

NBC CAPITAL CORP
Form DEF 14A
April 28, 2006

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

Filed by a Party other than the Registrant

Check the appropriate box:

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

NBC Capital Corporation

(Name of Registrant as Specified in its Charter)

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

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May 17, 2006

Dear Fellow Shareholders:

We cordially invite you to attend the 2006 annual meeting of shareholders of NBC Capital Corporation. The annual meeting will be held beginning at 10:00 a.m., local time, on Tuesday, June 20, 2006, in the company's principal executive offices, at the Cadence Bank building, Starkville Banking Center, 301 East Main Street, Starkville, Mississippi. The formal notice of the annual meeting appears on the next page.

The annual meeting has been called for the following purposes: (1) to elect nineteen directors of NBC Capital Corporation to serve until the 2007 annual meeting of shareholders or their successors are elected and qualified; (2) to consider and vote upon a proposed amendment to the company's Articles of Incorporation to change the name of the company to *Cadence Financial Corporation*; (3) to consider and vote upon the proposal to adopt the company's 2006 Long-Term Incentive Compensation Plan; and (4) to transact such other business as may properly come before the annual meeting or any adjournment thereof.

We hope that you will be able to attend the annual meeting. Whether or not you plan to attend, please submit a proxy by mail, telephone or the Internet. You may submit a proxy by mail by completing, signing and dating the enclosed proxy card and returning it promptly in the enclosed envelope. You may also submit a proxy by telephone or via the Internet, should you prefer. Your board of directors recommends a vote **FOR** the (1) election of the persons named in proxy statement as nominees for director, (2) proposal to change the name of the company and (3) the proposal to adopt the company's 2006 Long-Term Incentive Compensation Plan.

We are gratified by your continued interest in NBC Capital Corporation and are pleased that so many of you have voted your shares in the past. We look forward to seeing you at the annual meeting.

Sincerely yours,

Lewis F. Mallory, Jr.

Chairman of the Board and

Chief Executive Officer

NBC CAPITAL CORPORATION

301 East Main Street

Starkville, Mississippi 39759

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 20, 2006

Notice is hereby given that the annual meeting of shareholders of NBC Capital Corporation will be held beginning at 10:00 a.m., local time, on Tuesday, June 20, 2006, in the company's principal executive offices, at the Cadence Bank building, Starkville Banking Center, 301 East Main Street, Starkville, Mississippi. The annual meeting has been called for the following purposes:

to elect 19 directors of NBC Capital Corporation, to serve until the 2007 annual meeting or until their successors are duly elected and qualified;

to consider and vote upon a proposed amendment to the company's Articles of Incorporation to change the name of the company from *NBC Capital Corporation* to *Cadence Financial Corporation* ;

to consider and vote upon a proposal to adopt the company's 2006 Long-Term Incentive Compensation Plan;

to transact such other business as may properly come before the annual meeting.

The board of directors has fixed the close of business on Friday, April 28, 2006 as the record date for the determination of the shareholders entitled to notice of, and to vote at, the annual meeting.

Your vote is important. Regardless of whether or not you plan to attend the meeting, please submit a proxy by mail, telephone or the Internet. You may submit a proxy by mail by completing, signing and dating the enclosed proxy card and returning it in the envelope provided as promptly as possible. You may also submit a proxy by telephone or via the Internet by following the instructions attached to the proxy card. You may revoke your proxy at any time before it is voted at the annual meeting by sending in a replacement proxy or by voting in person at the meeting.

By Order of the Board of Directors,

Hunter M. Gholson

Secretary

May 17, 2006

NBC CAPITAL CORPORATION

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD TUESDAY, JUNE 20, 2006

Introduction

This proxy statement is furnished to the shareholders of NBC Capital Corporation, in connection with the solicitation of proxies on behalf of the board of directors for use at the 2006 annual meeting of shareholders to be held at 10:00 a.m., local time, on Tuesday, June 20, 2006, in the company's principal executive offices. The company's principal executive offices are located at 301 East Main Street, Starkville, Mississippi 39759, and its telephone number is (662) 323-1341.

This proxy statement, the accompanying proxy card and the notice of annual meeting are first being distributed to shareholders on or about May 17, 2006.

At the meeting, shareholders will have the opportunity to consider and vote upon:

the election of 19 directors to serve until the 2007 annual meeting;

the proposed amendment to the company's Articles of Incorporation to change the name of the company from *NBC Capital Corporation* to *Cadence Financial Corporation* ;

the proposal to adopt the company's 2006 Long-Term Incentive Compensation Plan; and

any other matter that may properly come before the annual meeting or any adjournments thereof. The board of directors has fixed the close of business on Friday, April 28, 2006 as the record date for the annual meeting. Only shareholders of record at the close of business on that date are entitled to notice of, and to vote at, the annual meeting. As of April 28, 2006, there were 8,186,724 shares of the company's common stock outstanding. The company has no other outstanding class of securities. The deadline for proxies to be received is 11:59 P.M., eastern daylight time, on June 19, 2006.

If you have not already done so, please complete, date and sign the accompanying proxy card and return it promptly in the enclosed, postage-paid envelope. You may also vote by telephone or via the Internet. Please see the instructions attached to the proxy card.

Solicitation and Revocation of Proxies

The company is soliciting your shareholder proxy. The company intends to solicit proxies by mail, but it may also use telephonic and other electronic means of solicitation. As part of its solicitation, the company encourages its directors, officers and employees to solicit shareholder proxies. However, the company does not engage any of its directors, officers or employees specifically to solicit proxies and pays no additional compensation for solicitation. The company's stock transfer agent, SunTrust Bank, will assist in the solicitation of proxies from brokers and nominees of shareholders.

If a properly signed and dated proxy card is returned with voting instructions in time, the shares represented by the proxy will be voted in accordance with those instructions. If a properly signed and dated proxy card is returned without instructions, the shares represented by that card will be voted **FOR** the (1) election of the nominees for director named herein, (2) amendment to company's articles of incorporation to change the company's name to *Cadence Banking Corporation* and (3) adoption of the company's 2006 Long-Term Incentive Compensation Plan, all as recommended by the company's board of directors. Your proxy also gives your proxies the discretionary authority to vote your shares on any other matter that is properly presented at the annual meeting. The board of directors is not aware of any other matter to be presented at the meeting other than those specifically discussed in this proxy.

If you have delivered a proxy for the annual meeting, you may revoke it any time before it is voted by attending the meeting and voting in person, giving written notice revoking your proxy to the corporate secretary prior to the date of the annual meeting, or by submitting a new proxy before the meeting.

The company will bear the total cost of soliciting proxies from its shareholders. The company estimates SunTrust's fees for broker and shareholder nominee solicitation will not exceed \$18,000, plus out-of-pocket costs and expenses. The company will also reimburse brokerage firms and other persons representing beneficial owners of shares for their reasonable expenses in forwarding solicitation material to such beneficial owners. The company will make a list of all shareholders as of the record date available at the annual meeting.

Quorum

A majority of the votes entitled to be cast at the annual meeting constitutes a quorum. A share, once represented for any purpose at the annual meeting, is deemed present for purposes of determining a quorum for the remainder of the annual meeting. This is true even if the shareholder abstains from voting with respect to any matter brought before the annual meeting.

Each share of the company's common stock outstanding on April 28, 2006 entitles its holder to one vote on any proposal that may properly come before the annual meeting.

As of February 28, 2006, the directors and executive officers of the company beneficially owned a total of 1,252,417 shares or approximately 15.3% of the outstanding shares of the company's common stock. These individuals have indicated that they will vote for each of the individuals nominated for director by the board of directors and in favor of all other items listed in the Notice of Annual Meeting of Shareholders.

Brokers and other nominee holders have the power to vote shares held by them in the election of directors, but do not have the power to vote on the two proposals listed in the notice of the annual meeting, unless the beneficial owner of the shares directs them to vote on such matters. Broker non-votes will not be counted as present for purposes of determining the total number of votes cast on a particular item that comes before the annual meeting.

PROPOSAL 1: ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

At the annual meeting, shareholders will elect 19 directors, who will serve until the 2007 annual meeting of shareholders or their successors are elected and qualified. The board of directors has nominated the 19 persons listed on the proxy card, each of whom is currently a director of the company.

Voting

Shareholders may vote for , against or abstain from voting for each nominee. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. If a shareholder returns a properly signed and dated proxy card, but does not indicate a vote or abstention for one or more nominee on the card, the proxy holders will vote all shares represented by proxy **FOR** the nominee or nominees. Otherwise, the signed proxy card will be voted as indicated on the card.

If one or more of the nominees becomes unwilling or unable to serve as a director prior to the annual meeting (an event that the company does not anticipate), the board of directors will name a replacement candidate or candidates. The proxy holders will vote **FOR** the replacement candidate or candidates. The proxy includes this discretionary authority.

Nominees

The following table provides information about the 19 nominees. Unless otherwise indicated, each nominee has engaged in the principal occupation listed for at least five years.

Name	Age	Director Since	Principal Occupation
Mark A. Abernathy ⁽¹⁾⁽⁶⁾⁽⁷⁾	49	1994	President and Chief Operating Officer, Cadence Bank, N. A. and the company
David Byars ⁽²⁾⁽⁷⁾	52	1998	President, Byars Furniture and David Byars Properties
Robert S. Caldwell, Jr. ⁽²⁾⁽⁶⁾	64	1999	President, Caldwell Furniture & Properties and Brownwell Realty
Robert L. Calvert, III ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾	66	1999	President, Calvert Spalding Engineers, Inc.
Robert A. Cunningham ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	60	1990	Managing Partner, Valley Farm, a farming, timber and gravel business
J. Nutie Dowdle ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾	62	1990	Chairman of the Board of Dowdle Enterprises

Name	Age	Director Since	Principal Occupation
Gregory M. Duckett	46	2005	Senior Vice President and Corporate Counsel, Baptist Memorial Health Care
James C. Galloway, Jr. ⁽⁵⁾⁽⁶⁾	53	1997	President, Galloway-Chandler-McKinney Insurance Agency, Inc.
Hunter M. Gholson ⁽¹⁾⁽⁵⁾⁽⁷⁾	73	1974	Partner, Gholson, Hicks & Nichols
James D. Graham ⁽²⁾⁽⁶⁾⁽⁷⁾	56	2001	President, Grayco, Inc., a commercial real estate company
Bobby L. Harper ⁽¹⁾⁽⁶⁾	64	1977	President, Columbus Region, Cadence Bank, N. A., and Chairman of Executive Committee of the company
Clifton S. Hunt	48	2005	President, Standard Construction Company, Inc.
Robert S. Jones ⁽¹⁾⁽³⁾⁽⁷⁾	74	1973	Retired auto dealer
Dan R. Lee ⁽²⁾	58	2004	Chairman, President and CEO, Microtek Medical Holdings, Inc., a manufacturer and distributor of medical products
Lewis F. Mallory, Jr. ⁽¹⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	63	1969	Chairman of the Board and Chief Executive Officer of the Company and Cadence Bank, N.A., one of the Company's wholly-owned subsidiaries
Allen B. Puckett, III, ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾	55	1987	President & CEO, Columbus Brick Corporation
Dr. James C. Ratcliff ⁽⁶⁾⁽⁷⁾	74	1978	Retired physician
Sammy J. Smith ⁽⁶⁾⁽⁷⁾⁽⁸⁾	66	1977	President, Smith & Byars Men's Clothing,
H. Stokes Smith ⁽²⁾⁽³⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	69	1999	National Sales Manager, The Westmount Corporation, a distributing company

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- (1) Member of Executive Committee
 - (2) Member of Audit Committee
 - (3) Member of Compensation Committee
 - (4) Member of Nominating and Corporate Governance Committee
 - (5) Member of Capital Planning Committee
 - (6) Member of Compliance Committee
 - (7) Member of Trust Investment Committee
 - (8) Mr. Sammy J. Smith and Mr. H. Stokes Smith are brothers

CORPORATE GOVERNANCE

Meetings of the Board and Committees

Board of Directors. During 2005, the company's board of directors met on the third Wednesday of each month, except during June, when the company held the annual shareholders' meeting. In 2005, the board held 11 regular and two special meetings. Each of the company's directors attended at least 75% of the regular meetings of the board of directors and of the committees of the board of directors on which the director served, except for Robert S. Jones, who, because of health reasons, only attended 70% of the meetings. The company's directors discharge their responsibilities throughout the year, not only at such board of directors and committee meetings, but through personal meetings and other communications with members of management and others regarding matters of interest and concern to the company.

The company's directors are encouraged to attend the annual meeting of shareholders if their schedules permit, but the company does not otherwise have a policy regarding such attendance. All directors were present at the annual meeting of the shareholders held in 2005.

Committees. The board of directors has established various standing committees, including the Executive Committee, the Audit Committee, the Nominating and Corporate Governance Committee, the Capital Planning Committee, the Compliance Committee, the Compensation Committee and the Trust Investment Committee. These committees generally meet monthly or quarterly and hold special meetings when a need arises. During 2005, the Executive Committee met 14 times, the Audit Committee met seven times, the Nominating and Corporate Governance Committee met two times, the Capital Planning Committee met three times, the Corporate Compliance Committee met three times, the Compensation Committee met two times, and the Trust Investment Committee met four times. There currently are no other standing executive or other committees of the board of directors, or committees performing similar functions. The board of directors has determined that each of David Byars, Robert S. Caldwell, Jr., Robert L. Calvert, III, Robert A. Cunningham, J. Nutie Dowdle, Gregory M. Duckett, James D. Graham, Clifton S. Hunt, Robert S. Jones, Dan R. Lee, Allen B. Puckett, III, Dr. James C. Ratcliff, Sammy J. Smith and H. Stokes Smith satisfies the definition of an independent director as established in the American Stock Exchange listing standards and the rules and regulations of the Securities and Exchange Commission.

Audit Committee. The Audit Committee acts on behalf of the board of directors in reviewing the financial statements of the company and overseeing the relationship between the company and its independent auditor. In addition to monitoring the scope and results of audit and non-audit services rendered by the independent auditor, the committee reviews the adequacy of internal controls, internal auditing and the results of examinations made by supervisory authorities. A more complete description of the Audit Committee's functions is provided in its charter which is available on the company's internet website in the Corporate Governance section under Investor Relations at www.cadencebanking.com and is attached to this proxy statement as Appendix A. The board of directors has determined that Dan R. Lee qualifies as an audit committee financial expert within the meaning of the rules and regulations of the Securities and Exchange Commission.

Compensation Committee. The Compensation Committee has the responsibility to make recommendations to the board of directors regarding the compensation and benefits of the

company's executive officers and directors and the establishment and administration of the company's executive compensation program. A more complete description of the Compensation Committee's functions is provided in its charter, a copy of which is available on the company's internet website in the Corporate Governance section under Investor Relations at www.cadencebanking.com.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for the director nomination process (including evaluating and recommending director nominees and board of directors committee appointments), development and recommendation of a set of corporate governance principles applicable to the company, and addressing other corporate governance issues for the board of directors.

The committee believes that the board of directors should be comprised of directors with varied, complementary backgrounds, and that directors should, at a minimum, have expertise that may be useful to the company. Directors should also possess the highest personal and professional ethics and should be willing and able to devote the required amount of time to the company's business. In accordance with its charter, the committee has established the criteria for board of directors membership, which include knowledge of the banking industry; experience in the management or leadership of a substantial private business enterprise, educational, religious or not-for-profit organization; such other professional experience that the committee determines to qualify an individual for board of directors service; relationships with customers and potential customers; service on other public company boards; the candidate's age at the time of election; and, for continuing directors, an affirmative commitment every three years of a continued desire to serve on the board. In addition, the committee makes every effort to ensure that the board of directors and its committees include at least the minimum number of required independent directors, as that term is defined by applicable standards of the American Stock Exchange and rules and regulations of the Securities Exchange Commission. In determining whether a director should be retained and stand for re-election, the committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the board of directors.

The company's bylaws provide that a director must be a shareholder of the company, and may not be under the age of 21 or over 75 years of age at the time of the shareholders' meeting at which he or she is elected. The board of directors has established a maximum retirement age of 75 and requires directors to retire from the board in the month they reach 75. In addition, directors may not serve as attorney for any other financial institution or bank or savings and loan holding company, and may not be a member of the board of directors of any other financial institution or bank or savings and loan holding company if such service is prohibited by laws or regulations applicable to depository institutions.

The committee identifies and reviews candidates for director and conducts the appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates. The committee may identify director candidates from submissions by committee members or company employees or agents working for the committee. In addition, the committee has established procedures for consideration of any candidate for director submitted by shareholders, as follows:

Timely submission of the name of the director candidate, together with appropriate biographical information and a signed representation by the candidate to timely

provide all information requested by the company as part of its disclosures in regard to the solicitation of proxies for the election of directors, should be submitted to the company's secretary at the company's principal executive offices at 301 East Main Street, Starkville, Mississippi 39759.

The deadline for submission of the director candidate is no later than 90 days prior to the month and day that the proxy materials regarding the last election of the company's directors were mailed to shareholders.

The biographical information submitted must include the candidate's full name, age and date of birth, educational background, a list of business experience and positions held for the preceding five years, and home and office addresses and telephone numbers.

The name of each such candidate for director must be placed in nomination at the annual meeting by a shareholder present in person, and the candidate must be present in person at such meeting.

A more complete description of the committee's functions is provided in its charter and procedures, copies of which are available on the company's internet website in the Corporate Governance section under Investor Relations at www.cadencebanking.com. Also, see Proposals of Shareholders for a discussion of the provision of the company's bylaws applicable to shareholder nominations.

Paper Copies of Charters

Any shareholder desiring a paper copy of any of these charters may obtain one by making a written request to the company's secretary at the company's principal executive offices at 301 East Main Street, Starkville, Mississippi 39759, Attention: Corporate Secretary.

Code of Ethics

We have adopted a Code of Ethics for directors, officers and employees including the company's principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions. A copy of this Code of Ethics is filed as an exhibit to the company's 2005 Annual Report that accompanies this proxy statement and is available on the company's internet website in the Corporate Governance section under Investor Relations at www.cadencebanking.com. Any substantive amendments to this Code of Ethics or any waivers granted for any director and the company's principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions will be disclosed in a report on Form 8-K filed with the SEC.

See Compensation Committee Report for a description of the functions performed by the compensation committee, and see Audit Committee Report for a description of the functions performed by the audit committee.

Compensation of Directors

During 2005, each non-employee director of the company received a \$14,400 retainer and \$800 for attendance at each meeting of a committee of the board of directors of which he was a member. The secretary of the board received an additional retainer of \$40,300, and each member of the executive committee received an additional retainer of \$10,800. With the exception of Mr. James C. Galloway, Jr., directors who are employees of the company are not compensated for serving on the board of directors or any of its constituent committees. Mr. Galloway, President of Galloway-Chandler-McKinney Insurance Agency, Inc., a wholly owned subsidiary of Cadence Bank, N. A., a wholly owned subsidiary of the company, received the same compensation as outside directors.

Presiding Director

As indicated above, the non-management directors meet in executive session at least annually. The non-management directors selected Allen B. Puckett, III to preside over such meetings during 2005. The company's website posts information on the manner in which Mr. Puckett may be contacted by shareholders.

Stock Ownership of Directors, Officers and Principal Shareholders

The table below shows, as of February 28, 2006, the number of shares of the company's common stock beneficially owned by each person or entity known by the company to be the beneficial owner of more than 5% of the outstanding shares of common stock, each director and nominee, all executive officers named in the Summary Compensation Table, and all directors and executive officers as a group. Unless otherwise noted, the named persons have sole voting and investment power with respect to the shares indicated.

Name	Number of Shares		Options
	Beneficially	Percentage	Exercisable
	Owned ^(A)	Ownership ^(B)	Within 60 Days ^(C)
Mark Abernathy ⁽¹⁾	18,084	*	39,999
David Byars ⁽²⁾	15,627	*	
Robert S. Caldwell	52,651	*	
Robert L. Calvert, III ⁽³⁾	142,414	1.7%	
Robert A. Cunningham ⁽⁴⁾	109,571	1.3%	
J. Nutie Dowdle	125,867	1.5%	
Gregory M. Duckett	1,000	*	
James C. Galloway, Jr. ⁽⁵⁾	95,689	1.2%	
Hunter M. Gholson ⁽⁶⁾	78,597	*	
James D. Graham	45,799	*	
Bobby L. Harper ⁽⁷⁾	44,220	*	12,000
Clifton S. Hunt ⁽⁸⁾	5,400	*	13,013
Robert S. Jones	35,992	*	
Dan R. Lee	1,200	*	
Lewis F. Mallory, Jr. ⁽⁹⁾	129,460	1.6%	99,999
Allen B. Puckett, III ⁽¹⁰⁾	176,557	2.2%	
Dr. James C. Ratcliff ⁽¹¹⁾	7,397	*	
H. Stokes Smith ⁽¹²⁾	36,185	*	
Sammy J. Smith	5,968	*	
Richard T. Haston ⁽¹³⁾	6,775	*	26,001
Marcus E. Mallory ⁽¹⁴⁾	1,659	*	10,000
Directors and executive officers as a group (23 persons)			
	1,252,417	15.3%	201,012

* Less than one percent

^(A) Includes shares as to which such person, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares voting power and/or investment power as these terms are defined in Rule 13d-3(a) under the Securities Exchange Act of 1934.

^(B) Based upon 8,186,724 shares of common stock outstanding.

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- (C) Options to acquire the company's common stock were granted in 2001, 2002 and 2004. All options shown in this column are vested and exercisable within 60 days.
- (1) Includes 662 shares held by the company's employee stock ownership plan with respect to which Mr. Abernathy has voting power and 2,469 shares held by the company's Salary Reduction Thrift Plan with respect to which Mr. Abernathy has both voting and investment authority. Also, includes 2,104 shares held in trust for the benefit of his wife, as to which he disclaims beneficial ownership.
- (2) Includes 2,882 shares owned by Mr. Byars' wife, 1,932 shares over which Mr. Byars serves as custodian for his children, 5,833 shares held through a profit sharing plan, 266 shares held in a business investment account, 778 shares held by family exempt trust, 1,333 held by a marital income trust, and 200 shares held for benefit of his wife, over all of which Mr. Byars exercises investment and voting control. Also includes 837 shares held in a trust for his mother, over which Mr. Byars serves as trustee and exercises investment and voting control.

- (3) Includes 40,712 shares held by two companies over which Mr. Calvert has sole investment and voting control and 1,561 shares owned by Mr. Calvert's wife, as to which he disclaims beneficial ownership.
- (4) Includes 21,829 shares held in a trust with respect to which Mr. Cunningham has shared voting and investment power and 72,730 shares owned by a partnership, as to which Mr. Cunningham has sole voting and investment power.
- (5) Includes 11 shares held by the company's employee stock ownership plan with respect to which Mr. Galloway has voting power and 290 shares held by the company's Salary Reduction Thrift Plan with respect to which Mr. Galloway has both voting and investment authority.
- (6) Includes 8,000 shares held in trust and 13,426 shares held by Mr. Gholson's wife, as to which he disclaims beneficial ownership. Also, includes 2,666 shares in a limited liability corporation and 5,666 shares in trust, over which Mr. Gholson has sole voting and investment power.
- (7) Includes 42,431 shares held by the company's employee stock ownership plan with respect to which Mr. Harper has voting power and 1,788 shares held by the company's Salary Reduction Thrift Plan with respect to which Mr. Harper has both voting and investment authority.
- (8) Includes 1,000 shares owned by a company as to which Mr. Hunt has sole voting and investment power. Also, includes 2,000 shares held in an IRA for Mr. Hunt's wife, as to which he disclaims beneficial ownership.
- (9) Includes 58,619 shares held by the company's employee stock ownership plan with respect to which Mr. Mallory has voting power and 2,652 shares held by the company's Salary Reduction Thrift Plan with respect to which Mr. Mallory has both voting and investment authority.
- (10) Includes 9,557 shares owned by a corporation, over which Mr. Puckett has sole voting and investment authority. Also, includes 6,000 shares owned by Mr. Puckett's wife, as to which he disclaims beneficial ownership.
- (11) Includes 1,717 shares owned by Dr. Ratcliff's wife, as to which he disclaims beneficial ownership.
- (12) Includes 12,490 shares owned by Mr. Smith's wife, as to which he disclaims beneficial ownership.
- (13) Includes 221 shares held by the company's employee stock ownership plan with respect to which Mr. Haston has voting power and 2,031 held by the company's Salary Reduction Thrift Plan with respect to which Mr. Haston has both voting and investment authority. Also includes 200 shares held in an IRA for Mr. Haston's wife, as to which he disclaims beneficial ownership.
- (14) Includes 67 shares held by the company's employee stock ownership plan with respect to which Mr. Mallory has voting power and 124 held by the company's Salary Reduction Thrift Plan with respect to which Mr. Mallory has both voting and investment authority. Also, includes 61 shares held in an IRA for Mr. Mallory's wife, as to which he disclaims beneficial ownership.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ALL NOMINEES.

**PROPOSAL 2: CHANGE THE NAME OF THE COMPANY FROM NBC CAPITAL CORPORATION TO
CADENCE FINANCIAL CORPORATION**

(Item 2 on the Proxy Card)

The board of directors has approved and adopted for submission to shareholders an amendment to Article 1 of the Articles of Incorporation of the company that changes the name of the company from NBC Capital Corporation to Cadence Financial Corporation.

The proposed amendment reads as follows:

Article 1 is hereby amended to reading its entirety as follows:

The name of the Corporation is Cadence Financial Corporation.

Vote Required

In order to be implemented, this proposal must be approved by the holders of a majority of the shares of our common stock present or represented at the annual meeting.

Purpose of the Proposed Amendment

On October 11, 2005, we changed the name of National Bank of Commerce, our bank subsidiary, to Cadence Bank, N.A. The name was changed primarily to allow the company, through Cadence, to continue to expand into growth markets and to operate under a single bank structure. The company selected the name Cadence because it is unique in the company's current and future markets and eliminates the confusion in those markets over the former NBC name.

The board of directors believes that it is the best interests of the company and our shareholders to change the company's name from NBC Capital Corporation to Cadence Financial Corporation. The board of directors believes that changing the name to Cadence Financial Corporation more accurately reflects the company's regional presence and business strategy. Additionally, the board of directors believes that the proposed name change will more accurately describe our current corporate structure and align the name of the holding company (NBC Capital Corporation) with the bank subsidiary (Cadence Bank, N.A.).

Effect of the Proposed Amendment

Voting and other rights that accompany our common stock will not be affected by the change of the company's name. All outstanding stock certificates representing common stock issued prior to the effective date of the change in the company's name will continue to represent company shares, remain authentic, and will not be required to be returned to us or our transfer agent for re-issuance. New stock certificates issued upon the transfer of shares of common stock after the change in company name will bear the new company name, Cadence Financial Corporation, and will have a new CUSIP number. Our trading symbol, NBY, will also change to CFY as a result of the change in the company's name.

If this proposal is approved by the shareholders at the annual meeting, the company will deliver, as soon as reasonably practicable, to the Secretary of State of Mississippi articles of amendment reflecting such approval, and the change will be effective upon filing.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE TO
APPROVE PROPOSAL 2 TO CHANGE THE NAME OF THE COMPANY TO CADENCE FINANCIAL**

CORPORATION

**PROPOSAL 3: ADOPT THE NBC CAPITAL CORPORATION 2006 LONG-TERM INCENTIVE
COMPENSATION PLAN**

(Item 3 on the Proxy Card)

The board of directors has approved and adopted for submission to shareholders the proposed NBC Capital Corporation 2006 Long-Term Incentive Compensation Plan (the "LTIP") that permits the board of directors to award eligible employees, directors and consultants with incentive-based and non-incentive-based compensation.

Vote Required

In order to be implemented, this proposal must be approved by the holders of a majority of the shares of our common stock present or represented at the annual meeting.

Purpose of the Plan

The purpose of the LTIP is primarily to encourage the company's employees and employee-directors and employees of the company's affiliates to acquire common stock and other equity-based interests in the company so that their interests are aligned with those of other shareholders. The board of directors believes that the LTIP will stimulate employees', directors' and consultants' efforts on the company's behalf, as well as maintaining and strengthening their desire to remain with the company. The board of directors also believes that participation in the LTIP will encourage a greater personal interest in the business of the company and that such participation and greater personal interest is in the best interests of the company and its shareholders.

Description of the Plan

The LTIP will be administered and managed within the discretion of compensation committee of the company or, in the absence of such committee, by the board of directors. Incentives under the LTIP may be granted to eligible employees director-employees and employees of certain of the company's affiliates in any one or a combination of incentive options, non-statutory stock options, stock appreciation rights, restricted stock grants, stock grants and performance shares.

Key Terms

The following is a summary of the key provisions of the LTIP:

<i>Plan Term:</i>	The LTIP will terminate on December 31, 2015.
<i>Eligible Participants:</i>	The company's employees and directors-employees and the employees of certain of its affiliates. The company currently has 173 employees who are eligible to participate under the LTIP.
<i>Shares Authorized:</i>	The LTIP reserves 750,000 shares of common stock for issuance, subject to adjustment to reflect stock splits and similar events. The LTIP provides a further limit of 500,000 shares of the number of common shares, which may be issued as restricted stock grants, stock grants, other stock-based incentives and performance shares.

Award Types: incentive stock options under Section 422 of the Internal Revenue Code;

non-statutory stock options not covered under Section 422 of the Internal Revenue Code;

stock appreciation rights, granting the recipient the right to receive an excess in the fair market value of shares of stock over a specified exercise price;

restricted stock, which will be nontransferable until it vests over time;

qualified performance-based incentives to employees who qualify as covered employees within the meaning of Section 162(m) of the Internal Revenue Code; and

performance based awards, consisting of stock, cash or a combination of stock and cash.

Vesting: Awards will generally vest in four years unless otherwise determined in the compensation committee's discretion.

Vesting and Exercise of Stock Options

The exercise price of stock options or stock appreciation rights granted under the LTIP may not be less than the fair market value of the common stock on the date of grant. The term of these awards may not be longer than ten years. The compensation committee will determine at the date of grant when each such award becomes vested and/or exercisable.

Vesting of Restricted Stock Awards and Options

The compensation committee may make the grant, issuance, retention and/or vesting of restricted stock awards and options contingent upon continued employment (or engagement) with the company, the passage of time, or such performance criteria and the level of achievement compared to such criteria as it deems appropriate.

Eligibility Under Section 162(m)

Awards may, but need not, include performance criteria that satisfy Section 162(m) of the Internal Revenue Code. To the extent that awards are intended to qualify as performance-based compensation under Section 162(m), the performance criteria may include the following criteria, either individually, alternatively or in any combination, applied to either the company as a whole or to a business unit or subsidiary, either individually, alternatively, or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the compensation committee in the award:

pre-tax or after-tax net earnings,

net interest income growth,

non-interest income growth,

non-interest expense control,