in accounting policies by the Securities and Exchange Commission;

* Adverse changes in the financial performance and/or condition of our borrowers, which could impact the repayment of those borrowers' outstanding loans; and

* Our success at managing the risks involved in the foregoing.

We caution that the foregoing list of important factors is not exhaustive. Also, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

The Company is headquartered in Tallahassee, Florida and as of June 30, 2004 had 57 banking offices, five residential lending offices, 73 ATMs and 11 Bank 'N Shop locations in Florida, Georgia and Alabama.

On May 13, 2004, the Company announced the signing of a definitive agreement to acquire Farmers and Merchants Bank in Dublin, Georgia, a $411 million

asset institution with three offices in Laurens County. The purchase price is $66.6 million, payable in a combination of cash and stock. The acquisition, which is subject to regulatory approval and the approval of Farmers and Merchants Bank's shareowners, is scheduled to close in the fourth quarter of 2004.

RESULTS OF OPERATIONS

Net Income

Earnings for the three and six months ended June 30, 2004 were $6.4 million, or $0.48 per diluted share, and $11.3 million, or $0.85 per diluted share, respectively. This compares to $6.4 million, or $0.49 per diluted share, and $12.8 million, or $0.97 per diluted share in 2003.

Growth in operating revenues (defined as net interest income plus noninterest income) of 5.1% and 1.2% over the comparable three and six month periods in 2003, respectively, was offset by higher expense levels, reflecting the addition of three new offices in the second half of 2003 and the acquisition of Quincy State Bank in the first quarter of 2004. Growth in operating revenues was driven by higher net interest income and noninterest income. Net interest income increased 4.7% and .51%, respectively, on a dollar basis, for the three and six month periods due primarily to lower interest expense. Growth in noninterest income resulted from higher deposit and asset management fees, and other income. A condensed earnings summary is presented below.

<TABLE>

(Dollars in Thousands)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
<S>	<C>	<C>	<C>	<C>
Interest and Dividend Income	$24,265	$23,997	$46,936	$48,323
Taxable-Equivalent Adjustment<F1>	289	353	607	723
Interest Income (FTE)	24,554	24,350	47,543	49,046
Interest Expense	3,221	3,894	6,400	7,994
Net Interest Income (FTE)	21,333	20,456	41,143	41,052
Provision for Loan Losses	580	886	1,541	1,665
Taxable Equivalent Adjustment	289	353	607	723
Net Int. Inc. After Provision	20,464	19,217	38,995	38,664
Noninterest Income	11,031	10,428	20,912	20,373
Merger/Conversion Expense	4	-	46	-
Noninterest Expense	21,597	19,516	42,630	38,943
Income Before Income Taxes	9,894	10,129	17,231	20,094
Income Taxes	3,451	3,689	5,941	7,293
Net Income	$ 6,443	$ 6,440	$11,290	$12,801
Percent Change<F2>	.05%	18.21%	(11.80)%	21.23%
Return on Average Assets<F3>	1.34%	1.45%	1.21%	1.44%
Return on Average Equity<F3>	12.33%	13.26%	10.90%	13.40%

<FN>
<F1> Computed using a statutory tax rate of 35%
<F2> From Prior Comparable Period
<F3> Annualized
</FN>
</TABLE>

Net Interest Income

Net interest income represents the Company's single largest source of earnings and is equal to interest income and fees generated by earning assets, less interest expense paid on interest bearing liabilities. Second quarter of 2004 taxable-equivalent net interest income increased $877,000, or 4.3%, over the comparable quarter in 2003. During the first half of 2004, taxable-equivalent net interest income increased $91,000, or 0.2%, over the first half of 2003. The favorable impact of lower funding costs, an improved earning asset mix and the recent bank acquisition was partially offset by

declining asset yields attributable to the low interest rate environment. Table I on page 24 provides a comparative analysis of the Company's average balances and interest rates.

For the three months period ended June 30, 2004, taxable-equivalent interest income increased $204,000 or 0.8%, over the comparable period in 2003. During the first half of 2004, taxable-equivalent interest income decreased $1.5 million, or 3.1%, respectively, over the comparable period in 2003. During the second quarter of 2004, growth in earning assets resulting from strong loan demand and the recent acquisition of Quincy State Bank offset the lower yields attributable to the low rate environment. New loan production and repricing of existing earning assets produced a 63 basis point reduction in the yield on earning assets, which declined from 6.06% for the second quarter in 2003 to 5.74% for the same period in 2004. The Federal Reserve increased interest rates slightly during the second quarter of 2004 which will start to have a minimal impact on new production and repricing. Repricing of existing assets and new production (at current rate levels) will continue to put pressure on earning asset yields.

Interest expense for the three and six month periods ended June 30, 2004 declined $673,000, or 17.3% and $1.6 million, or 19.9%, respectively, from the comparable prior year periods. The favorable variances were primarily attributable to lower rates and were further enhanced by a favorable shift in mix (i.e. increase in noninterest bearing deposits). The average rate paid on interest bearing liabilities in 2004 declined 29 basis points over first half of 2003, to a level of 1.07%.

The Company's interest rate spread (defined as the average federal taxable-equivalent yield on earning assets less the average rate paid on interest bearing liabilities) decreased from 4.77% in the first half of 2003 to 4.63% in the comparable period of 2004.

The Company's net interest margin percentage (defined as taxable-equivalent net interest income divided by average earning assets) was 4.93% in the first half of 2004, versus 5.13% in the first half of 2003. The reduction in both the spread and margin reflects the lower yields. The margin percentage may continue to decline slightly over the next quarter as historically low interest rates continue to prevail.

Provision for Loan Losses

The provision for loan losses was $580,000 and $1.5 million, respectively, for the three and six month periods ended June 30, 2004, compared to $886,000 and $1.7 million for the same periods in 2003. The provision decrease in the first half of 2004 reflects a lower level of net charge-offs between comparable periods.

Net charge-offs totaled $649,000, or .18% of average loans for the quarter compared to $889,000, or .27% for the second quarter of 2003. The primary reason for the decrease in net charge-offs is due to the higher level of recoveries in the second quarter of 2004.

Charge-off activity for the respective periods is set forth below:

<TABLE>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
CHARGE-OFFS				
Commercial, Financial and Agricultural	$ 286	$ 177	$ 453	$ 319
Real Estate - Construction	-	-	-	-
Real Estate - Commercial Mortgage	-	-	39	-
Real Estate - Residential	11	20	94	40
Consumer	885	928	1,932	1,814
Total Charge-offs	1,182	1,125	2,518	2,173
RECOVERIES				
Commercial, Financial and Agricultural	24	42	36	56
Real Estate - Construction	-	-	-	-
Real Estate - Commercial Mortgage	-	-	-	-
Real Estate - Residential	176	-	176	1
Consumer	333	194	680	390
Total Recoveries	533	236	892	447

Net Charge-offs	$ 649	$ 889	$1,626	$1,726
Net Charge-offs (Annualized) as a Percent of Average Loans Outstanding, Net of Unearned Interest	.18%	.27%	.23%	.27%

</TABLE>

Noninterest Income

Noninterest income increased $603,000, or 5.8%, and $539,000, or 2.6%, respectively, over the comparable three and six month periods in 2003, reflecting higher deposit and asset management fees, and other income. These increases were partially offset by a reduction in mortgage banking revenues. Noninterest income represented 34.4% and 34.0% of operating revenue for the three and six-month periods of 2004 compared to 34.2% and 33.6% for the same periods in 2003.

Service charges on deposit accounts increased $353,000, or 8.7%, and $330,000, or 4.1%, respectively, over the comparable three and six month periods for 2003. Service charge revenues in any one period are dependent on the number of accounts, primarily transaction accounts, and the level of activity subject to service charges. The increase is

attributable to higher NSF/overdraft fees, partially attributable to a recent change in fee structure and lower NSF/overdraft charge-offs.

Data processing revenues of $703,000 and $1.4 million for the three and six month periods ended June 30, 2004 reflect an increase of 15.2% and 14.3% over the comparable periods in 2003. The increase in both periods was primarily a result of higher processing revenues from existing financial clients. The Company currently provides data processing services for six financial clients and contract processing services for four non-financial clients. During the first half of 2004 and 2003, financial clients represented approximately 66.1% and 61.2% of total processing revenues, respectively. Management believes that revenues for the remainder of 2004 will remain consistent with revenues generated in the first half of the year.

Income from asset management activities increased $300,000, or 46.2%, and $436,000, or 34.7%, respectively, over the comparable three and six month periods in 2003. This increase is due primarily to the acquisition of $208 million in managed trust accounts from Synovus Trust Company late in the first quarter, 2004. At June 30, 2004, assets under management totaled $632.4 million, representing an increase of $264.2 million, or 71.8% from the comparable period in 2003.

Mortgage banking revenues declined $554,000, or 36.0%, and $1.2 million, or 41.7%, respectively, over the comparable three and six month periods in 2003. This decline reflects a slow-down in residential lending markets, which occurred during the latter part of the fourth quarter of 2003 and continued through the first half of 2004. This declining trend stabilized in the second quarter consistent with management expectations as production improved 42% over the first quarter.

Other income increased $405,000, or 11.4%, and $814,000, or 11.6%, respectively, over the comparable three and six month periods in 2003. For the first half of the year, the Company experienced increases in retail brokerage fees of $247,000, merchant card processing fees of $361,000, interchange fees of $56,000, and gain on sale of other real estate of $218,000.

Noninterest income as a percent of average assets was 2.24% and 2.29%, respectively, for the first half of 2004 and 2003. The reduction in 2004 is primarily attributable to the decline in mortgage banking revenues.

Noninterest Expense

Noninterest expense increased $2.1 million, or 10.7%, and $3.7 million, or 9.6%, respectively, over the comparable three and six month periods in 2003. Factors impacting the Company's noninterest expense during the first six months of 2004 are discussed below.

Compensation expense increased $1.0 million, or 10.7%, and $1.7 million, or 8.3% over the comparable three and six month periods in 2003. For the first half of the year, the Company experienced increases in associate salaries of $1.2 million, payroll tax expense of $106,000, pension plan expense of

$243,000, and associate insurance expense of $212,000. The increases in associate salaries and payroll tax is primarily attributable to the late first quarter integration of Quincy State Bank. The higher pension costs is due primarily to a lower discount rate and rate of return on plan assets used for the 2004 expense projection. The increase in associate insurance expense is primarily attributable to additional participants and higher healthcare insurance premiums.

Occupancy expense, including premises, furniture, fixtures and equipment increased $342,000, or 10.1%, and $858,000, or 13.1%, respectively, over the comparable three and six month periods in 2003. For the first half of the year, the Company experienced increases in depreciation of $258,000, maintenance and repairs of $167,000, premises rental of $111,000, utilities of $63,000, and other FF&E expense of $238,000 from the comparable period in 2003. The increase in depreciation is primarily attributable to the addition of three new banking offices in the second half of 2003. Higher maintenance and

repairs expense was driven by upgrades and repairs to existing banking offices and incremental expense incurred with the addition of three new banking offices in the second half of 2003. The increase in premises rental expenses is due primarily to a rent

increase for one banking office. Other FF&E expense increased due to higher expenses for software licenses and maintenance agreements.

Other noninterest expense increased $701,000, or 11.0%, and $1.2 million, or 9.8%, respectively, over the comparable three and six month periods in 2003. For the first half of the year, the increase was primarily attributable to: 1) higher professional fees of $449,000; 2) higher advertising expense of $541,000; and 3) higher interchange service fees of $183,000. Consulting projects, which may vary as to their magnitude and timing, led to higher professional fees. Advertising expense increased consistent with several initiatives implemented in the second quarter and will fluctuate consistent with advertising strategies planned throughout the year. The increase in interchange service fees is attributable to higher merchant card processing volume and is offset by increased merchant card processing fees reflected in other income.

Net noninterest expense (noninterest income minus noninterest expense, excluding intangible amortization and one-time merger expenses) as a percent of average assets was 2.14% in the first half of 2004 compared to 1.91% in 2003. The Company's efficiency ratio (noninterest expense, excluding intangible amortization and one-time merger expense, expressed as a percent of the sum of taxable-equivalent net interest income plus noninterest income) was 65.87% for the first half of 2004 compared to 60.76% for the comparable period in 2003. The increase is primarily attributable to higher noninterest expense.

Income Taxes

The provision for income taxes decreased $238,000, or 6.5%, during the second quarter and $1.4 million, or 18.5%, during the first six months of 2004, relative to the comparable prior year periods, reflecting lower taxable income and a decline in the effective tax rate. The Company's effective tax rate for the first half of 2004 was 34.5% versus 36.3% for the comparable period in 2003. The decline in the effective tax rate is primarily attributable to a modification of the Company's tax structure enabling the Company to more effectively manage its tax position.

FINANCIAL CONDITION

Asset and liability balances include those of Quincy State Bank, which was acquired on March 19, 2004.

The Company's average assets increased $142.5 million, or 8.0%, to $1.93 billion for the quarter-ended June 30, 2004 from $1.79 billion in the comparable quarter of 2003. Average earning assets of $1.7 billion increased $109.5 million, or 6.8%, from the comparable quarter of 2003 driven by a $174.4 million, or 13.3%, increase in average loans. Offsetting the increase in average loans was a decrease in short-term investments of $68.7 million, or 60.1%. Table I on page 24 presents average balances for the three and six month periods ended June 30, 2004 and 2003.

The Company ended the second quarter of 2004 with approximately $24.8 million in average net overnight funds. This represents a decline of $74.5 million, or 75.0% from the 2003 level of $99.3 million. For a further discussion on liquidity see the section "Liquidity and Capital Resources."

The investment portfolio functions as a key element of liquidity and asset/liability management. For the quarter ended June 30, 2004, the average

investment portfolio increased $3.8 million, or 2.1%, from the second quarter of 2003. U.S. Treasury and U.S. Agency security balances increased by $32.3 million from the second quarter of 2003 offset by a decrease in mortgage-backed, municipal, and other security balances of $28.5 million. Management will continue to evaluate the need to purchase securities for the investment portfolio throughout 2004, taking into consideration liquidity needed to fund planned loan growth and pledging requirements.

Securities are recorded at fair value and unrealized gains and losses associated with these securities are recorded, net of tax, as a separate component of shareowners' equity. At June 30, 2004, shareowners' equity included a net unrealized gain of $21,000 compared to a gain of $1.4 million at December 31, 2003. The decrease in value reflects the slight increase in interest rates realized during the first half of 2004.

The increase in average loans was driven by strong loan production for the first half of the year and $90 million in loans acquired in the Quincy State Bank merger. Strong gains were realized in the commercial, real estate (construction, commercial mortgage, and home equity), and indirect consumer loan categories of $35.9 million, or 23.9%, $113.4 million, or 12.4%, and $22.5 million, or 11.6%, respectively.

The Company's nonperforming loans were $3.0 million at June 30, 2004, versus $2.3 million at year-end and $3.8 million for the same period in 2003. As a percent of nonperforming loans, the allowance for loan losses represented 453% at June 30, 2004 versus 530% at December 31, 2003 and 331% at June 30, 2003. Nonperforming loans include nonaccruing and restructured loans. Other real estate, which includes property acquired either through foreclosure or by receiving a deed in lieu of foreclosure, was $1.1 million at June 30, 2004, versus $5.0 million at December 31, 2003 and $1.3 million at June 30, 2003. The ratio of nonperforming assets as a percent of loans plus other real estate was .27% at June 30, 2004 compared to .54% at December 31, 2003 and .38% at June 30, 2003. The Company expects strong credit quality to continue into the third quarter.

Management maintains the allowance for loan losses at a level sufficient to provide for the estimated credit losses inherent in the loan portfolio as of the balance sheet date. Credit losses arise from the borrowers' ability and willingness to repay, and from other risks inherent in the lending process, including collateral risk, operations risk, concentration risk and economic risk. All related risks of lending are considered when assessing the adequacy of the loan loss reserve. The allowance for loan losses is established through a provision charged to expense. Loans are charged against the allowance when management believes collection of the principal is unlikely. The allowance for loan losses is based on management's judgment of overall loan quality. This is a significant estimate based on a detailed analysis of the loan portfolio. The balance can and will change based on changes in the assessment of the portfolio's overall credit quality. Management evaluates the adequacy of the allowance for loan losses on a quarterly basis.

The allowance for loan losses at June 30, 2004 was $13.7 million, an increase of $1.2 million over year-end 2003. The increase reflects the integration of acquired loan reserves from Quincy State Bank during the first quarter. At quarter-end 2004, the allowance represented 0.90% of total loans. While there can be no assurance that the Company will not sustain loan losses in a particular period that are substantial in relation to the size of the allowance, management's assessment of the loan portfolio does not indicate a likelihood of this occurrence. It is management's opinion that the allowance at June 30, 2004 is adequate to absorb losses inherent in the loan portfolio at quarter-end.

Average total deposits increased $122.8 million, or 8.7%, to $1.54 billion for the quarter-ended June 30, 2004 from $1.42 billion in the comparable quarter of 2003. The increase was driven by a $72.5 million increase in nonmaturity deposits, $26.6 million increase in NOW accounts, and $20.3 million increase in savings accounts. These increases are primarily reflective of the deposit accounts acquired from Quincy State Bank late in the first quarter.

The ratio of average noninterest bearing deposits to total deposits was 31.0% for the second quarter of 2004 compared to 28.5% for the second quarter of 2003. For the same periods, the ratio of average interest bearing liabilities to average earning assets was 71.2% compared to 72.5%.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

- ---------

Liquidity for a banking institution is the availability of funds to meet increased loan demand and/or excessive deposit withdrawals. Management monitors the Company's financial position in an effort to ensure the Company has ready access to sufficient liquid funds to meet normal transaction requirements, take advantage of investment opportunities and cover unforeseen liquidity demands. In addition to core deposit growth, sources of funds available to meet liquidity demands include cash received through ordinary business activities (i.e., collection of interest and fees), federal funds sold, loan and investment maturities, bank lines of credit for the Company, approved lines for the purchase of federal funds by CCB and Federal Home Loan Bank advances. The Company maintains a $25.0 million revolving line of credit. As of June 30, 2004, the Company had no borrowings under the revolving line of credit.

During the first half of 2004, the Company increased borrowings by $12.7 million due primarily to the assumption of $3.0 million in FHLB advances from the Quincy State Bank acquisition, and two advances totaling $9.7 million from the FHLB to match fund loan growth. For the first half of the year, the Bank made scheduled FHLB advance payments totaling $920,000 and in March of 2004 repaid a $20 million advance from the FHLB with a rate of 2.22%. This advance originated during the third quarter of 2002, when $75 million was borrowed from the FHLB to fund growth in loan demand and mitigate the adverse liquidity effect caused by a decline in certificates of deposit.

Capital
- -------

The Company's equity capital was $209.7 million as of June 30, 2004 compared to $202.8 million as of December 31, 2003. Management continues to monitor its capital position in relation to its level of assets with the objective of maintaining a strong capital position. The leverage ratio was 8.34% at June 30, 2004 compared to 9.51% at December 31, 2003. Further, the Company's risk-adjusted capital ratio of 10.98% at June 30, 2004 exceeds the 8.0% minimum requirement under risk-based regulatory guidelines.

Adequate capital and financial strength is paramount to the stability of CCBG and its subsidiary bank. Cash dividends declared and paid should not place unnecessary strain on the Company's capital levels. Although a consistent dividend payment is believed to be favorably viewed by the financial markets and shareowners, the Board of Directors will declare dividends only if the Company is considered to have adequate capital. Future capital requirements and corporate plans are considered when the Board considers a dividend payment. Dividends declared and paid during the first half of 2004 totaled $.360 per share compared to $.306 per share for the first half of 2003, an increase of 17.7%. The dividend payout ratios for the second quarter of 2004 and 2003 were 41.4% and 34.8%, respectively.

State and federal regulations as well as the Company's long-term debt agreements place certain restrictions on the payment of dividends by both the Company and the Bank. At June 30, 2004, these regulations and covenants did not impair the Company's (or the Bank's) ability to declare and pay dividends or to meet other existing obligations in the normal course of business.

During the first six months of 2004, shareowners' equity increased $6.9 million, or 6.8%, on an annualized basis. Growth in equity during the first half of the year was positively impacted by net income of $11.3 million and the issuance of common stock of $1.8 million. Equity was reduced by dividends paid during the first half by $4.8 million, or $.3600 per share and a decrease in the net unrealized gain on available-for-sale securities of $1.4 million. At June 30, 2004, the Company's common stock had a book value of $15.80 per diluted share compared to $15.27 at December 31, 2003.

On March 30, 2000, the Company's Board of Directors authorized the repurchase of up to 625,000 shares of its outstanding common stock. On January 24, 2002, the Company's Board of Directors authorized the repurchase of an additional 312,500 shares of its outstanding common stock. The purchases will be made in the open market or in privately negotiated

transactions. The Company did not purchase any shares in the first half of 2004. From March 30, 2000 through June 30, 2004, the Company repurchased 572,707 shares at an average purchase price of $19.18 per share.

Other Commitments and Contingencies
- -----------------------------------

Financial Instruments with Off-Balance-Sheet Risk. The Company does not currently engage in the use of derivative instruments to hedge interest rate risks. However, the Company is a party to financial instruments with off-balance sheet risks in the normal course of business to meet the financing

needs of its customers.

At June 30, 2004, the Company had $368.8 million in commitments to extend credit and $15.2 million in standby letters of credit. Commitments to extend credit are agreements to lend to a customer so long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The Company uses the same credit policies in establishing commitments and issuing letters of credit as it does for on-balance sheet instruments.

If commitments arising from these financial instruments continue to require funding at historical levels, management does not anticipate that such funding will adversely impact its ability to meet on-going obligations. In the event these commitments require funding in excess of historical levels, management believes current liquidity, available lines of credit from the Federal Home Loan Bank, investment security maturities and the Company's credit facility provide a sufficient source of funds to meet these commitments.

Contractual Cash Obligations. The Company maintains certain debt and operating lease commitments that require cash payments. The table below details those future cash commitments as of June 30, 2004:

<TABLE>

	Payments Due After June 30, 2004						
(Dollars in Thousands)	2004 (remaining 6 months)	2005	2006	2007	2008	Thereafter	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Short-Term Debt	$20,048	$ -	$ -	$ -	$ -	$ -	$20,048
Long-Term Debt	1,001	18,139	2,342	5,387	4,369	27,189	58,427
Operating Leases	618	1,092	1,092	1,092	1,055	2,122	7,071
Total Contractual Cash Obligations	$21,667	$19,231	$3,434	$6,479	$5,424	$29,311	$85,547

</TABLE>

LEGAL DEVELOPMENTS

Prior to 2002, the Bank maintained relationships with a small number of Independent Service Organizations ("ISO"s) in connection with its card processing operations. Certain merchant clients of one ISO have alleged they are entitled to receive financial reserves placed with the ISO. The Bank is currently named as a co-defendant in one lawsuit brought against the ISO by a merchant. Management does not believe that the ultimate resolution of this lawsuit will have a material impact on the Company's financial position or results of operations. The Bank no longer maintains merchant service relationships with ISOs.

ACCOUNTING POLICIES

Critical Accounting Policies

The consolidated financial statements and accompanying Notes to Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the Company to make various estimates and assumptions (see Note 1 in the Notes to Consolidated Financial Statements). The Company believes that, of its significant accounting policies, the following may involve a higher degree of judgment and complexity.

Allowance for Loan Losses: The allowance for loan losses is established through a charge to the provision for loan losses. Provisions are made to reserve for estimated losses in loan balances. The allowance for loan losses is a significant estimate and is evaluated quarterly by the Company for adequacy. The use of different estimates or assumptions could produce a different required allowance, and thereby a larger or smaller provision recognized as expense in any given reporting period. A further discussion of the allowance for loan losses can be found in the section entitled "Allowance for Loan Losses" and Note 1 in the Notes to Consolidated Financial Statements in the Company's 2003 Form 10-K.

Intangible Assets: Intangible assets consist primarily of goodwill and core deposit assets that were recognized in connection with various acquisitions. Goodwill represents the excess of the cost of acquired businesses over the fair market value of their identifiable net assets. The Company performs an impairment review on an annual basis to determine if there has been impairment of its goodwill. The Company has determined that no impairment existed at December 31, 2003. Impairment testing requires management to make significant judgments and estimates relating to the fair value of its identified reporting units. Significant changes to these estimates may have a material impact on the Company's reported results.

Core deposit assets represent the premium the Company paid for core deposits. Core deposit intangibles are amortized on the straight-line method over various periods ranging from 7-10 years, with the majority being amortized over approximately 10 years. Generally, core deposits refer to nonpublic, nonmaturing deposits including noninterest-bearing deposits, NOW, money market and savings. The Company makes certain estimates relating to the useful life of these assets, and rate of run-off based on the nature of the specific assets and the customer bases acquired. If there is a reason to believe there has been a permanent loss in value, management will assess these assets for impairment. Any changes in the original estimates may materially affect reported earnings.

Pension Assumptions: The Company has a defined benefit pension plan for the benefit of substantially all associates of the Company and its subsidiary. The Company's funding policy with respect to the pension plan is to contribute amounts to the plan sufficient to meet minimum funding requirements as set by law. Pension expense, reflected in the Consolidated Statements of Income in noninterest expense as "Salaries and Associate Benefits", is determined by an external actuarial valuation based on assumptions that are evaluated annually as of December 31, the measurement date for the pension obligation. The Consolidated Balance Sheets reflect a prepaid pension benefit cost due to funding levels and unrecognized actuarial amounts. The most significant assumptions used in calculating the pension obligation are the weighted-average discount rate used to determine the present value of the pension obligation, the weighted-average expected long-term rate of return on plan assets, and the assumed rate of annual compensation increases. These assumptions are re-evaluated annually with the external actuaries, taking into consideration both current market conditions and anticipated long-term market conditions.

The weighted-average discount rate is determined by matching anticipated Retirement Plan cash flows for a 30-year period to long-term corporate Aa-rated bonds and solving for the underlying rate of return which investing in such securities would generate. This methodology is applied consistently from year-to-year. The discount rate utilized for 2004 is 6.25%.

The weighted-average expected long-term rate of return on plan assets is determined based on the current and anticipated future mix of assets in the plan. The assets currently consist of equity securities, U.S. Government and Government agency debt securities, and other securities (typically temporary liquid funds awaiting investment). The weighted-average expected long-term rate of return on plan assets utilized for 2004 is 8.0%.

The assumed rate of annual compensation increases of 5.5% in 2004 is based on expected trends in salaries and the associate base. This assumption is not expected to change materially in 2004.

Detailed information on components of the Company's net benefit cost is provided in Note 8 of the Notes to Consolidated Financial Statements in the Company's 2003 Form 10-K.

New Accounting Pronouncements

In March 2004, the Financial Accounting Standards Board ratified the consensus reached by the Emerging Issues Task Force in Issue 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" (EITF 03-1). EITF 03-1 provides guidance for determining when an investment is considered impaired, whether impairment is other-than-temporary, and measurement of an impairment loss. An investment is considered impaired if the fair value of the investment is less than its cost. Generally, an impairment is considered other-than-temporary unless: (a) the investor has the ability and intent to hold an investment for a reasonable period of time sufficient for a forecasted recovery of fair value up to (or beyond) the cost of the investment; and (b) evidence indicating that the cost of the investment is recoverable within a reasonable period of time outweighs evidence to the contrary. If impairment is determined to be other-than-temporary, then an impairment loss should be recognized equal to the difference between the investment's cost and its fair value. EITF 03-1 is effective for the Company in the third quarter of 2004. Gross unrealized losses on available for sale securities was $1.0 million at June 30, 2004.

The Company is continuing to evaluate the impact of EITF 03-1. The amount of other than temporary impairment to be recognized, if any, will be dependent on market conditions and management's intent and ability at the time of the evaluation to hold underwater investments until a forecasted recovery in the fair value up to and beyond the adjusted cost.

TABLE I

<TABLE>

AVERAGE BALANCES & INTEREST RATES
(Taxable Equivalent Basis - Dollars in Thousands)

<CAPTION>

	FOR THREE MONTHS ENDED JUNE 30, 2004			2003		
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest<F1>	$1,491,142	$22,961	6.19%	$1,316,705	$22,166	6.75%
Taxable Investment Securities	134,634	745	2.21%	118,494	929	3.13%
Tax-Exempt Investment Securities<F2>	50,191	732	5.83%	62,552	923	5.90%
Funds Sold	45,688	116	1.01%	114,382	332	1.15%
Total Earning Assets	1,721,655	24,554	5.74%	1,612,133	24,350	6.06%
Cash & Due From Banks	89,921			74,537		
Allowance for Loan Losses	(13,804)			(12,531)		
Other Assets	131,713			112,852		
TOTAL ASSETS	$1,929,485			$1,786,991		
LIABILITIES						
NOW Accounts	$ 283,297	$ 121	0.17%	$ 256,675	$ 193	0.30%
Money Market Accounts	215,746	239	0.44%	211,314	392	0.74%
Savings Accounts	129,684	32	0.10%	109,424	68	0.25%
Other Time Deposits	433,514	1,993	1.85%	434,515	2,400	2.22%
Total Int. Bearing Deposits	1,062,241	2,385	0.90%	1,011,928	3,053	1.21%
Short-Term Borrowings	109,723	249	0.91%	102,510	340	1.33%
Long-Term Debt	53,752	587	4.39%	54,434	501	3.69%
Total Interest Bearing Liabilities	1,225,716	3,221	1.06%	1,168,872	3,894	1.34%
Noninterest Bearing Deposits	476,389			403,870		
Other Liabilities	17,169			19,468		
TOTAL LIABILITIES	1,719,274			1,592,210		
SHAREOWNERS' EQUITY						
Common Stock	133			114		
Surplus	17,851			15,181		
Other Comprehensive Income	817			2,568		
Retained Earnings	191,410			176,918		
TOTAL SHAREOWNERS' EQUITY	210,211			194,781		
TOTAL LIABILITIES & EQUITY	$1,929,485			$1,786,991		
Interest Rate Spread			4.68%			4.72%
Net Interest Income		$21,333			$20,456	
Net Interest Margin			4.99%			5.09%

<CAPTION>

	FOR SIX MONTHS ENDED JUNE 30, 2004			2003		
	Balance	Interest	Rate	Balance	Interest	Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Loans, Net of Unearned Interest<F1>	$1,424,175	$44,271	6.25%	$1,303,008	$44,375	6.87%
Taxable Investment Securities	128,167	1,380	2.15%	128,514	2,109	3.28%
Tax-Exempt Investment Securities<F2>	52,233	1,554	5.95%	63,656	1,877	5.90%
Funds Sold	73,487	338	0.91%	118,523	685	1.15%
Total Earning Assets	1,678,062	47,543	5.70%	1,613,701	49,046	6.13%

	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Cash & Due From Banks	90,124			78,473		
Allowance for Loan Losses	(13,264)			(12,575)		
Other Assets	125,069			112,198		
TOTAL ASSETS	$1,879,991			$1,791,797		
LIABILITIES						
NOW Accounts	$ 277,588	$ 245	0.18%	$ 259,630	$ 396	0.31%
Money Market Accounts	215,412	478	0.45%	212,918	812	0.77%
Savings Accounts	122,835	60	0.10%	107,841	133	0.25%
Other Time Deposits	427,007	3,996	1.88%	434,669	4,939	2.29%
Total Int. Bearing Deposits	1,042,842	4,779	0.92%	1,015,058	6,280	1.25%
Short-Term Borrowings	107,064	536	1.01%	104,642	669	1.29%
Long-Term Debt	50,387	1,084	4.33%	63,354	1,045	3.33%
Total Interest Bearing Liabilities	1,200,293	6,399	1.07%	1,183,054	7,994	1.36%
Noninterest Bearing Deposits	455,053			396,744		
Other Liabilities	16,342			19,389		
TOTAL LIABILITIES	1,671,688			1,599,187		
SHAREOWNERS' EQUITY						
Common Stock	133			110		
Surplus	17,549			15,022		
Other Comprehensive Income	1,110			2,786		
Retained Earnings	189,511			174,692		
TOTAL SHAREOWNERS' EQUITY	208,303			192,610		
TOTAL LIABILITIES & EQUITY	$1,879,991			$1,791,797		
Interest Rate Spread			4.63%			4.77%
Net Interest Income		$41,144			$41,052	
Net Interest Margin			4.93%			5.13%

<FN>
<F1> Average balances include nonaccrual loans. Interest income includes fees on loans of approximately $528,000 and $873,000, for the three and six months ended June 30, 2004, versus $477,000 and $1.1 million, for the comparable periods ended June 30, 2003.
<F2> Interest income includes the effects of taxable equivalent adjustments using a 35% tax rate.
</FN>
</TABLE>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview

Market risk management arises from changes in interest rates, exchange rates, commodity prices and equity prices. The Company has risk management policies to monitor and limit exposure to market risk and does not actively participate in activities that give rise to significant market risk involving exchange rates, commodity prices or equity prices. In asset and liability management activities, policies are in place that are designed to minimize structural interest rate risk.

Interest Rate Risk Management

The normal course of business activity exposes CCBG to interest rate risk. Fluctuations in interest rates may result in changes in the fair market value of the Company's financial instruments, cash flows and net interest income. The Company seeks to avoid fluctuations in its net interest margin and to maximize net interest income within acceptable levels of risk through periods of changing interest rates. Accordingly, the Company's interest rate sensitivity and liquidity are monitored on an ongoing basis by its Asset and Liability Committee ("ALCO"), which oversees market risk management and establishes risk measures, limits and policy guidelines for managing the amount of interest rate risk and its effects on net interest income and capital. A variety of measures are used to provide for a comprehensive view of the magnitude of interest rate risk, the distribution of risk, the level of risk over time and the exposure to changes in certain interest rate relationships.

ALCO continuously monitors and manages the balance between interest rate-sensitive assets and liabilities. ALCO's objective is to manage the impact

of fluctuating market rates on net interest income within acceptable levels. In order to meet this objective, management may adjust the rates charged/paid on loans/deposits or may shorten/lengthen the duration of assets or liabilities within the parameters set by ALCO.

The financial assets and liabilities of the Company are classified as other-than-trading. An analysis of the other-than-trading financial components, including the fair values, are presented in Table II on page 26. This table presents the Company's consolidated interest rate sensitivity position as of June 30, 2004 based upon certain assumptions as set forth in the Notes to the Table. The objective of interest rate sensitivity analysis is to measure the impact on the Company's net interest income due to fluctuations in interest rates. The asset and liability values presented in Table II may not necessarily be indicative of the Company's interest rate sensitivity over an extended period of time.

The Company expects rising rates to have a favorable impact on the net interest margin, subject to the magnitude and timeframe over which the rate changes occur. However, as general interest rates rise or fall, other factors such as current market conditions and competition may impact how the Company responds to changing rates and thus impact the magnitude of change in net interest income. Nonmaturity deposits offer management greater discretion as to the direction, timing, and magnitude of interest rate changes and can have a material impact on the Company's interest rate sensitivity. In addition, the relative level of interest rates as compared to the current yields/rates of existing assets/liabilities can impact both the direction and magnitude of the change in net interest margin as rates rise and fall from one period to the next.

Table II

<TABLE>

FINANCIAL ASSETS AND LIABILITIES MARKET RISK ANALYSIS<F1>
(Dollars in Thousands)

	June 30, 2004							
Other Than Trading Portfolio	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans								
Fixed Rate	$ 257,354	$123,154	$ 47,930	$27,514	$14,620	$ 5,891	$ 476,463	$ 471,177
Average Interest Rate	6.86%	7.18%	7.37%	7.15%	6.76%	5.64%	6.99%	
Floating Rate<F2>	800,245	145,312	78,392	15,172	5,077	836	1,045,034	1,034,181
Average Interest Rate	5.40%	6.24%	5.95%	4.91%	7.48%	8.74%	5.40%	
Investment Securities<F3>								
Fixed Rate	73,736	76,635	14,428	3,666	1,217	11,704	181,386	181,386
Average Interest Rate	2.83%	2.39%	3.26%	3.36%	4.07%	3.43%	2.73%	
Floating Rate	2,346	-	-	-	-	-	2,346	2,346
Average Interest Rate	3.83%	-	-	-	-	-	3.83%	
Other Earning Assets								
Floating Rate	107,399	-	-	-	-	-	107,399	107,399
Average Interest Rates	1.09%	-	-	-	-	-	1.09%	
Total Financial Assets	$1,241,080	$345,101	$140,750	$46,352	$20,914	$18,430	$1,812,628	$1,796,489
Average Interest Rates	4.91%	5.72%	6.16%	6.13%	6.78%	6.89%	5.30%	
Deposits<F4>								
Fixed Rate Deposits	$ 346,804	$ 42,949	$ 29,238	$ 6,720	$ 1,573	$ -	$ 427,222	$ 427,380
Average Interest Rates	1.57%	2.46%	3.04%	3.33%	2.55%	-	1.79%	
Floating Rate Deposits	665,396	-	-	-	-	-	665,396	665,396
Average Interest Rates	0.26%	-	-	-	-	-	0.26%	
Other Interest Bearing Liabilities								
Fixed Rate Debt	4,640	19,467	3,857	3,178	2,783	24,502	58,427	58,630
Average Interest Rate	4.56%	3.38%	4.46%	4.77%	4.86%	5.23%	4.47%	
Floating Rate Debt	127,012	-	-	-	-	-	127,012	127,012
Average Interest Rate	0.67%	-	-	-	-	-	0.67%	

Total Financial Liabilities	$1,143,851	$ 62,416	$ 33,094	$ 9,899	$ 4,356	$24,502	$1,278,057	$1,278,418
Average interest Rate	1.04%	2.74%	3.20%	3.79%	4.03%	5.23%	1.00%	

<FN>
<F1> Based upon expected cashflows, unless otherwise indicated.
<F2> Based upon a combination of expected maturities and repricing opportunities.
<F3> Based upon contractual maturity, except for callable and floating rate securities, which are based on expected maturity and weighted average life, respectively.
<F4> Savings, NOW and money market accounts can be repriced at any time, therefore, all such balances are included as floating rate deposits in Year 1. Other time deposit balances are classified according to maturity.
</FN>
</TABLE>

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that the information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation and subject to the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures provided reasonable assurance that the disclosure controls and procedures are effective to accomplish their objectives.

Changes in Internal Controls

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has reviewed the Company's internal controls. There have been no significant changes in the Company's internal controls during the Company's most recently completed fiscal quarter, nor subsequent to the date of their evaluation, that could significantly affect the Company's disclosure controls and procedures.

PART II. OTHER INFORMATION

ITEMS 1-3.

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of Capital City Bank Group, Inc. was held on April 27, 2004. Proxies for the meeting were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, and there was no solicitation in opposition to management's solicitations. The following summarizes all matters voted upon at this meeting.

1. The following directors were elected for terms expiring as noted. These individuals served on the Board of Directors prior to the Annual Meeting. The number of votes cast were as follows:

For terms to expire at the 2007 annual meeting:	For	Against/ Withheld	Abstentions/ Broker Non-Votes
Cader B. Cox, III	10,955,541	412,965	-
Ruth A. Knox	10,955,054	413,451	-
William G. Smith, Jr.	11,281,383	87,122	-

2. The shareowners approved the Capital City Bank Group, Inc. 2005 Associate Incentive Plan. The number of votes cast were as follows:

For	Against/ Withheld	Abstentions/ Broker Non-Vote
9,436,712	733,720	33,183

3. The shareowners approved the Capital City Bank Group, Inc. 2005 Associate Stock Purchase Plan. The number of votes cast were as follows:

For	Against/ Withheld	Abstentions/ Broker Non-Vote
10,142,880	27,303	33,433

4. The shareowners approved the Capital City Bank Group, Inc. 2005 Associate Director Stock Purchase Plan. The number of votes cast were as follows:

For	Against/ Withheld	Abstentions/ Broker Non-Vote
10,141,107	29,356	33,152

5. The shareowners ratified the selection of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2004. The number of votes cast were as follows:

For	Against/ Withheld	Abstentions/ Broker Non-Vote
10,786,716	549,351	32,439

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

2. Agreement and Plan of Merger, dated as of May 12, 2004, by and among Capital City Bank Group, Inc., Capital City Bank, and Farmers and Merchants Bank.

31.1 Certification of William G. Smith, Jr., Chairman, President and Chief Executive Officer of Capital City Bank Group, Inc., Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.

31.2 Certification of J. Kimbrough Davis, Executive Vice President and Chief Financial Officer of Capital City Bank Group, Inc., Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.

32.1 Certification of William G. Smith, Jr., Chairman, President and Chief Executive Officer of Capital City Bank Group, Inc., Pursuant to 18 U.S.C. Section 1350.

32.2 Certification of J. Kimbrough Davis, Executive Vice President and Chief Financial Officer of Capital City Bank Group, Inc., Pursuant to 18 U.S.C. Section 1350.

(B) Reports on Form 8-K

On April 27, 2004, the Company furnished to the SEC on Form 8-K a press release reporting earnings for the quarter ended March 31, 2004.

On May 14, 2004, the Company filed with the SEC on Form 8-K a press release announcing the execution of an agreement and plan of merger, by and among the Company, Capital City Bank, and Farmers & Merchants Bank.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned Chief Financial Officer hereunto duly authorized.

CAPITAL CITY BANK GROUP, INC.
(Registrant)

By: /s/ J. Kimbrough Davis

J. Kimbrough Davis
Executive Vice President and

Chief Financial Officer

Date: August 9, 2004

??

Exhibit 31.1 Certification of CEO Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William G. Smith, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital City Bank Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William G. Smith, Jr.
- -------------------------
William G. Smith, Jr.
President and Chief Executive Officer

Date: August 9, 2004

Exhibit 31.2 Certification of CFO Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, J. Kimbrough Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital City Bank Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. Kimbrough Davis
\- ----------------------
J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Date: August 9, 2004

Exhibit 32.1 Certification of CEO Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company and its results of operations as of and for the periods covered therein.

/s/ William G. Smith, Jr.
\- -------------------------
William G. Smith, Jr.
President and Chief Executive Officer

Date: August 9, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2 Certification of CFO Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Capital City Bank Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company and its results of operations as of and for the periods covered therein.

/s/ J. Kimbrough Davis
\- ----------------------
J. Kimbrough Davis
Executive Vice President and
Chief Financial Officer

Date: August 9, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.