SEACOAST BANKING CORP OF FLORIDA
Form DEF 14A
April 11, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨	Preliminary Proxy Statement
¨	Confidential, for Use of the Commission Only (as permitted by Rule 14(a)-6(e)(2))
x	Definitive Proxy Statement
¨	Definitive Additional Materials
¨	Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

SEACOAST BANKING CORPORATION OF FLORIDA

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule, or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 10, 2012

TO THE SHAREHOLDERS OF

SEACOAST BANKING CORPORATION OF FLORIDA:

You are cordially invited to attend the 2012 Annual Meeting of Shareholders of Seacoast Banking Corporation of Florida, which will be held at the Wolf Technology Center, 2400 S.E. Salerno Road, Stuart, Florida, on Thursday, May 24, 2012, at 3:00 P.M., Local Time.

Enclosed are the formal notice of annual meeting, proxy statement, proxy card and our 2011 annual report to shareholders. At the meeting, you will be asked to consider and vote upon the proposals outlined in the notice of annual meeting and described in detail in the proxy statement. We hope you can attend the annual meeting and vote your shares in person. However, whether or not you plan to attend the meeting in person, please take the time to vote by completing the enclosed proxy card and returning it to us as soon as possible or by following the telephone or Internet voting procedures described on the proxy card. This action will ensure that we have a quorum and that your preferences will be expressed on the matters that are being considered. If you are able to attend the meeting, you may vote your shares in person, even if you have previously returned your proxy card.

If you have any questions about the proxy statement or our annual report, please call us at (772) 287-4000 or write to us at 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995.

Sincerely,

Dennis S. Hudson, III
Chairman & Chief Executive Officer

SEACOAST BANKING CORPORATION OF FLORIDA
815 Colorado Avenue
Stuart, Florida 34994

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 24, 2012

Notice is hereby given that the 2012 Annual Meeting of Shareholders of Seacoast Banking Corporation of Florida ("Seacoast" or the "Company") will be held at the Wolf Technology Center, 2400 S.E. Salerno Road, Stuart, Florida, on Thursday, May 24, 2012, at 3:00 P.M., Local Time (collectively, with any adjournments or postponements, the "Meeting"), for the following purposes:

1. *Elect Directors.* To re-elect four Class I directors and elect one Class II director ("Proposal 1");

2. *Amend Employee Stock Purchase Plan.* To approve an amendment to Section 2 of Seacoast's Employee Stock Purchase Plan (the "Employee Stock Purchase Plan") to increase the number of authorized shares of Common Stock reserved for issuance under the Employee Stock Purchase Plan from 730,000 to 1,500,000 ("Proposal 2");

3. *Ratification of Appointment of Independent Auditor.* To ratify the appointment of KPMG LLP as independent auditors for Seacoast for the fiscal year ending December 31, 2012 ("Proposal 3");

4. *Reverse Stock Split Extension*. To approve an extension of the time frame from May 25, 2012 to May 23, 2013 in which our Board of Directors is permitted to (i) effect a reverse stock split of our Common Stock at one of two reverse split ratios, 1-for-5 or 1-for-10, as determined by the Board of Directors in its sole discretion, and (ii) reduce the number of authorized shares of our Common Stock by the reverse stock split ratio determined by the Board of Directors ("Proposal 4");

5. *Advisory (Non-binding) Vote on Compensation of Named Executive Officers.* To allow shareholders to endorse or not endorse the compensation of the Company's named executive officers as disclosed in this Proxy Statement ("Proposal 5");

6. *Adjournment of the Annual Meeting.* To grant the proxy holders discretionary authority to vote to adjourn the Meeting for up to 120 days to allow for the solicitation of additional proxies in the event that there are insufficient shares voted at the Meeting, in person or by proxy, to approve Proposals 1, 2, 3, 4 and 5; and

7. *Other Business.* To transact such other business as may properly come before the Meeting.

The enclosed Proxy Statement explains these proposals in greater detail. We urge you to read these materials carefully.

Only shareholders of record at the close of business on March 22, 2012 are entitled to notice of, and to vote at, the Meeting or any adjournments thereof. All shareholders, whether or not they expect to attend the Meeting in person, are requested to vote by completing, and returning the enclosed proxy card in the accompanying self-addressed envelope, or by following the telephone or Internet voting procedures described on the proxy card.

By Order of the Board of Directors

Dennis S. Hudson, III
Chairman & Chief Executive Officer

April 10, 2012

YOUR VOTE IS VERY IMPORTANT.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE TAKE THE TIME TO VOTE BY COMPLETING THE ENCLOSED PROXY CARD AND RETURNING IT PROMPTLY IN THE ENVELOPE PROVIDED, OR BY FOLLOWING THE TELEPHONE OR INTERNET VOTING PROCEDURES DESCRIBED ON THE PROXY CARD. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY VOTED, BY REVOKING THE PROXY CARD AT ANY TIME PRIOR TO ITS EXERCISE.

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PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS
OF SEACOAST BANKING CORPORATION OF FLORIDA
MAY 24, 2012

The Board of Directors of Seacoast Banking Corporation of Florida, a Florida corporation ("Seacoast" or the "Company") is soliciting proxies to be voted at the Annual Meeting of Shareholders to be held on Thursday, May 24, 2012, at 3:00 P.M. Local Time (collectively, with any adjournments or postponements, the "Meeting") at the Wolf Technology Center, 2400 S.E. Salerno Road, Stuart, Florida for the purposes set forth in the attached Notice of Meeting. The notice, this proxy statement, the enclosed proxy card and Seacoast's 2011 annual report to Shareholders ("Annual Report") including financial statements for the fiscal year ended December 31, 2011 are first being sent to shareholders on or about April 10, 2012.

QUESTIONS AND ANSWERS ABOUT THE PROXY SOLICITATION MATERIALS

AND THE PROXY SOLICITATION

Q: Why am I receiving this proxy statement and proxy card?

A: You are receiving a proxy statement and proxy card from us because on March 22, 2012, the record date set by our Board of Directors for our Meeting (the "Record Date"), you owned shares of Seacoast's common stock, $0.10 par value ("Common Stock"). Only holders of record of our Common Stock at the close of business on the Record Date are entitled to notice of and to vote at the Meeting. Each holder of Common Stock is entitled to one vote for each share of Common Stock owned as of the Record Date. As of the Record Date, there were 94,709,457 shares of Common Stock issued and outstanding.

The Meeting is being held to consider and vote upon the proposals summarized below under "What matters will be voted on at the Meeting" and described in greater detail elsewhere in this proxy statement. Seacoast's Board of Directors knows of no other business that will be presented for consideration at the Meeting other than the matters described in this proxy statement.

This proxy statement describes the matters that will be presented for consideration by the shareholders at the Meeting. It also gives you background information concerning the proposals to assist you in making an informed decision. Please read it carefully. This notice of meeting, proxy statement and our annual report to shareholders for the year ending December 31, 2011, may also be accessed free of charge from the Internet at: http://www.snl.com/IRWebLinkX/GenPage.aspx?IID=100425&GKP=207144.

Q: What matters will be voted on at the Meeting?

A: You are being asked to vote on six proposals summarized as follows:

Proposal 1. To re-elect four Class I directors and elect one Class II director;

Proposal 2. To approve an amendment to Section 2 of Seacoast's Employee Stock Purchase Plan (the "Employee Stock Purchase Plan") to increase the number of authorized shares of Common Stock reserved for issuance under the Employee Stock Purchase Plan from 730,000 to 1,500,000;

Proposal 3. To ratify the appointment of KPMG LLP as independent auditors for Seacoast for the fiscal year ending December 31, 2012;

Proposal 4. To approve an extension of the time frame from May 25, 2012 to May 23, 2013 in which our Board of Directors is permitted to (i) effect a reverse stock split of our Common Stock at one of two reverse split ratios, 1-for-5 or 1-for-10, as determined by the Board of Directors in its sole discretion, and (ii) reduce the number of authorized shares of our Common Stock by the reverse stock split ratio determined by the Board of Directors;

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Proposal 5. To allow shareholders to endorse or not endorse, on a non-binding basis, the compensation of the Company's named executive officers as disclosed in this Proxy Statement; and

Proposal 6. To grant the proxy holders discretionary authority to vote to adjourn the Meeting for up to 120 days to allow for the solicitation of additional proxies in the event that there are insufficient shares voted at the Meeting, in person or by proxy.

These matters are more fully described in this proxy statement.

Q: How do I vote?

A: You are a shareholder of record if your shares of Common Stock are held in your name on the Record Date. If you are a beneficial owner of Common Stock held by a broker, bank or other nominee (which is commonly referred to as "street name"), please see the instructions in the following question.

Instructions for voting are found on the proxy card. After reviewing this document, please submit your proxy by completing and returning the card in the enclosed envelope or by delivering it via telephone or through the Internet by following the instructions on the proxy card. By submitting your proxy, you authorize the individuals named in it to represent you and vote your shares at the Meeting in accordance with your instructions. Your vote is important, and your shares can only be voted if you are present in person or represented by proxy at the Meeting. **To ensure your representation at the Meeting, we recommend you vote by proxy even if you plan to attend the Meeting. Please submit your proxy promptly using one of the proxy delivery or voting methods indicated on the proxy card.** You can vote in person at the Meeting even if you previously provided a proxy.

If you sign and return your proxy card but do not mark the card to provide voting instructions, the shares represented by your proxy card will be voted "FOR" Proposals 1, 2, 3, 4, 5 and 6. If any other matters are properly presented at the Meeting for action, the persons named and acting as proxy will have the discretion to vote on these matters in accordance with their best judgment. We do not currently expect that any other matters will be properly presented for action at the Meeting.

Q: What if my shares are held in street name?

A: If you are a beneficial owner and a broker, bank or other nominee is the record holder (which is commonly referred to as “street name”), then you received this proxy statement from the record holder. You have the right to direct your broker or nominee how to vote your shares, and such broker or other nominee is required to vote the shares in accordance with your instructions. Your broker or nominee should have given you instructions for you to provide direction on how to vote your shares. It will then be the record holder’s responsibility to vote your shares for you in the manner you direct.

Under the rules of various securities exchanges, brokers and other record holders may generally vote on discretionary or routine matters, but cannot vote on non-routine or non-discretionary matters, such as an amendment to a company’s articles of incorporation, unless they have received voting instructions from the person for whom they are holding shares. Proposals 1, 2, 4 and 5 are considered non-routine matters, and cannot be voted on by your broker without your instructions. We therefore encourage you to provide directions to your broker as to how you want your shares voted on all matters to be brought before the Meeting. You should do this by carefully following the instructions your broker gives you.

If your shares are held in street name, you are invited to attend the Meeting; however, you may not vote your shares of Common Stock held in street name in person at the Meeting unless you request and obtain a power of attorney or other authority from your broker or other nominee who holds your shares and bring it to the Meeting. Even if you plan to attend the Meeting, we ask that you complete and return your proxy card in advance of the Meeting in case your plans change.

Q: How will my shares of stock held in Seacoast's Retirement Savings Plan or Employee Stock Purchase Plan be voted?

A: If you are a participant in Seacoast's Retirement Savings Plan or Employee Stock Purchase Plan, you are asked to vote the shares held in your account separately. Your voting instructions must be received prior to the Meeting to count. For the shares in your account in Seacoast's Retirement Savings Plan, if you do not properly complete and return a proxy card, then the trustee of the Retirement Savings Plan will vote, or not vote, in its sole discretion the shares of Common Stock in your account. However, for shares held in your account in the Employee Stock Purchase Plan, your shares will not be voted if you do not give voting instructions as to such shares by proxy.

Q: How will my shares of Common Stock held in Seacoast's Dividend Reinvestment and Stock Purchase Plan be voted?

A: If you are a participant in Seacoast's Dividend Reinvestment and Stock Purchase Plan, your completed proxy will serve as voting instructions to the plan administrator. Shares held in your plan account will be combined and voted at the Meeting in the same manner in which you voted those shares registered in your own name either by proxy or in person.

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

A: It means that you have multiple holdings reflected in our stock transfer records and/or in accounts with brokers or other nominees. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children. Please sign and return **ALL** proxy cards to ensure that all of your shares are voted.

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

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

- delivering to Seacoast a written notice bearing a date later than the date of the proxy card, stating that you revoke the proxy, with such written notice to be sent to: 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995, Attention: Corporate Secretary;

- signing and delivering to Seacoast a proxy card relating to the same shares and bearing a later date;
- timely submitting another proxy via the telephone or Internet; or
- attending the Meeting and voting in person by written ballot, although attendance at the Meeting will not, by itself, revoke a proxy.

Also, please note that if you have voted through your broker, bank or other nominee and you wish to change your vote, you must follow the instructions received from such entity to change your vote.

Q: How many shares must be present to hold the Meeting?

A: To hold a vote on any proposal, a quorum must be present in person or by proxy at the Meeting. A quorum is a majority of the total votes entitled to be cast by the holders of the outstanding shares of Common Stock as of the Record Date.

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

- is present and votes in person at the Meeting; or
- has properly submitted a signed proxy card or other form of proxy (through the telephone or Internet).

In determining whether a quorum exists at the Meeting for purposes of all matters to be voted on, all votes “for” or “against,” as well as all abstentions and broker non-votes, will be counted. A “broker non-vote” occurs when a nominee does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner.

On March 22, 2012, the record date, there were 94,709,457 shares of Common Stock issued, outstanding and entitled to be voted, which were held by approximately 1,745 holders of record. Therefore, at least 47,354,729 shares need to be present at the Meeting or represented by proxy in order for a quorum to exist.

Directors and executive officers of the Company beneficially hold approximately 21,214,750 shares of Common Stock, or 22.3 percent of all the votes entitled to be cast at the Meeting.

Q: What if a quorum is not present at the Meeting?

A: If a quorum is not present at the scheduled time of the Meeting, a majority of the shareholders present or represented by proxy may adjourn the Meeting until a quorum is present. The time and place of the adjourned Meeting will be announced at the time of the adjournment, if any, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the Meeting. The Board of Directors must fix a new Record Date to determine the shareholders entitled to vote at the adjourned Meeting if the Meeting is adjourned more than 120 days after the date fixed for the original Meeting.

Q: What is the recommendation of the Board of Directors with regard to the proposals?

A: The Board of Directors of Seacoast believes the proposals described herein are in the best interests of the Company and its shareholders and, accordingly, unanimously recommends that the shareholders vote “FOR” each of the proposals identified in the notice of meeting.

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

A: Except with respect to Proposal 1 for the election of directors, you may vote “for,” “against,” or “abstain” on each proposal properly brought before the Meeting. In the election of directors you may vote “for” or “withhold authority to vote for” each nominee.

Q: How many votes are needed for each proposal?

A: Proposal 1 requires approval by a "plurality" of the votes cast at the Meeting. This means that Proposal 1 will be approved if more votes cast at the Meeting are voted in favor of the proposal than are voted against the proposal. Votes withheld are not counted as votes against the proposal.

Proposals 2, 3, 4, 5 and 6 require approval by the affirmative vote of a majority of votes cast at the Meeting.

Our Board of Directors unanimously recommends that you vote "FOR" Proposals 1, 2, 3, 4, 5 and 6.

Unless otherwise required by the Company's Amended and Restated Articles of Incorporation, as amended ("Articles of Incorporation") or Bylaws or the Florida Business Corporation Act, or by applicable law, any other proposal that is properly brought before the Meeting will require approval by the affirmative vote of a majority of all votes cast at the Meeting.

Please remember that Proposals 1, 2, 4 and 5 are each considered non-routine matters. As a result, if your shares are held by a broker or other fiduciary, your shares cannot be voted on these matters unless you have provided voting instructions to your broker or other nominee.

Abstentions and broker non-votes, if any, will not be counted for purposes of determining whether any of the proposals have received sufficient votes for approval, but will count for purposes of determining whether or not a quorum is present. So long as a quorum is present, abstentions and broker non-votes will have no effect on any of the matters presented for a vote at the Meeting.

Q: Who will pay the expenses of the proxy solicitation?

A: The Company will bear the cost of preparing, printing and mailing this proxy statement, the notice of meeting and the proxies solicited for the Meeting. In addition to the solicitation of shareholders of record by mail, telephone, electronic mail, facsimile or personal contact, Seacoast will be contacting brokers, dealers, banks, or voting trustees or their nominees who can be identified as record holders of Common Stock; such holders, after inquiry by Seacoast, will provide information concerning quantities of proxy materials needed to supply such information to beneficial owners, and Seacoast will reimburse them for the reasonable expense of mailing proxy materials. Seacoast may retain other unaffiliated third parties to solicit proxies and pay the reasonable expenses and charges of such third parties for their services.

Q: Where do I find the voting results of the Meeting?

A: If available, we will announce voting results at the Meeting. The voting results will also be disclosed on a Form 8-K that we will file with the Securities and Exchange Commission ("SEC") within four business days after the Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 24, 2012.

The Notice of Annual Meeting, the 2012 Proxy Statement and the Annual Report to Shareholders for the year ended December 31, 2011 are also available at:

http://www.snl.com/IRWebLinkX/GenPage.aspx?IID=100425&GKP=207144

PROPOSAL 1

ELECTION OF DIRECTORS

General

As of the date of this proxy statement, Seacoast's Board of Directors consists of twelve members divided into three classes, serving staggered three year terms as provided in our Articles of Incorporation.

The Meeting is being held to, among other things, re-elect four Class I directors and elect one Class II director of Seacoast, each of whom has been nominated by the Nominating and Governance Committee of the Board of Directors. All of the nominees are presently directors of Seacoast and also serve as members of the Board of Directors of Seacoast's principal banking subsidiary, Seacoast National Bank (the "Bank"). The members of the Boards of Directors of the Bank and the Company are the same except for Dennis J. Arczynski and O. Jean Strickland, who are currently directors of the Bank only. If re-elected, each of the Class I directors will serve a three year term expiring at the 2015 Annual Meeting and until their successors have been elected and qualified.

On February 21, 2012, the Board of Directors, following the recommendation of our Nominating and Governance Committee, increased the size of the Board from eleven to twelve and appointed Roger O. Goldman as director to immediately fill the vacancy on the expanded Board. Mr. Goldman will stand for election as a Class II director at the Meeting and, if elected, will serve for a term expiring at the 2013 Annual Meeting, along with the other Class II directors.

Currently, the Board of Directors is classified as follows:

Class	Term	Names of Directors
Class I	Term Expires at the 2012 Annual Meeting	H. Gilbert Culbreth, Jr. Christopher E. Fogal Robert B. Goldstein Dale M. Hudson
Class II	Term Expires at the 2013 Annual Meeting	John H. Crane Roger O. Goldman Dennis S. Hudson, Jr. Thomas E. Rossin

Class III Term Expires at the 2014 Annual Meeting	Stephen E. Bohner T. Michael Crook Dennis S. Hudson, III Edwin E. Walpole, III

Manner for Voting Proxies

All shares represented by valid proxies, and not revoked before they are exercised, will be voted in the manner specified therein. If a valid proxy is submitted but no vote is specified, the proxy will be voted **FOR** the election of each of the five nominees for election as directors. Please note that banks and brokers that do not receive voting instructions from their clients are not able to vote their client's shares in the election of directors. Although all nominees are expected to serve if elected, if any nominee is unable to serve, then the persons designated as proxies will vote for the remaining nominees and for such replacements, if any, as may be nominated by Seacoast's Nominating and Governance Committee. Proxies cannot be voted for a greater number of persons than the number of nominees specified herein (five persons). Cumulative voting is not permitted.

The affirmative vote of the holders of shares of Common Stock representing a plurality of the votes cast at the Meeting at which a quorum is present is required for the election of the directors listed below.

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The nominees have been nominated by Seacoast's Nominating and Governance Committee, and the Board of Directors unanimously recommends a vote "FOR" the election of all five nominees listed below.

Nominees to be Elected at the Meeting

H. Gilbert Culbreth, Jr., age 66, is Chairman of the Company's Salary and Benefits Committee and has been a director of Seacoast since 2008.

Mr. Culbreth has been chief executive officer and owner of Gilbert Chevrolet Company, Inc., a car dealership located in Okeechobee, Florida, for the past 38 years. He was previously a member of Big Lake Financial Corporation's ("Big Lake") board of directors for 10 years prior to the acquisition of Big Lake by Seacoast in April 2006, and has served on the Bank's board of directors since the acquisition. In addition, Mr. Culbreth is president of several other family businesses, including, Culbreth Realty, Inc. (a real estate brokerage company), Parrott Investments, Inc. (a holding company for two other businesses), and Gilbert Aviation Inc. (an aircraft sales and service company). He is a former director of the Florida Council on Economic Education, the Okeechobee County Board of Realtors, the Okeechobee Economic Council, and the United Way of Okeechobee and is a member of the Masonic Lodge.

In making the determination that Mr. Culbreth should be a nominee for director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

- his diversity of business experience for 38 years in the Okeechobee, Florida market, which is valuable in understanding the customer segments in this market;
- his entrepreneurial and management skills;
- his stature in and knowledge of the local community; and
- his experience with the Company.

Christopher E. Fogal, age 60, is Chairman of the Company's Audit Committee, is a member of the Company's Nominating and Governance Committee and has been a director of Seacoast since 1997.

Mr. Fogal is a certified public accountant and principal with the public accounting firm of Proctor, Crook, Crowder & Fogal CPA, and P.A. ("Proctor Crook"). He was the managing partner of Fogal & Associates from 1979 until the firm merged with Proctor Crook in 2009. Mr. Fogal served on the board of directors of Port St. Lucie National Bank until it was acquired by Seacoast in 1996. He has also served as past chairman of the Treasure Coast Private Industry Council and past president of the St. Lucie County Chamber of Commerce, and is active in a number of professional organizations including the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

In making the determination that Mr. Fogal should be a nominee for director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

- his accounting expertise as a CPA, which provides the Board of Directors with guidance related to internal controls and financial and accounting matters;
- his business, management and decision-making skills, including his experience as managing partner of an accounting firm for 30 years;
- his stature in the local community; and
- his experience with the Company.

Roger O. Goldman, age 66, has been a director of Seacoast since February 2012.

Mr. Goldman has been a director of American Express Bank FSB, a wholly owned subsidiary of American Express Company, since 2005, and is chairman of their audit and risk committee and a member of their executive committee. Mr. Goldman is also the managing partner of Berkshire Opportunity Fund, which he founded in 2008 to provide financing and mentoring for small businesses in the Northeast. From 2009 to 2010, Mr. Goldman served as temporary volunteer CEO for 1Berkshire to create a powerful economic development engine for the Berkshires by integrating the work of four primary economic development agencies and raising larger and more sustainable funding. From 1997 to 2000, Mr. Goldman was president and CEO of Global Sourcing Services, LLC, a start-up venture specializing in outsourced marketing services and account acquisition and customer retention programs, which he grew to a substantial size before it was sold. Mr. Goldman's extensive banking experience includes management positions at Citicorp from 1969 to 1983; service as president and CEO of Redwood Bank, a community bank in San Francisco, California, from 1983 to 1986; EVP and senior operating officer of Coreast Savings Bank from 1989 to 1991; and EVP in charge of the community banking group of NatWest Bancorp (with $31 billion in assets) from 1991 to 1996 where he was responsible for managing all consumer and small business activities. In addition, he previously served on the boards of several public and private corporations, including Minyanville (a new media company), Cyota (an Internet security company), and American Express Centurion Bank where he also served as a member of the audit committee. He is currently Chairman of the Lighthouse International, a charitable foundation for the visually impaired which is headquartered in New York, and is the former Chairman of the Juvenile Diabetes Research Foundation. Mr. Goldman received his Bachelor's degree from New York University in Marketing and his Juris Doctorate from the Washington College of Law at American University. He is an emeritus member of the New Jersey bar and former member of the Washington D.C. bar.

In making the determination that Mr. Goldman should be a nominee for director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

- his diversity of leadership experience in the financial services industry, particularly with respect to his retail banking and consumer and small business lending background;
- his marketing and risk management expertise;
- his legal background and knowledge of corporate governance matters;
- his knowledge of and associations in the Palm Beach County market; and
- his considerable insights and perspectives garnered from years of service on public, private and not-for-profit boards.

Robert B. Goldstein, age 71, is Chairman of the Company's Nominating and Governance Committee, is a member of the Company's Salary and Benefits Committee, and has been a director of Seacoast since 2010.

Mr. Goldstein is a founding principal of CapGen Capital Advisors LLC ("CapGen LLC"), New York, New York, an investment program fund formed in 2007 that invests in banks and financial institutions. He is also a member of CapGen LLC's investment committee. As of March 22, 2012, an affiliate of CapGen LLC was the beneficial owner of 15,715,862 shares of the Company's common stock, representing 16.5 percent of outstanding shares. Mr. Goldstein is also currently a director of FNB Corporation (since 2003) and chairman of their compensation committee; a director of Hampton Roads Bankshares (since 2010) and a member of their compensation, governance/nominating, and risk oversight committees; and a director of Palmetto Bancshares, Inc. and its banking subsidiary, Palmetto Bank (since 2010) and member of their credit, regulatory, and governance/nominating committees. He is also chairman of the board of directors and chairman of the audit committee of THE BANKshares, Inc., and a director of its banking subsidiary, BankFIRST, since 2007. Mr. Goldstein's other senior executive and director experience includes service as director and chairman of the executive committee of Great Lakes Bancorp from 2005 to 2006; chairman of the board and CEO of Bay View Capital Corporation, a $6 billion bank holding company, from 2001 to 2006; director of Cobalt Holdings, LLC (an accredited credit rating agency and asset management company) from 2003 to 2010, as well as numerous other executive and/or director positions with financial institutions over a career that has spanned 48 years. Mr. Goldstein is nationally recognized for his expert investing and operational experience in turning around and implementing growth strategies for banks under the most challenging circumstances.

Mr. Goldstein's appointment to the Board of Directors is pursuant to the Stock Purchase Agreement (the "Stock Purchase Agreement"), dated October 23, 2009, between Seacoast and CapGen Capital Group III LP ("CapGen LP"), an affiliate of CapGen LLC. CapGen LP purchased 6,000,000 shares of our Common Stock on December 17, 2009 for $13.5 million pursuant to the Stock Purchase Agreement. Under the Stock Purchase Agreement, CapGen LP is entitled to appoint one director to our Board of Directors as long as CapGen LP or an affiliate retains ownership of the shares purchased under the agreement.

Although Mr. Goldstein's directorships on outside boards exceed the number specified in the Company's Corporate Governance Guidelines, the Nominating and Governance Committee currently believes that the number of directorships is acceptable since Mr. Goldstein's full-time job is to represent and provide expertise to boards of the banks in which CapGen LLC and its affiliates invest, and his directorships on these boards were approved by the Federal Reserve.

In making the determination that Mr. Goldstein should be a nominee for director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

- his significant experience in the financial services industry;
- his leadership and service on other public company boards, which provides insight regarding general public company operations, policies, internal controls and corporate governance, which is useful and applicable to Seacoast; and
- his knowledge and perspective on the interests of the institutional investor community.

Dale M. Hudson, age 77, has been a director of Seacoast since 1983.

Mr. Hudson served as Vice Chairman of Seacoast from July 2005 until his retirement on December 31, 2010, having previously served as Chairman from June 1998 to July 2005. He served as Chief Executive Officer of Seacoast from 1992 to June 1998, as President of Seacoast from 1990 to June 1998, and as Chairman of the Board of the Bank from September 1992 to June 1998. He also served on the board of directors of the Florida Bankers Association for five years. In addition to his 55 years in banking, Mr. Hudson is extremely active in the community and charitable organizations. He has served on the Martin Memorial Hospital Foundation and Community Boards, as well as on the boards of the American Cancer Society, Honorary Advisory Board of the Florida Oceanographic Society, Indian River Community College, and Treasure Coast Blood Bank Advisory Board and The Pine School for 15 years, including two years as chairman. Mr. Hudson has also devoted 18 years of service as chairman of Mary's Kitchen, a local soup kitchen for the homeless. He has received numerous awards and honorary titles, including the first Martin County Citizen of the Year Award by the March of Dimes in 1995 and the National Philanthropy Award with his wife in 2006.

In making the determination that Mr. Hudson should be a nominee for director of Seacoast, the Nominating and Governance Committee considered these qualifications, as well as:

- his significant experience in the financial services industry and the organization, including his prior service as Chairman and Chief Executive Officer of the Company, which provides a unique understanding of our operations;
- his tenure as director that spans a full range of banking and economic cycles affecting the Company; and
- his stature in the local community, including through the leadership positions with the community organizations and philanthropic work discussed above.

Directors Whose Terms Extend Beyond the Meeting

Stephen E. Bohner, age 59, is a member of the Company's Nominating and Governance and Salary and Benefits Committees and has been a director of Seacoast since 2003.

Mr. Bohner has been president and owner of Premier Realty Group, a real estate company located in Sewalls Point, Florida, specializing in the sale of luxury homes, since 1987. In addition to his 35 years in real estate, Mr. Bohner is actively involved in several professional and community organizations, having served as president of the Greater Martin County Association of Realtors and The Pine School. He was awarded the Realtor Association's Distinguished Service Award in 2001, and has served on numerous professional standards' panels in arbitration hearings and chaired the Realtors Association's grievance committee. Mr. Bohner is a graduate of Vanderbilt University with dual degrees in Business and Economics.

In making the determination that Mr. Bohner should remain a director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

· his business leadership and expertise in real estate, which provides the Board of Directors with valuable insight related to local real estate markets in which the Bank's customers are located and helps the Board make critical judgments regarding the Bank's lending activities since such judgments rely upon the proper valuation of real estate;

· his business leadership and entrepreneurial and management skills developed over the past 35 years;

· his stature in the local community garnered from his years of professional and community involvement; and

· his experience with the Company.

John H. Crane, age 82, is a member of the Company's Audit Committee and has been a director of Seacoast since 1983.

Mr. Crane is retired, but co-founded and served as vice president of C&W Fish Company, Inc., a fish processing plant located in the Stuart, Florida area, from 1982 through 2000. He also co-founded Krauss & Crane, Inc., an electrical and air conditioning contracting firm located in Stuart, Florida in 1957, overseeing all phases of the business' operations as its president and chairman until his retirement in 1998. Mr. Crane served as Chairman of the Bank's Directors Loan Committee for 15 years. He is well-respected in Martin County, Florida, having served on the board of

Martin Memorial Hospital for six years, chairing the committee to raise money for the first ambulances in the county, and sponsoring and managing youth baseball teams for 16 years.

In making the determination that Mr. Crane should remain a director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

- his business experience, management skills and sound business judgment developed as a co-founder of the two companies discussed above;
- his stature in the local community acquired from his years of professional and community involvement; and
- his experience with the Company, including his tenure as director that spans a full range of banking and economic cycles affecting the Company.

T. Michael Crook, age 64, is a member of the Company’s Audit Committee and has been a director of Seacoast since 2003.

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Mr. Crook has been a principal with the public accounting firm of Proctor, Crook, Crowder & Fogal, CPA, and P.A., located in Stuart, Florida, since 1976 and a CPA since 1975. He was a member of Barnett Bank's Martin County board of directors for 11 years from 1986 to 1997. Mr. Crook is also active in the community, currently serving as a member of the board of the Scripps Florida Funding Corporation and Martin County Community Foundation, and previously serving as director and president of the Economic Council and Stuart Kiwanis Club, former director of the Arts Foundation of Martin County and Stuart/Martin County Chamber of Commerce, and past chairman of the Indian River Community College Accounting Advisory Committee. His professional affiliations include the American Institute of Certified Public Accountants, the Management Advisory Services Division of the American Institute of Certified Public Accountants, and the local legislative contact for the Florida Institute of Certified Public Accountants.

In making the determination that Mr. Crook should remain a director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

· his business experience and sound business judgment;

· his accounting expertise as a CPA for more than 36 years, and his ability to provide guidance to the Board of Directors regarding accounting and financial matters;

· his stature in the local community, including through service on the boards of the community organizations discussed above; and

· his experience with the Company.

Dennis S. Hudson, Jr., age 84, has been a director of Seacoast since 1983.

Mr. Hudson retired in June 1998 after a 48-year career with the Company and Bank. He served as Chairman of the Board of Seacoast from 1990 to June 1998. Prior thereto, he served as Chief Executive Officer of Seacoast from 1983 until 1992, President of Seacoast from 1983 until 1990 and Chairman of the Bank from 1969 until 1992. Mr. Hudson also served on the board of the Miami Branch of the Federal Reserve Bank of Atlanta from 1983 to 1985. Active in the community and with charitable organizations, he has served as chairman of the American Red Cross of Martin County, president of the Stuart Rotary, and as a director of Hospice of Martin County.

In making the determination that Mr. Hudson should remain a director of Seacoast, the Nominating and Governance Committee considered these qualifications, as well as:

- his significant experience in the financial services industry and the organization, including his prior service as Chief Executive Officer of the Company, which provides a unique understanding of our operations;

- his tenure as director that spans a full range of banking and economic cycles affecting the Company; and

- his stature in the local community, including the leadership positions with the community organizations discussed above.

Dennis S. Hudson, III, age 56, has been a director of Seacoast since 1984.

Mr. Hudson was named Chairman of Seacoast in July 2005, and has served as Chief Executive Officer of the Company since June 1998. Mr. Hudson has also served as Chairman and Chief Executive Officer of the Bank since 1992. He served as President of Seacoast from June 1998 to July 2005, after serving in various positions with the Company and the Bank since 1978. Mr. Hudson is also on the board of directors of Chesapeake Utilities Corporation (ticker: CPK), a public gas and electric utilities company headquartered in Dover, Delaware, which merged with Florida Public Utilities Company ("FPU") in 2009. Prior to that time, he served as a member of the board of directors of FPU. He was also a member of the board of directors of the Miami Branch of the Federal Reserve Bank of Atlanta from 2005 through 2010. Mr. Hudson is actively involved in the community, having served on the boards of Martin County YMCA Foundation, Council on Aging, The Pine School, the Job Training Center, American Heart Association, Martin County United Way, the Historical Society of Martin County and as chairman of the board of the Economic Council of Martin County. He has been recognized for his achievements with several awards including the Florida Senate Medallion of Excellence Award presented by Florida Senator Ken Pruitt in 2001. Mr. Hudson is a graduate of Florida State University with dual degrees in Finance and Accounting, and a Masters degree in Business Administration.

In making the determination that Mr. Hudson should remain a director of Seacoast, the Nominating and Governance Committee considered these qualifications, as well as:

- his significant experience in the financial services industry and the organization, including his service as Chairman and Chief Executive Officer of the Company, which provides a unique understanding of our operations;
- his knowledge and relationships with the institutional investor community, including the Company’s past and present institutional investors;
- his service on other public company boards, which provides insight regarding general public company operations, policies, internal controls and corporate governance, which is useful and applicable to Seacoast; and
- his stature in the local community, including through service on the boards of the non-profit organizations discussed above.

Thomas E. Rossin, age 78, is a member of the Company’s Nominating and Governance and Salary and Benefits Committees, formerly chaired the Salary and Benefits Committee, is the Board’s Lead Independent Director and has been a director of Seacoast since 2004.

Mr. Rossin has been a practicing attorney in West Palm Beach, Florida, since 1993, currently with the firm of St. John, Rossin, Burr & Lemme, PLLC. He served as a Florida State Senator from 1994 to 2002, the last two years as minority leader, and was a candidate for Florida Lt. Governor in 2002. He founded Flagler National Bank in 1974, serving as president, chief executive officer and director and growing it to the largest independent bank in Palm Beach County with over $1 billion in assets. Forming The Flagler Bank Corporation, the holding company for Flagler National Bank, in 1983 and serving as president, chief executive officer and director, he took it public in 1984 and facilitated the acquisition of three financial institutions, until both Flagler National Bank and the holding company were sold in 1993 to SunTrust Bank. Prior thereto, Mr. Rossin was vice chairman and director of First Bancshares of Florida, Inc. after consolidating four banks under one charter, including First National Bank in Riviera Beach at which he served as president and chief executive officer. He has served as past president of the Community Bankers Association of Florida and Palm Beach County Bankers Association, and is a member of the Palm Beach County Bar Association, American Bar Association and the Florida Bar Association.

In making the determination that Mr. Rossin should remain a director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

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his legal background and, in particular, his knowledge of legal issues related to financial institutions and underlying corporate governance matters;

· his public service which, combined with his legal background, provides the Board of Directors with knowledge in the areas of government relations and regulatory matters that impact the Company;

· his significant experience in the financial services industry; and

· his experience with the Company.

Edwin E. Walpole, age 76, is a member of the Company's Salary and Benefits Committee and has been a director of Seacoast since 2006.

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Mr. Walpole has been the president, owner and director of Walpole Inc., a trucking transportation company in Okeechobee, Florida which covers the Southeastern United States, since 1960. He served as chairman, president and chief executive officer of Big Lake from 1985 until Big Lake was acquired by Seacoast in April 2006. Mr. Walpole is also the president of Mountain Top Aviation, Seminole Land Company, Trading Post & Farmers Market, and Fort Drum Corporation, and vice president and director of Walpole Leasing Corporation. He is a member and past president of the Okeechobee Economic Council and of Florida Trucking Association, a member of the American Trucking Association, and on the board of trustees of Murray State University where he earned a Bachelor of Science degree in Agriculture.

In making the determination that Mr. Walpole should remain a director of Seacoast, the Nominating and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

- his business leadership, entrepreneurial and management skills, developed through his leadership of Big Lake for more than 20 years and as the president and owner of Walpole Inc. for more than 50 years;
- his stature in the local community, including through service in the leadership positions set forth above; and
- his experience with the Company.

Non-Director Executive Officers

William R. Hahl, age 63, has served as Executive Vice President and Chief Financial Officer of Seacoast and the Bank since July 1990. Previously, he worked for Ernst and Young for 13 years, before leaving to start his own consulting firm. Mr. Hahl is a graduate of Kent State University, a CPA and member of the American Institute of Certified Public Accountants, Florida Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

H. Russell Holland, III, age 47, has served as Chief Lending Officer of Seacoast and the Bank since February 2011, and as Executive Vice President of commercial lending since July 2006. He served as Chief Banking Officer of Seacoast and the Bank from February 2008 to February 2011. Before joining the Company, Mr. Holland served as senior vice president and senior lender for Fifth Third Bank from February 2006 to July 2006. From February 2005 to February 2006, he was president of Old Palm Realty Partners, a financial services company located in Stuart, Florida. From December 2001 to February 2005, he served as executive vice president and chief lending officer of Union Bank of Florida, increasing assets from $350 million to over $1.0 billion during his tenure. Prior thereto, he served for seven years in various positions with Barnett Bank, which was acquired by Bank of America, his last position as division president of Barnett Realty Partners, the bank’s real estate capital markets group. Mr. Holland holds a B.S. degree in Accountancy from Wake Forest University.

David D. Houdeshell, age 51, has served as Executive Vice President and Chief Credit Officer of Seacoast and the Bank since June 2010. Before joining the Company, Mr. Houdeshell served from April 2007 to May 2010 as executive vice president and credit administrative executive for The South Financial Group in Greenville, South Carolina, a $12 billion commercial bank holding company. In this role, he had oversight and direction of credit administration, policy and procedure development, credit monitoring, loan review, credit processes and technology initiatives. From October 2005 to March 2007, Mr. Houdeshell was senior vice president and director of credit portfolio risk management at South Financial Group. Prior thereto, he was chief credit officer of Bombardier Capital, a $13 billion financial services entity of a global transportation manufacturer, for four years. Mr. Houdeshell holds a B.S. in Finance from Florida State University and a Masters degree in Business Administration.

O. Jean Strickland, age 52, has served as the Company's Senior Executive Vice President and President and Chief Operating Officer of the Bank since July 2005. Ms. Strickland was appointed to the Bank's Board of Directors in September 2005. Ms. Strickland served as Executive Vice President, Systems and Operations Division, of Seacoast and the Bank, as well as President of the Bank's Palm Beach County operations, from November 2002 to July 2005. She is a graduate of the University of Illinois with a B.S. degree in Economics.

CORPORATE GOVERNANCE

Independent Directors

The Company's Common Stock is listed on the Nasdaq Global Select Market ("Nasdaq"). Nasdaq requires that a majority of the Company's directors be "independent," as defined by the Nasdaq's rules. Generally, a director does not qualify as an independent director if the director (or, in some cases, a member of the director's immediate family) has, or in the past three years had, certain relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. The Board of Directors has determined that a majority of the Company's directors are independent directors under the Nasdaq rules. The Company's current independent directors are: Stephen E. Bohner, John H. Crane, T. Michael Crook, H. Gilbert Culbreth, Jr., Christopher E. Fogal, Roger O. Goldman, Robert B. Goldstein, Thomas E. Rossin, and Edwin E. Walpole, III.

Board Leadership Structure

The Chairman of the Board of Directors provides leadership to the Board of Directors and works with the Board of Directors to define its structure and activities in the fulfillment of its responsibilities. The Company believes that the members of the Board of Directors possess considerable experience and unique knowledge of the challenges and opportunities the Company faces, and therefore are in the best position to evaluate the needs of the Company and how to best organize the capabilities of the Company's directors and executives to meet those needs. As a result, the Company believes that the decision as to who should serve as Chairman and as Chief Executive Officer, and whether the offices should be combined or separate, is properly the responsibility of the Board of Directors, to be exercised from time to time in appropriate consideration of then-existing facts and circumstances.

The Company's current Chief Executive Officer, Dennis S. Hudson, III, also serves as the Chairman of the Board of Directors. He has held the post of Chief Executive Officer for the past 14 years, President for the seven years prior to being named Chairman, and has also served as Chief Executive Officer of the Bank for 20 years. During this time, Mr. Hudson has lead the Company through its growth from a local community bank to an institution with $2.1 billion in assets and 39 offices in 14 counties. In light of Mr. Hudson's significant leadership tenure with the organization, his breadth of knowledge of the Company and his relationship with the institutional investor community, as well as the efficiencies, accountability and leadership that this structure provides, the Board of Directors believes it is appropriate that he serve as both Chief Executive Officer and Chairman.

In order to give a significant voice to our non-management directors, our Corporate Governance Guidelines provide for executive sessions of our independent directors. The Guidelines specifically provide for the appointment of a lead independent director to preside at all executive sessions of non-management directors. The Company's independent directors have established a policy to meet separately from the other directors in regularly scheduled executive sessions at least twice annually, and at such other times as may be deemed appropriate by the Company's independent directors. Thomas E. Rossin serves as the Company's Lead Independent Director and he presides at all executive sessions of the independent directors and non-management directors. Any independent director may call an executive session of independent directors at any time. The independent directors met in executive session four times in 2011. Interested parties, including the Company's shareholders, may communicate directly with non-management directors by sending written communications to Non-Management Directors c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995.

Oversight is also provided through the extensive work of the Board's committees – Audit, Nominating and Governance, and Salary and Benefits – in key areas such as financial reporting, internal controls, compliance, corporate governance, succession planning and compensation programs. The committees consist entirely of independent, non-management directors.

In addition, at the end of each year, the Board and each of its committees review a schedule of agenda topics to be considered in the coming year. Each Board and committee member may raise subjects that are not on the agenda at any meeting and suggest items for inclusion in future agendas.

The Company believes that the foregoing structure, policies, and practices, when combined with the Company's other governance policies and procedures, provide appropriate opportunities for oversight, discussion, and evaluation of decisions and direction from the Board of Directors.

Director Nominating Process

The Nominating and Governance Committee annually reviews and makes recommendations to the full Board of Directors regarding the composition and size of the Board of Directors and its committees so that the Board of Directors consists of members with the proper expertise, skills, attributes and personal and professional backgrounds to ensure that the Board of Directors is comprised of a diverse group of members who, individually and collectively, best serve the needs of the Company.

The Company's Nominating and Governance Committee identifies potential nominees for director primarily based upon suggestions from current directors and executives. Director candidates are interviewed by the Chairman of the Nominating and Governance Committee and at least one other member of the committee. The full Board formally nominates candidates for director to be included in the slate of directors presented for shareholder vote based upon the recommendations of the Nominating and Governance Committee following this process.

Given the evolving needs and challenges of the Company, the Nominating and Governance Committee believes that the Board of Directors as a whole should have diversity of experience, which may, at any one or more times, include differences with respect to personal, educational or professional experience, gender, ethnicity, national origin, geographic representation, community involvement and age. However, the Nominating and Governance Committee does not assign specific weights to any particular criteria. Its goal is to identify nominees that, considered as a group, will possess the talents and characteristics necessary for the Board of Directors to fulfill its responsibilities. In addition, each director must have the qualifications, if any, set forth in the Company's Bylaws, as well as the following qualifications:

- the highest ethical character, an appropriate personal and professional reputation, and must share the values of the Company as reflected in its Code of Conduct;
- the ability to exercise sound business judgment; and
- substantial business or professional experience and be able to offer meaningful advice and guidance to the Company's management based on that experience.

The Nominating and Governance Committee also considers numerous other qualities, skills and characteristics when evaluating director nominees, such as:

- an understanding of and experience in the financial services industry, as well as accounting, finance, legal or real estate expertise;

- leadership experience with public companies or other major organizations, as well as civic and community relationships; and

- qualifications as an independent director.

Any Company shareholder entitled to vote generally on the election of directors may recommend a candidate for nomination as a director. A shareholder may recommend a director nominee by submitting the name and qualifications of the candidate the shareholder wishes to recommend to the Company's Nominating and Governance Committee, c/o Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. To be considered, recommendations with respect to an election of directors to be held at an annual meeting must be received not less than 60 days nor more than 90 days prior to the anniversary of the Company's last annual meeting of shareholders (or, if the date of the annual meeting is changed by more than 20 days from such anniversary date, within 10 days after the date that the Company mails or otherwise gives notice of the date of the annual meeting to shareholders), and recommendations with respect to an election of directors to be held at a special meeting called for that purpose must be received by the 10th day following the date on which notice of the special meeting was first mailed to shareholders. Recommendations meeting these requirements will be brought to the attention of the Company's Nominating and Governance Committee. Candidates for director recommended by shareholders are afforded the same consideration as candidates for director identified by Company directors, executive officers or search firms, if any, employed by the Company. In 2011, there were no shareholder nominee recommendations received, and no third party search firms were used to identify director candidates.

Shareholder Communications

The Company's Corporate Governance Guidelines provide for a process by which shareholders may communicate with the Board, a Board committee or the non-management directors as a group, or other individual directors. Shareholders who wish to communicate with the Board of Directors, a Board committee or any other directors or an individual director may do so by sending written communications addressed to the Board of Directors of Seacoast Banking Corporation of Florida, a Board committee or such group of directors or individual director, c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box, 9012, Stuart, Florida 34995. All communications will be compiled by the Company's Secretary and submitted to the Board of Directors, a committee of the Board of Directors or the appropriate group of directors or individual director, as appropriate, at the next regular meeting of the Board.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that are available on the Company's website at *www.seacoastbanking.net*, or without charge, upon written request to Seacoast Banking Corporation of Florida, c/o Corporate Secretary, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995.

Code of Conduct and Ethics

The Board of Directors has adopted a Code of Conduct applicable to all directors, officers and employees and a Code of Ethics for Financial Professionals applicable to the Company's chief executive officer and its chief financial officer, both of which are available on the Company's website at *www.seacoastbanking.net*, or without charge, upon written request to Seacoast Banking Corporation of Florida, c/o Corporate Secretary, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. The Company will post on its website any amendment to or waiver from a provision of its Code of Conduct or Code of Ethics for Financial Professionals.

Board Meeting Attendance

The Board of Directors held four regular meetings during 2011. All of the directors attended 100 percent of the total number of meetings of the Board of Directors and committees on which they served. Five of the Company's incumbent Directors attended the Company's 2011 Annual Meeting. The Company encourages all of its directors to attend its annual shareholders' meetings and all meetings of the Board of Directors and committees on which the directors serve.

Risk Oversight

The Board of Directors maintains oversight responsibility for the management of the Company's risks. A fundamental part of risk management is not only anticipating and understanding the risks the Company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The full Board of Directors reviews with management its process for managing enterprise risk. The Board believes that risk management is an integral part of the Company's annual strategic planning process which addresses, among other things, the risks and opportunities facing Seacoast. The types of risks that the Company faces include:

- macro-economic risks, such as inflation, reductions in economic growth, or recession;
- political or regulatory risks, such as restriction on access to markets;
- event risks, such as natural disasters; and

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- business specific risks related to strategy, competition, financial reporting, operational execution, credit, investments, corporate governance, legal and regulatory compliance and reputation.

While the Board of Directors maintains the ultimate oversight responsibility for risk management, the Company has adopted an enterprise risk management initiative to assist the Board. This process involves the Board of Directors, management and other personnel in an integrated effort to identify, assess, prioritize and manage the risks that affect our ability to execute on our corporate strategy and fulfill our long-term business objectives. This holistic process includes the development of plans to balance and manage these risks or mitigate their effects. As part of this process, the Board and its committees have been assigned responsibility for risk management oversight of specific areas. The Audit Committee is charged with overseeing the Company's financial risk management process each year, including ensuring that management has taken steps to monitor, control and report such risks and reviewing with management the most significant risks identified and management's plans for addressing and mitigating the potential effects of such risks. The Nominating and Governance Committee oversees risks and exposures related to the Company's programs and policies for corporate governance and director succession planning. The Salary and Benefits Committee has oversight responsibility related to executive compensation matters. During the period in which the Company is subject to the U.S. Department of Treasury ("Treasury") Capital Purchase Program ("CPP") established under the Troubled Asset Relief Program ("TARP"), the Salary and Benefit Committee must meet semi-annually with senior risk officers of the Company to identify and limit any compensation arrangements of senior executive officers and employee compensation plans that could lead to unnecessary or excessive risk taking. The Salary and Benefits Committee also assists the Board with its leadership assessment and succession planning with respect to the position of CEO, and monitors and advises on management's succession planning for other executive officers.

Board Committees

The Company's Board of Directors has three standing permanent committees: the Salary and Benefits Committee, the Audit Committee and the Nominating and Governance Committee. The Salary and Benefits Committee and the Audit Committee serve the same functions for the Company and the Bank. The Bank also has the following standing committees: the Compliance Committee, the Directors Loan Committee, the Executive Committee, the Enterprise Risk Management Committee, the Investment Committee and the Trust Committee. The composition of each Company committee is set forth in the below table.

Director Name	Salary & Benefits	Audit	Nominating & Governance
H. Gilbert Culbreth, Jr.**	X*		
Christopher E. Fogal**		X*	X
Robert B. Goldstein**	X		X*
Dale M. Hudson			
Roger O. Goldman**			
Stephen Bohner**	X		X
John H. Crane**		X	
T. Michael Crook**		X	
Dennis S. Hudson, Jr.			
Dennis S. Hudson, III			

Thomas E. Rossin**	X	X
Edwin E. Walpole**	X	

* Chairman.
** Independent director.

Salary and Benefits Committee

The Company's Salary and Benefits Committee is currently composed of Messrs. Culbreth (Chairman), Bohner, Goldstein, Rossin and Walpole, all of whom are independent directors. This committee has the authority set forth in its charter, and approved by the Board of Directors, including determining the compensation of the Company's and the Bank's key executive officers. The committee is also responsible for preparing an annual report on executive compensation which is included herein under "Salary and Benefits Committee Report." This committee administers the provisions of the Company's incentive compensation plans and other employee benefits plans.

The Salary and Benefits Committee has the resources and authority to discharge its responsibilities, including authority to retain and terminate any compensation consulting firms used to assist in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, with such fees to be borne by the Company. The committee may delegate to a subcommittee consisting of two or more members of the committee such of its duties and responsibilities as it deems appropriate and advisable. The committee periodically reports its activities to the Board of Directors. The responsibilities and duties of the Salary and Benefits Committee are more fully set out in the committee's charter, available on the Company's website at *www.seacoastbanking.net* or upon written request to c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995.

Salary and Benefits Committee meetings are held as often as necessary to allow the committee to perform its duties and responsibilities. Although many compensation decisions are made in the first quarter of the year, the decision-making process is continuous and neither ends nor begins with any one meeting. This committee held five meetings in 2011.

As a result of the Company's participation in the CPP, the Salary and Benefits Committee's charter was amended in 2009 to require that the committee meet, at least semi-annually, with senior risk officers of the Company to (i) discuss and review the relationship between the Company's risk management policies and practices and the incentive compensation arrangements of the Company's senior executive officers, and to identify and take reasonable efforts to limit any features in such compensation arrangements that could lead the senior executive officers to take unnecessary or excessive risks that could threaten the value of the Company, and (ii) provide a certification with respect to this review. For additional information about the manner in which the Board of Directors oversees and monitors risks, see "Risk Oversight" above. For more information about the Company's participation in the U.S. Treasury's Capital Purchase Program, see "Compensation Discussion and Analysis - Effects of Participation in the Capital Purchase Program."

Audit Committee

The Audit Committee is currently composed of Messrs. Fogal (Chairman), Crane and Crook, all of whom the Board of Directors has determined are independent directors under Nasdaq and SEC rules. The Board of Directors has also determined that Mr. Fogal is an "audit committee financial expert" as defined by the SEC. The Audit Committee has the responsibilities set forth in the Audit Committee charter, as adopted by the full Board of Directors, including reviewing Seacoast's and its subsidiaries' financial statements and internal accounting controls, and reviewing reports of regulatory authorities and determining that all audits and examinations required by law are performed. The Audit Committee charter is available on the Company's website at *www.seacoastbanking.net* or upon written request to c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. The Audit Committee appoints the independent auditors, reviews their audit plan, and reviews with the independent auditors the results of the audit and management's response thereto. The Audit Committee also reviews the adequacy of the internal audit budget and personnel, the internal audit plan and schedule, and results of audits performed by the internal audit staff. The Audit Committee is responsible for overseeing the audit function and appraising the effectiveness of internal and external audit efforts. The Audit Committee also reviews the procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and changes to the Company's Code of Conduct, and approves related party transactions. The Audit Committee periodically reports its findings to the Board of Directors. This committee held six meetings in 2011. During two of the meetings, the Audit Committee met in private session with our independent auditor; during one of the meetings, the Audit Committee met in private session with the Internal Audit and Compliance Manager and alone in executive session without members of management present; and during three of the meetings, the Audit Committee met in private session with individual members of management.

Nominating and Governance Committee

The Nominating and Governance Committee is currently composed of Messrs. Goldstein (Chairman), Bohner, Fogal and Rossin, all of whom are independent directors. The purpose of this committee is to identify individuals qualified to become members of the Board of Directors of the Company and/or the Bank, and recommend to the Board of Directors of the Company and the Bank the director nominees for the next annual meeting of shareholders. The Nominating and Governance Committee also takes a leadership role in shaping corporate governance policies and practices, including recommending to the Board of Directors the corporate governance guidelines applicable to the Company and monitoring Company compliance with these policies and guidelines. The responsibilities and duties of the Nominating and Governance Committee are more fully set out in the committee's charter, available on the Company's website at *www.seacoastbanking.net* or upon written request to c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. This committee held two meetings in 2011.

Bank Committees

The Bank committees perform the duties customarily performed by similar committees at other financial institutions. In December 2008, the Bank's board of directors formed the Compliance Committee responsible for monitoring and coordinating the Bank's adherence to the provisions of the formal agreement with the Office of the Comptroller of the Currency entered into on December 16, 2008 (the "Formal Agreement"). The Formal Agreement provides for the development and implementation of written programs to reduce the Bank's credit risk, monitor and reduce the level of criticized assets, and manage commercial real estate loan concentrations in light of current adverse market conditions.

Executive Officers

Executive officers are appointed annually at the organizational meeting of the respective Boards of Directors of Seacoast and the Bank following the annual meeting of Company shareholders, to serve until the next annual meeting and until successors are chosen and qualified.

Management Stock Ownership

As of the Record Date, March 22, 2012, based on available information, all directors, director nominees and executive officers of Seacoast as a group (16 persons) beneficially owned approximately 21,214,750 outstanding shares of Common Stock, constituting 22.3 percent of the total number of shares of Common Stock outstanding at that date. In addition, as of the Record Date, various subsidiaries of Seacoast, as fiduciaries, custodians, and agents, had sole or shared voting power over 416,821 outstanding shares, or 0.4 percent of the outstanding shares, of Seacoast Common Stock, including shares held as trustee or agent of various Seacoast employee benefit and stock purchase plans. See "Questions and Answers about the Proxy Solicitation Materials and the Proxy Solicitation" and "Security Ownership of Management and Certain Beneficial Holders."

COMPENSATION DISCUSSION & ANALYSIS

Overview

The Company's 2011 business results reflected significant improvements in earnings and asset quality. The Company returned to profitability following eleven consecutive quarterly losses. Net income was $6.7 million for the full year compared to the net loss for the year 2010 totaling $33.2 million. The improvement was the result of aggressive actions taken to successfully reduce loan concentrations and credit risk and improve asset quality. Revenue growth also improved in 2011 due to continuous growth in the number of households served, as well as increased loan production.

In addition to the improved financial performance and the successful achievement of our strategic objectives, the Company's executive compensation programs were influenced by several other factors in 2011. At the beginning of the year, there was uncertainty as to whether economic conditions would improve and to what extent the uncertain economy would impact the Company and our markets. As a participant in the TARP CPP, we were also restricted in the type of compensation we could provide to our named executive officers.

The following discussion and analysis describes the compensation of the Company's named executive officers during 2011, including our compensation objectives and policies, the material elements of our compensation program, and the material factors considered in setting executive compensation. Our named executive officers for 2011 included the following changes when compared with the prior year. Dale M. Hudson, who served as our Vice Chairman, retired on December 31, 2010 and was therefore no longer an executive officer of the Company. We added David Houdeshell as a named executive officer in November 2011 when he became a member of our Tier 1 officer group, described below under "Executive Compensation Program – Stock Ownership Guidelines". Our named executive officers for 2011 are listed below:

- Dennis S. Hudson, III, Chairman and Chief Executive Officer of the Company and the Bank;
- William R. Hahl, Executive Vice President and Chief Financial Officer of the Company and the Bank;
- O. Jean Strickland, Senior Executive Vice President of the Company and President and Chief Operating Officer of the Bank;
- H. Russell Holland, III, Executive Vice President and Chief Lending Officer of the Company and the Bank; and

- David Houdeshell, Executive Vice President and Chief Credit Officer of the Company and the Bank.

The compensation of the named executive officers is presented in the tables and related information and discussed under "Executive Compensation" following this section.

Summary

The following is a brief overview of the information provided in this section.

General

- The objectives of our compensation program are to attract and retain talented executives, to align their interests with those of our shareholders, and to recognize their individual contributions to the Company and the Bank, while discouraging unnecessary or excessive risk.

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- Our goal is to be competitive with our total direct compensation, using industry data to benchmark compensation.
- Compensation for our executives includes:
  - base salary;
  - salary shares;
  - restricted stock awards;
  - benefits that include the same group health and welfare benefit programs and tax-qualified retirement plans available to all of our employees, in addition to a non-qualified deferred compensation plan and supplemental executive life and disability coverage; and
  - limited executive perquisites.
- Each of our named executive officers, except Mr. Houdeshell, has an employment and/or change in control agreement that provides severance pay if the executive's employment is terminated in certain circumstances. During the time that the Company remains a TARP CPP participant, no severance may be paid under these agreements.

2011 Compensation

In January 2011, for the third consecutive year, the Salary and Benefits Committee, which we refer to in this section as the Committee, decided not to increase the base salaries of any of the Company's executive officers and not to make any short or long-term cash awards. The Committee's decision was based on the then-recent financial performance of the Company, the uncertain state of the financial markets, and the Company's status as a CPP participant.

Later in the year, after the Company reported positive earnings, the Committee decided to use salary shares and long-term restricted stock to compensate those executive officers whose compensation is restricted under TARP. Both salary shares and long term restricted stock are forms of compensation that comply with the restrictions under the TARP CPP. The awards were made in recognition of contributions to the Company's progress and to align the interests of executive officers with Seacoast's shareholders. Restricted stock was granted to all of the senior executive officers in August 2011. The grants were structured to vest not sooner than five years to support the Company's retention and risk objectives, and for all named executive officers, except Mr. Houdeshell, further require that the Company achieve specific shareholder return objectives prior to vesting. Salary shares, also designed to align with shareholder interests, were granted to Mr. Holland in October 2011. As required for CPP compliance, these salary shares vest upon grant and are awarded periodically throughout the year, much like cash based salary, and are based on a predetermined value.

Effect of Participation in the Capital Purchase Program

In December 2008, in conjunction with the Company's participation in the CPP, each of the named executive officers, except Mr. Houdeshell who was hired in 2010, entered into a consent agreement addressing the restrictions and limitations required by the CPP. Mr. Houdeshell subsequently signed an acknowledgement of the CPP restrictions.

The economic stimulus bill entitled the American Recovery and Reinvestment Act of 2009 ("ARRA"), and the related regulations, which became effective in 2009, revised and expanded the restrictions and requirements on the executive compensation paid by participants in the CPP. While the Series A Preferred Stock remains outstanding and is owned by the U. S. Treasury, the Company is subject to the following restrictions:

- *Prohibition on severance*. The Company may not make any severance payments to any of the five most highly compensated senior executive officers, other than payments for services performed or benefits accrued.

- *Prohibition on bonuses, retention awards, and other incentive compensation.* The Company may not pay or accrue any bonus, retention award or incentive compensation to the five most highly compensated senior executive officers, other than certain awards of long-term restricted stock or bonuses payable under existing contracts.

- *Clawback.* The Company must “clawback” any bonus or incentive compensation paid to a senior executive officer based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate.

- *Prohibition on compensation plans that “encourage” earnings manipulation*. The Company may not implement any compensation plan that would encourage manipulation of reported earnings in order to enhance the compensation of any of its employees.

- *Avoidance of luxury expenses*. The Company must maintain a written policy prohibiting, or requiring prior approval of, excessive and luxury expenditures.

- *Prohibition of tax gross-ups*. The Company may not pay gross-ups or other reimbursements for the payment of taxes to any of its senior executive officers.

- *Compensation deduction limit*. The Company has made contractual commitments to the Treasury not to deduct for tax purposes executive compensation in excess of $500,000 for specified senior executive officers.

With our participation in the CPP, the components of compensation have changed. Specifically, the relative portion of base salary to total direct compensation has increased as a result of: i) the payment of additional salary in in the form of stock, ii) the elimination of the annual cash incentive, iii) the exclusion of the use of stock options and stock appreciation rights, and iv) limits on the amount of restricted stock that may be granted. The impact of the CPP on our compensation program is summarized below:

Compensation Component	**Prior to TARP CPP Participation**	**During TARP CPP Participation**
Base Salary	· Cash only · Generally 50% to 75% of total compensation	· Cash · Salary Shares · 70-100% of total compensation
Short-Term Annual Incentive	· Cash awards based on performance	· Not permitted
Long-Term Incentive	· Stock options · Stock-settled stock appreciation rights	· Limited to long-term restricted stock

· Restricted stock	· Limited to one-third of total compensation

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Compensation Philosophy and Objectives

The concentration of wealth on the southeast coast of Florida makes the area in which the Company operates one of the most attractive regions in Florida for banks to operate and therefore a highly competitive employment market. The Company competes for talent with large national and regional bank franchises who seek local executive and production personnel, and with small local bank franchises who seek executive level talent.

In order to operate in this highly competitive market, the Company has implemented a complex business model that requires bankers who can leverage the best strategies of both large and small banking institutions. Specifically, the Company's size allows it to compete for larger commercial relationships, supported by a complete product offering which includes trust, investment services, private banking and specialty financing, in addition to more common consumer and business banking services. However, to compete with smaller community banks in its markets, the Company also maintains a relationship banking focus on both consumer and commercial business customer needs. We believe this dual strategy requires an organizational culture driven by the value systems of its employees—where disciplines such as taking high levels of personal responsibility, creating effective relationships and providing superior customer service, ultimately drive profitability.

The Company strives to satisfy the demands of its business model by rewarding executive officers both for the successful implementation of Company corporate objectives and for individual performance. The Company considers a full range of compensation elements in order to compare favorably with its peers as it seeks to attract and retain key personnel.

In designing the compensation program for executive officers, the Committee seeks to achieve the following key objectives:

- *Attract and Retain Talented Executives*. The compensation program should provide each executive officer with a total compensation opportunity that is market competitive. This objective is intended to ensure that there are highly competent leaders and employees at all levels in the organization, while maintaining an appropriate cost structure for the Company.

- *Alignment with Shareholders*. The compensation program should align executives' interests with those of the Company's shareholders, promoting actions that will have a long-term positive impact on total shareholder returns.

- *Recognize Individual Contributions*. The compensation program should reward executive officers for individual contributions to the success of the Company's operating performance. The Committee believes that over time the achievement of the Company's performance objectives is the primary determinant of share price.

- *Discourage Taking Excessive Risk*. The compensation program should limit any features that could lead to the senior executive officers taking unnecessary or excessive risks that could threaten the value of the Company.

Previously, the Committee had supported these desired objectives by reviewing the Company's overall compensation program for executive officers, and the salary and benefit processes for all officers and employees on an annual basis, usually in the first quarter of each year. This information was then compared with relevant survey data and benchmarked against the 50th percentile of total compensation opportunity for similar positions at the Company's peers and competitors. The Committee decided not to conduct a review of compensation for executive officers in early 2011. Instead, the Committee decided to review the recommendations made by Grant Thornton in 2010, described below, and to consider awarding equity compensation once the Company returned to profitability. In August 2011, after the Company announced a profit for the second quarter of the year, the Committee made equity awards to the executive officers, which are described under "Elements of the 2011 Compensation Program for Executive Officers – Long-Term Incentives" below.

Determining Executive Compensation

Role of the Committee

The Committee is responsible for establishing our compensation philosophy and for overseeing our executive compensation policies and programs generally. As part of this responsibility, the Committee:

- approves our executive compensation programs, including grants of equity awards;
- evaluates the performance of the CEO and determines the CEO's compensation; and
- reviews the performance of other members of executive management and approves their compensation based on recommendations made by the CEO.

The Committee reviews executive officer compensation to ensure it is consistent with our compensation philosophies, company and personal performance, changes in market practices and changes in individual responsibilities.

Role of the Compensation Consultant

From time to time, the Committee has engaged independent compensation consultants and advisors. In general, these consultants and advisors have provided compensation benchmarking and analytical data and have rendered advice to the Committee regarding all aspects of the Committee's compensation decisions. The Committee has direct access to consultants and control over their engagement.

In October 2009, the Committee engaged Grant Thornton, a nationally known independent consulting firm, to conduct a review of the compensation of the Company's executive officers in comparison to comparable banks, both participating in the CPP and not covered by CPP requirements, and to make recommendations on the best structure and design for the Company's executive compensation structure in the future, while recognizing the special needs of CPP participants. The firm was paid a total of $7,500 for such services with the Committee and did not provide any services directly to the Company or to management.

Grant Thornton was again retained by the Committee in 2010 to conduct a peer group analysis of director compensation and to provide advice on the chief executive officer's performance review process and on employment contracts with our executive officers. The firm was paid a total of $79,385 for such services with the Committee and did not provide any services directly to the Company or to management.

Grant Thornton was also retained by the Committee in 2011 to provide advice on employment contracts with our executive officers and management succession planning. The firm was paid a total of $36,594 for such services with the Committee and did not provide any services directly to the Company or to management.

Benchmarking and Comparator Group

Grant Thornton's 2010 review included a comparison of salary, bonus and other forms of compensation, including stock based compensation, for a peer group of 17 publicly held regional banks that were identified by Grant Thornton as being comparable to the Company in size. The average asset size of the peer group was $2.2 billion based on data from the most recent fiscal quarter-end available at the time of the study. While the peer group was primarily based on asset size, geography and per capita income in the banks' markets were used as other qualifiers. Given the dramatic changes in the banking landscape in the past two years and the limited number of banks of Seacoast's size remaining in Florida, the study included two Florida-headquartered banks, other banks in the Southeastern U.S. and national banks outside the Southeastern U.S. with similar, but less stressed markets. The peer group was comprised of:

- Ameris Bancorp
- Bankcorp, Inc.
- Sterling Bankcorp
- Univest Corporation of Pennsylvania