SIMMONS FIRST NATIONAL CORP
Form 10-K/A
August 20, 2010

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

FORM 10-K/A
(Amendment No. 1)

(Mark One)
T Annual Report Pursuant to Section 13 or 15(d) of the Exchange Act of 1934
For the fiscal year ended: December 31, 2009
or
£ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 0-6253

SIMMONS FIRST NATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Arkansas (State or other jurisdiction of incorporation or organization)	71-0407808 (I.R.S. employer identification No.)
501 Main Street, Pine Bluff, Arkansas (Address of principal executive offices)	71601 (Zip Code)

(870) 541-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $0.01 par value (Title of each class)	The Nasdaq Stock Market® (Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. £ Yes S No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. £ Yes S No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge in definitive proxy or in information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
o Large accelerated filer x Accelerated filer o Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.). £ Yes S No

The aggregate market value of the Registrant’s Common Stock, par value $0.01 per share, held by non-affiliates on June 30, 2009, was $338,095,535 based upon the last trade price as reported on the Nasdaq Global Select Market® of $26.72.

The number of shares outstanding of the Registrant's Common Stock as of August 13, 2010, was 17,227,284.

Portions of the Registrant's Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 20, 2010, are incorporation by reference into Part III.

EXPLANATORY NOTE

This Amendment on Form 10-K/A (the "Amendment") amends our annual report for the fiscal year ended December 31, 2009, originally filed with the Securities and Exchange Commission ("SEC") on March 2, 2010, (the "Original Report"). We are filing this Amendment to address comments received from the SEC's staff subsequent to filing our Original Report. In response to such comments, we have amended the Original Report to include revised disclosures concerning our controls and procedures, executive compensation, and transactions with related persons and to include additional exhibits.

Specifically, the revised disclosures in the Amendment:

modify the language in the disclosure under subsection (b) of Item 9A to track the provisions of Item 308(c) of Regulation S-K.

modify the Compensation Discussion and Analysis, incorporated by reference from the Company's Definitive Proxy Statement on Schedule 14A under Item 11 of the Original Report to include the names of the members of the peer group and to disclose the performance targets for incentive awards for the 2009 fiscal year.

modify the language in the disclosure under Item 13 concerning Transactions with Related Persons to track the disclosure contained in Instruction 4(c) of Item 404(a) of Regulation S-K.

We also have amended and restated the Index of Exhibits in Item 15 by adding Exhibits 10.10 through 10.37; which were omitted from the Original Report. Certain of the additional exhibits (Exhibits 10.10 through 10.20, Exhibit 10.23 and Exhibits 10.28 through 10.37) have previously been filed with the SEC.

All of the revisions described above appear in sections "Item 9A Controls and Procedures", "Item 11 Executive Compensation", “Item 13 Certain Relationships and Related Transactions, and Director Independence" and "Item 15 Exhibits”. No other information in the Original Report, is amended hereby. Therefore, Item 9A, Item 11, Item 13, and Item 15 are contained in this Amendment. Except for the foregoing, the Amendment speaks as of the filing date of the Original Report and does not update or discuss any other Company developments after the date of the Original Report.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. The Company's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in 15 C. F. R. 240.13a-14(c) and 15 C. F. R. 240.15-14(c)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's current disclosure controls and procedures are effective.

(b) Changes in Internal Controls. There were no changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2009, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 11. EXECUTIVE COMPENSATION

Disclosures required by Item 11 are incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held April 20, 2010, to be filed pursuant to Regulation 14A on or about March 18, 2010, except for the disclosures in the Compensation Discussion and Analysis related to Peer Comparison and the Executive Compensation Program Overview, which are set forth below.

Peer Comparison

In determining the amount of named executive officer compensation each year, the NCCGC reviews competitive market data from the banking industry as a whole and a specific peer group of comparably sized banking organizations. The NCCGC uses a peer group of banking organizations for comparison in setting executive compensation practices and levels of base salary, incentives and benefits. In 2007, NCCGC adopted the Company's compensation consultant's recommendation that the Company select a peer group of banking organizations with assets of $2 to $4 billion which are located in Arkansas, states contiguous to Arkansas or states contiguous to states contiguous to Arkansas as its peer group for compensation. In the latest study for 2010, the definition of the peer group was modified to consist of 18 publicly traded banks in the Southeast region with assets between $2 billion to $5 billion. The modification of the peer group definition provides a focus more on the Southeastern region including banks in Georgia and Florida, while removing banks in Illinois and Indiana. The name and ticker symbol for each member of the peer is set forth below:

Ameris Bancorp (ABCB)	BancFirst Corporation (BANF)
BancTrust Financial Group, Inc. (BTFG)	Bank of the Ozarks, Inc. (OZRK)
Capital City Bank Group, Inc. (CCBG)	Community Trust Bancorp, Inc. (CTBI)
Enterprise Financial Services Corp. (EFSC)	Farmers Capital Bank Corporation (FFKT)
First Financial Bankshares, Inc. (FFIN)	Great Southern Bancorp, Inc. (GSBC)
Green Bankshares, Inc. (GRNB)	Home BancShares, Inc. (HOMB)
Renasant Corporation (RNST)	Republic Bancorp, Inc. (RBCAA)
Seacoast Banking Corp. of Florida (SBCF)	Southside Bancshares, Inc. (SBSI)
Southwest Bancorp, Inc. (OKSB)	Sterling Bancshares, Inc. (SBIB)

The NCCGC believes the modified peer group is more indicative of the market in which the Company competes for the employment and retention of executive management and yet, such institutions are of similar size and have similar numbers of employees, product offerings and geographic scope. In recent years, due to the consolidation in the banking industry, the number of organizations which would satisfy the criteria for inclusion in the peer group has significantly declined.

The executive salary and benefits program are targeted to the peer group median for each compensation category in order to be competitive in the market. The Company's incentive programs are analyzed with similar programs of the peer group. The incentive programs are designed for the emphasis of performance based compensation within the Company's specific business operations.

The NCCGC attempts to make compensation decisions consistent with the foregoing objectives and considerations including, in particular, market levels of compensation necessary to attract, retain and motivate the executive officers. Therefore, the aggregate wealth accumulated or realizable by an executive from past compensation grants is not considered in setting compensation or making additional grants.

Executive Compensation Program Overview

The four primary components of the executive compensation program are:

- base salary and bonus,
- non-equity incentives,
- equity incentives, and
- benefits.

A brief description of these four components and related programs follows.

1. Base Salary and Bonus

Base salary is designed to provide competitive levels of compensation to executives based upon their experience, duties and scope of responsibility. The Company pays base salaries because it provides a basic level of compensation and is necessary to recruit and retain executives. The Company may use annual base salary adjustments to reflect an individual's performance or changed responsibilities. Base salary levels are also used as a benchmark for the amount of incentive compensation granted to an executive. For example, participation in the EIP is set within a range based upon the executive's salary grade.

As discussed above, the Company's executive compensation program emphasizes targeting the total amount of compensation to peer group practices with a mix of compensation, including a significant component of incentive compensation. At lower executive levels, base salaries represent a larger proportion of total compensation but at senior executive levels total compensation contains a larger component of incentive compensation opportunities.

Historically, the NCCGC has approved bonuses for executive officers for special circumstances but does not generally utilize discretionary bonuses as a significant part of the executive compensation program. The NCCGC has recently re-examined its position regarding discretionary compensation, including discretionary bonuses. Recent economic turmoil in the banking industry accentuated the importance of certain factors which may affect the long term economic and financial health of the Company but are not subject to quantification and annual performance goals. In response, in January, 2010, the NCCGC recommended and the Board approved discretionary bonuses, in the form of stock grants with immediate vesting to certain executive officers. J. Thomas May, Chairman and Chief Executive Officer, was granted such a bonus for his leadership (i) in 2008 and 2009 which resulted in extraordinary financial performance in asset quality, capital, liquidity and earnings, (ii) in guiding the Company's election into and ultimate declination to participate in the U. S. Treasury's TARP program and (iii) in completion of the Company's $75 million equity offering in late 2009. David Bartlett, President and Chief Operating Officer, Robert A. Fehlman, Executive Vice President and Chief Financial Officer, Marty D. Casteel, Executive Vice President - Administration and Robert C. Dill, Executive Vice President, were each granted such a bonus for extraordinary service to the Company during 2009 related to the Company's equity offering, the Company's ongoing revenue and efficiency initiatives and for the exemplary performance of the Company regarding core earnings growth, capital maintenance and asset quality. While the NCCGC will continue to consider discretionary bonuses from time to time for its executives based upon extraordinary service, the modification of the EIP to add a discretionary element to the EIP grants is expected to be utilized in most instances hereafter to satisfy the need for recognition of extraordinary service through discretionary compensation.

2. Non-Equity Incentives

The Company uses the EIP as a short term incentive to encourage achievement of its annual performance goals. Prior to 2008, the EIP consisted of two separate components, Base Profit Sharing Incentive, referred to as Base Incentive, and Bonus Profit Sharing Incentive, referred to as Bonus Incentive. The Company's compensation consultant recommended that the EIP be simplified by eliminating the two components of EIP and the NCCGC has implemented this recommendation effective for 2008 and subsequent years. The EIP now consists of only one component. The EIP focuses on the achievement of annual financial goals and awards. The EIP is designed to:

- support strategic business objectives,
- promote the attainment of specific financial goals for the Company and the executive,
- reward achievement of specific performance objectives, and
- encourage teamwork.

The EIP is designed to provide executives with market competitive compensation based upon their experience and scope of responsibility. The size of an executive's EIP award is influenced by these factors, market practices, Company performance and individual performance. The NCCGC generally sets the annual EIP award for an executive to provide an incentive at the market median for expected levels of performance. All of the named executive officers participate in the EIP. Awards earned under the EIP are contingent upon employment with the Company through the end of the fiscal year, except for payments made in the event of death, retirement or disability.

The ultimate amount paid to an executive under the EIP is a function of four variables:

- the executive's level of participation;
- the goals set for the Company;
- the payout amounts established by the NCCGC which correspond to threshold, target and maximum levels of performance; and
- the NCCGC's determination of the extent to which the goals were met.

Each participant in the EIP is allocated a targeted benefit as a percentage of his or her base salary which is payable if the Company's performance satisfies the Target performance points for all components under the EIP and satisfies the qualifying criteria. The table below shows the targeted benefit for each of the named executive officers for 2009.

Executive Name & Title	Targeted Benefit (% of Base Salary)		Targeted Benefit ($)	
J. Thomas May, Chief Executive Officer	75.00	%	$	355,712
Robert A. Fehlman, Chief Financial Officer	37.50	%	$	84,488
David Bartlett, President &Chief Operating Officer	45.00	%	$	141,646
Marty D. Casteel, Executive Vice President	37.50	%	$	84,488
Robert Dill, Executive Vice President	27.50	%	$	49,333

For 2009, the Company based the EIP awards on three components, the Company's earnings per share (45%), the performance of the Company's affiliates (30%) and the Company's other strategic initiatives (25%). Generally, each component has three performance points that determine the participant's entitlement for that component, Threshold, Target and Maximum. No entitlement is earned for a component if the Company's performance is below the Threshold. The Company's performance at the Threshold level for a component entitles the participant to 50% of the Participant's target benefit times the weighting factor for such component. The Company's performance at the Target level for a component entitles the participant to 100% of the Participant's target benefit times the weighting factor for such component. The Company's performance at the Maximum level entitles the participant to 200% (133% in the case of Mr. May) of the Participant's target benefit times the weighting factor for such component. Performance in excess of the Maximum does not entitle the participant to a benefit in excess of the maximum target benefit times the weighting of that component. If the performance with respect to any component is in excess of the Threshold and less than the Maximum, then the participant's entitlement is a pro rated percentage computed based upon the Company's actual performance in proportion to the closest performance points for that component.

The earnings per share component is based upon the Company's earnings per share adjusted to exclude the tax adjusted EIP expense and any extraordinary expenses. This component is allocated 45% of the participant's Target EIP benefit. In most years, the Threshold for the earnings per share is the prior year's earnings per share, as so adjusted. However due to the Company's mediocre performance in 2008, producing an adjusted earnings per share of $1.76, the NCCGC set the threshold for 2009 at $1.85, or 105% of the 2008 adjusted earnings per share. The Target and Maximum for 2009 were set at $1.94 and $2.18, respectively, or 110% and 124%, respectively, of the 2008 adjusted earnings per share. For 2009, the only excluded extraordinary expense in the computation of the earnings per share was the FDIC Special Assessment which aggregated $1,332,000 or $0.09 per share. The actual adjusted earnings per share for 2009 were $1.87. The 2009 results for this component were 61% of Target, after applying the 45% weighting factor for this component the participants are entitled to an EIP benefit of 27% of the target benefit based upon the earnings per share component.

The affiliate performance component is based upon the earnings (as adjusted for tax adjusted EIP expense and extraordinary expenses) of each of the eight subsidiary banks of the Company, Simmons First National Bank (SFNB), Simmons First Bank of South Arkansas (SFBSA), Simmons First Bank of Jonesboro (SFBJ), Simmons First Bank of Northwest Arkansas (SFBNA), Simmons First Bank of Searcy, (SFBS), Simmons First Bank of Russellville (SFBR), Simmons First Bank of El Dorado, N.A. (SFBED), Simmons First Bank of Hot Springs (SFBHS). This component is allocated 30% of the participant's Target EIP benefit. The NCCGC establishes a Threshold, Target and Maximum earnings level for each subsidiary bank. Generally the Threshold is the prior year's actual performance, however if a bank's prior year performance was significantly below expectations, a Threshold higher than the prior years earnings may be established. For 2009, two subsidiary banks had Thresholds set in excess of their actual 2008 earnings. The following table sets forth certain information concerning the affiliate performance factor:

Affiliate Performance Component
($ in Thousands)

Bank	2008 Actual	Threshold (50%)	Target (100%)	Maximum (200%)	2009 Actual	Payout Pct.	Affiliate Proration Percentage	Affiliate Performance Percentage
SFNB	$ 13,381	$ 14,492	$ 15,689	$ 17,632	$ 13,019	0%	47.70%	0%
SFBSA	2,697	2,697	2,832	3,182	2,683	0%	8.60%	0%
SFBJ	3,463	3,463	3,636	4,086	4,608	200%	11.00%	22%
SFBNA	-451	1,434	1,506	3,011	103	0%	4.60%	0%
SFBS	1,565	1,565	1,643	1,847	2,074	200%	5.00%	10%
SFBR	2,179	2,179	2,288	2,571	2,280	96%	7.00%	7%
SFBED	3,492	3,492	3,667	4,121	3,721	112%	11.10%	12%
SFBHS	1,573	1,573	1,652	1,856	1,648	98%	5.00%	5%
Total								